# Mixing Oil with Water: Resolving the Differences Between Domain Names and Trademark Law

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"The Internet has evolved from its inception as primarily a research network into a full-blown commercial marketplace."[1]

## I.   INTRODUCTION

Trademarks exist as an important aspect of businesses.[2]  Businesses today demonstrate the importance they place on their trademarks by the amount of money invested in their mark.[3]  Registering a company logo as a federal trademark gives the mark owner protection from other parties using the mark without the owner's permission.[4]  Trademark law also grants protection for the mark even if the owner did not register the mark.[5]  The granted protection consists of preventing another party from using the same or similar mark in commerce.[6]  Similar to the use of trademarks in the real world, an owner's permission to use the mark is also needed on the Internet.[7]

The most recent source of conflict involving trademarks on the Internet deals with domain names, or the addresses by which companies may be located on the Internet.[8]  The growing number of disputes over electronic addresses

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1.  Maureen A. O'Rourke, *Fencing Cyberspace: Drawing Borders In A Virtual World*, 82 Minn. L. Rev. 609, 612 (1998).

2.  *See* Michael S. Denniston and Margaret Smith Kubiszyn, *WWW.YOURCLIENT.COM: Choosing Domain Names and Protecting Trademarks on the Internet*, 61 Ala. Law. Rev. 40, 41 (2000) (stating that companies view trademarks as "extremely valuable resources").

3.  *See* Congressional Testimony By Federal Document Clearing House, Gabriel A. Battista, CEO of NSI, November 5, 1997, *available at* WL 14152936 (explaining how trademark owners spend large amounts of money giving their marks value).  *See also* Sally M. Abel, *Trademark Issues In Cyberspace: The Brave New Frontier*, 528 PLI/PAT 323, 333 (1998) (stating importance of domain names as corporate identifiers and their use as symbols of company's goodwill). Deborah Howitt, *War.Com: Why The Battles Over Domain Names Will Never Cease*, 19 Hastings Comm. & Ent L.J. 719, 720 (1997) (commenting on increased numbers of companies set up on Internet).

4.  *See* Molly Buck Richard, *Trademark Issues On The Internet*, 507 PLI/PAT  657, 676 (stating when trademark registrant may sue the domain name owner). *Cf.* Andrew R. Basile, Jr. et al., Online Law 222 (Thomas J. Smedinghoff ed., Addison-Wesley Developers Press 1996) (distinguishing certain instances when use of a trademark considered permissible).

5.  *See* David S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. Rich. L. Rev. 315, 321-26 (1994) (discussing common law rights of concurrent use with junior, senior users).

6.  *Id.* at 321.

7.  *See* Gary W. Hamilton, *Trademarks On The Internet: Confusion, Collusion, Or Dilution?*, 4 Tex. Intell. Prop. L.J. 1, 4 (1995) (reaffirming validity of domain names as trademarks under PTO); Howitt, *supra* note 3, at 731 (clarifying that domain names must meet usual requirements for trademark registration).

8.  *See* Caroline H. Little, *Welcome To The Web*, 7 Bus. L. Today 15 (1998) (clarifying definition of

demonstrates one of the more visible examples of a new area that appears to have outpaced established legal doctrine.[9]   Creating a domain name that appears similar to the company's name is important because it is that company name that Internet users ("users") will search for on the Internet.[10]   In order to protect the domain name from being used or misused by other parties, the company would need to register it, even if the company name is already a trademark.[11]   The National Science Foundation ("NSF") created a registry for the purpose of registering domain names.[12]

## II.  TRADEMARK LAW

The goal of real world trademark law is to prevent consumer confusion as to the source of some product.[13]   In addition, trademark law aims to prevent parties from free-riding on the goodwill of an established mark.[14]   Trademark law grants to the mark owner the right to exclude others from employing confusingly similar marks in commerce.[15]

The Internet provides an opportunity for any party, no matter how large or small, to receive notice from the Internet community, in terms of making other users aware of the party's presence.  Further, the Internet allows not only companies to operate on it, but private individuals and non-profit organizations as well.  People post websites about their families, write editorials on particular subjects, and find "meeting places" for others with similar interests.[16]   Trademark law inherently involves businesses.   The Internet does not automatically identify parties according to whether they operate for profit or not.  When a system of law that necessarily treats all parties as businesses is applied to a system that makes no such distinctions, that system imposes a law that does not apply to all concerned parties.  Trademark law needs to address the issue of how to protect trademarks from being improperly registered as

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domain names).  *See also* Basile, *supra* note 4, at 219 (defining domain names as alphanumeric addresses used to locate resources on Internet).  *See also, e.g.,* Michael R Gottfried & Anthony J. Fitzpatrick, *The Internet Domain Name Landscape In The Wake Of The Government's "White Paper*," 92 Boston B.J. 8, 12 (Dec. 1998) (equating domain names to combination of phone numbers, street addresses, and trademarks); Ian N. Feinberg & Janet M. Craycroft, *Trademark Protection On The Internet And Other Legal Issues*, 775 PLI/COMM 661, 666-67 (1997) (explaining domain names as alphanumeric counterparts to Internet numeric addresses).

   9. Stephen J. Davidson & Nicole A. Engisch, *Trademark Misuse, at* http://sdavidson.com/html/tm-misuse.htm (last visited March 4, 2001)

   10*. See* Richard, *supra* note 4, at 657 (explaining why companies register their trademarks as domain names); Jennifer Golinveaux, *What's in a Name: Is "Cybersquatting" Trademark Dilution?,* 33 U.S.F. L. REV. 641, 643 (1999) (arguing value of domain name to company that users will intuitively associate with company).

   11*. See* Anne Hiaring, *Trademarks On The Internet*, 454 PLI/PAT  447, 454-55 (1996) (stressing that domain names can function as trademarks).  *See also* Little, *supra* note 8, at 15 (demonstrating that parties cannot use domain names if they infringe upon trademark rights); Jeffrey J. Look, *The Virtual Wild, Wild West (WWW): Intellectual Property Issues in Cyberspace- Trademarks, Service Marks, Copyrights, and Domain Names*, 22 U. ARK. LITTLE ROCK L. REV. 49, 57-58 (stating that PTO will register qualifying domain names as trademarks).

   12. Hamilton, *supra* note 7, at 1. *See* Andre Brunel & May Liang, *Trademark Troubles With Internet Domain Names And On-Line Screen Names: Roadrunning Right Into The Frying Pan*, 8 NO. 9 J. PROPRIETARY RTS. 2, 4 (1996) (stating that NSF created Internet Network Information Center (InterNIC) to run registration services).

   13.  15 U.S.C. § 1125(a)(1)(A) (1994).

   14.  15 U.S.C. § 1125 (1994).

   15*.  Id.*

   16*.  See* Marcus J. Millet, *Same Game in a New Domain- Some Trademark Issues on the Internet*, 198 N.J. LAW. 32, 33 (Aug. 1999) (defining website as collection of information on Internet).

domain names without permission by the mark owner without significantly impairing the registration of other domain names.

Trademark law must not only incorporate non-profit marks, but also acknowledge and accommodate a more restricted, but at times more lenient, medium in the Internet than trademark law is accustomed to dealing with.[17] The structure of the Internet only allows a party to register one particular configuration of letters.[18]  The structure of the Internet therefore creates a problem for traditional trademark law since the law usually makes allowances for multiple registrations of the same word under the doctrine of concurrent use.[19]  Taking the inherent restrictions of the Internet into account may mean allowing a more lenient standard for similarity of marks.[20]

Fusing one world that incorporates both personal and business interests with another one that only deals with business interests results in a tricky process. The amalgamation must incorporate the purpose of each model while resolving the conflicts between the two systems.  The new system must protect against consumer confusion and prevent free-riding on marks while still allowing the freedom that any party can register a domain name for their own purposes.  The new system must take each of these into account and cannot put either aside.

## III. NETWORK SOLUTIONS AND ICANN

In 1992, Network Solutions, Inc. (NSI) bid for and received the responsibility of managing and enhancing the domain name registration system in the U.S.[21] A large surge of domain name registrations in the past few years helped to create conflicts and litigation between the Internet and the real world.[22]  The result is that the real world trademark owners are not guaranteed that their mark will be available to them on the Internet, allowing the potential use by a competitor.[23]

The Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit organization created for the purpose of managing the allocation of

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17.  *See* Look, *supra* note 11, at 56 (demonstrating registered domain names that PTO would not register as trademarks).

18.  *Id.* at 56 (stating that no two domain names may be exactly alike). *See* Golinvaux, *supra* note 10 at 642 (illustrating that no two parties can have exact same domain name).

19.  *See* Brunel, *supra* note 12, at 4 (pointing to multiple real world registrations existing for name "roadrunner" and lack of confusion between companies).  *See also* MILTON MUELLER, TRADEMARKS AND DOMAIN NAMES: PROPERTY RIGHTS AND INSTITUTIONAL EVOLUTION IN CYBERSPACE, *at* http://istweb.syr.edu/ ~mueller/study.html (last visited March 3, 2001) (noting use of same or similar marks in different businesses, different geographic areas).

20.  *See* Look, *supra* note 11, at 56-57 (suggesting that similar spellings of marks could result in infringement or dilution suit)

21.  *See* Hamilton, *supra* note 7, at 2 (pointing to InterNIC's delegating responsibility to NSI under grant from NSF); Brunel, *supra* note 12, at 4 (explaining that NSI handles registry portion of InterNIC's responsibilities).

22.  Hamilton, *supra* note 7, at 1 (illustrating rise in number of court proceedings involving domain name registrations); Brunel, *supra* note 12, at 2 (noting cases involving mark owners suing domain name registrants). *See also* Battista, *supra* note 3, at 1 (pointing to rising domain name registrations causing procedural stress on Internet); Gottfried & Fitzpatrick, *supra* note 8, at 1 (noting large growth of domain name registration over past several years).

23.  *See* Richard, *supra* note 4, at 674 (observing that NSI will not make inquiries into legality of domain name registrations). *Cf.* Bastile, *supra* note 4, at 231 (explaining that NSI's grant of domain name to parties does not grant legal rights with it).

domain names.[24]    ICANN effectively came into existence with the Memorandum of Understanding, an agreement between ICANN and the U.S. Department of Commerce.[25]  ICANN exists in order to represent and serve the interests of the entire Internet community.[26]  Since its inception, ICANN has worked to create a privatized form of domain name registration in order to stimulate the introduction of new registrars.[27]    ICANN expects that the introduction of new registrars "will drive down registration costs and improve consumer choice for businesses and individuals."[28]  In creating these privatized registrars, however, ICANN has encountered resistance from NSI, who has refused to sign ICANN's accreditation agreement.[29]

This note will address the problems posed by "cybersquatters" and how they take advantage of the domain name dispute policy.[30]  In addition, this note will address the problems resulting from NSI's domain name dispute policy (DND) and its procedure regarding domain name registration.[31]  This paper will also discuss the proposed reform of the domain name registration process in general and ICANN.  Specifically, this paper will discuss whether ICANN and the other registrars will employ policies that will make consistency between trademark law and the Internet possible.[32]

## IV. CYBERSQUATTERS

The purpose and importance of registering domain names as trademarks lies in the commercial value of web sites.[33]  The commercial value of a web site results from two sources: first, from the value of the website in itself and second, from the advertisements placed on it and the amount that each placement costs, measured by the amount of "hits" the site receives.[34]  The

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24.  *See generally* ICANN, *at* http://www.icann.org  (last visited March 13, 2000).

25.  *See generally* ICANN, *at* http://www.icann.org/general/icann-mou-25nov98.htm (last visited March 13, 2000), (stating that agreement entered into on November 25th, 1998).

26.  *See generally* ICANN, *at* http://www.icann.org (last visited March 13, 2000).

27.  *See* COURTNEY MACAVINTA, MORE NETWORK SOLUTIONS RIVALS, *at* http://news.com/News/Item/ 0,4,38801,00.html (last visited July 6, 1999) (noting thirty-seven test bed registrars waiting to use NSI's system).

28.  ICANN, BACKGROUND, at http://www.icann.org/general/background.htm (last visited March 13, 2000).

29.  *See* COURTNEY MACAVINTA, ICANN RUNNING OUT OF MONEY, *at* http://www.news.com/News/Item/ 0,4,38847,00.html (July 7, 1999) (noting NSI's refusal to sign because of loss of control over company's business).

30.  *See* Richard, *supra* note 3, at 674-76 (discussing NSI's "first come, first served" policy and deficiencies in dealing with conflicting parties).

31.  *See* O'Rourke, *supra* note 1, at 673 (analyzing practice where parties register domain names and seek to sell it to trademark owner later).

32.  *See* Marcus J. Millet, *Same Game in a New Domain- Some Trademark Issues on the Internet*, 198 N.J. LAW. 32, 33 (defining registrars as organizations keeping track of domain names).

33.  *See, e.g.* Brunel, *supra* note 12, at 2 (examining importance of choosing specific domain name for web sites); Howitt, *supra* note 3, at 723, 724 (explaining how locating sites made easier by using company's name in address). *See* Feinberg & Craycroft, *supra* note 8, at 667 (asserting primary purpose of domain names as making web sites easy and quick to locate); ICANN, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY, *at* http://www.icann.org/udrp/udrp-policy-24oct99.htm (October 24, 1999) (explaining evidence of registration and use in bad faith).

34.  *See* Robert C. Scheinfeld & Parker H. Bagley, *Emerging Issues On The Internet,* N.Y. L.J., Nov. 1997 (highlighting commercial value of hits to web sites with regard to advertising fees).

value of securing a good domain name provides the incentives to get that optimal domain name registered.[35]

Trademark law, however, does not easily lend itself to the regulation of domain names. A federal trademark entitles the owner to protection of the mark from use by another without the owner's permission.[36] The aspects that differentiate between two trademarks cannot appear with domain names when the web site address is typed in.[37] Therefore, unlike real world trademarks, domain names may only belong to one owner at a time because of how the Internet is structured.[38]

In order to ensure that multiple parties would not try to use the same domain name, NSI created their policy of "first come, first served," which also serves to keep NSI from arbitrating any conflicts that arise.[39] In this way, NSI sets a very simple procedure for applicants to follow and, because of the policy's simplicity, leaves many situations open for dispute.[40]

Cybersquatting has become a problem because of NSI's "first come, first served" registration and DND policies.[41] Cybersquatting has been defined several ways. The most general definition of a cybersquatter is a person who registers a domain name that matches a well-known company for the purpose of ransoming it to that company.[42] In a famous cybersquatter case, the court considered the defendant's efforts "to sell the trademarks themselves."[43] Registrars permit applicants to register any number of domain names limited only in that each name is different.[44] When cybersquatters register another party's mark as a domain name, the cybersquatter effectively blocks the mark owner from registering the mark as a domain name in the same top-level domain name (TLD) as the one with which the cybersquatter registered.[45] Cybersquatters possess the ability to appropriate marks because NSI's

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35. *See* Richard, *supra* note 4, at 657 (noting important business connection between choosing name and ease with which site is found). *See also* Feinberg & Craycroft, *supra* note 8, at 668 (arguing that uniqueness of domain names allows them to function properly).

36. *See* Siegrun D. Kane, *Trademark Infringement Litigation 1998: Midnight In The Garden Of Good And Evil*, 511 PLI/Pat 381, 394 (1997) (discussing how trade dress remedies cannot apply to the Internet).

37. *See* Brunel, *supra* note 12, at 4 (describing how structure of Internet limits variation when registering domain names); Howitt, *supra* note 3, at 720.

38. *See* Brunel, *supra* note 12, at 6 (contrasting number of owners of mark in real world versus Internet).

39. *See, e.g.,* Richard, *supra* note 4, at 674, 675 (explaining NSI's policy and it's refusal to act as arbiter of disputes between conflicting mark owners); Gottfried & Fitzpatrick, *supra* note 8, at 2 (explaining that NSI does not attempt to bar registration to parties other than trademark's legitimate owner); Feinberg & Craycroft, *supra* note 8, at 669 (observing that NSI not required to conduct investigation into possible violations of intellectual property rights). *See also* KnowledgeNet v. Boone, No. 94-7195 (settled 1995); Abel, *supra* note 3, at 339 (*citing* KnowledgeNet v. Boone, first case to challenge NSI's procedures for assigning domain names).

40. *See* Brunel, *supra* note 12, at 2 (arguing on inadequacy of NSI's policy and predicating revision of the policy). *See also* Abel, *supra* note 3, at 343 (pointing out biases of NSI system favoring trademark registrants and ignoring common law rights).

41. *See* O'Rourke, *supra* note 1, at 673 (defining cybersquatters as parties who register famous marks as domain names without authorization). *See also* Abel, *supra* note 3, at 335 (discussing problem of pirating domain names of well-known companies and brands).

42. Golinveaux, *supra* note 10, at 648. *See also* Jeri Clausing, *Civil Libertarians Seek to Halt Cybersquatting Bill*, N.Y. TIMES (October 26, 1999), *available at* http://www.nytimes.com/library/tech/99/10/cyber/capital/26capital.html (defining cybersquatting as practice of registering famous names in hope of selling names for profit).

43. Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1325 (9th Cir. 1998).

44. *See* Golinveaux, *supra* note 10, at 645 (stating how NSI sets no limit on how many domain names applicants may request).

45. *Id.* at 643.

registration policy only requires that the mark owner make some use of the domain name without investigating how it is used.[46]  Further, NSI did not require applicants to sign any statement verifying the truth of the information asserted.[47]  Cybersquatters register other parties' names for several reasons, such as to extract an amount of money from the mark owner in return for turning over the domain name to the mark owner.[48]  A cybersquatter may also register another party's name for the purpose of posting disparaging information and statements against the mark owner.[49]  Cybersquatters act because, until recently, little viable recourse existed against them.

NSI's DND policy allows any party to register a domain name provided that no other party has registered that exact domain name.[50]  The DND policy allows the first party to request the registration of a domain name to register that name.[51]  NSI makes no form of investigation to check on possible trademark conflicts.[52]  NSI investigates a request only to the extent of ensuring that no other party registered the requested particular permutation of letters.[53]  Beyond that, NSI absolves itself of any involvement in a dispute over the domain name.[54]

NSI's DND policy allows cybersquatters to act because NSI does not investigate the cybersquatter to check on how the cybersquatter intends to use the domain name.[55]  A cybersquatter simply applies for a particular unclaimed domain name and NSI grants it to the cybersquatter/applicant.[56]  Once in possession of the mark, the cybersquatter waits until the trademark owner offers to purchase the domain name.[57]  The trademark owner will often elect to purchase the domain name rather than pursue litigation.[58]  The mark owner will not pursue litigation because the domain name will often cost less than

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46.  *See* Intermatic v. Toeppen, 947 F. Supp. 1227, 1227 (N.D. Ill. 1996); Kathryn L. Barrett & Michael F. Clayton, *Trademark Litigation Update*, 497 PLI/PAT  589, 605 (discussing *Intermatic v. Toeppen*, noting that Toeppen did not use domain name for sales or advertising).

47.  Golinveaux, *supra* note 10, at 645.

48.  *See* Clausing, *supra* note 42 (defining cybersquatting as practice of registering famous names in hope of selling names for profit).

49.  Stanley Kaplan v. Princeton Review, Inc., 610 N.Y.S. 2d 430 (S.D.N.Y. 1994).  *See also* Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97, 105 (2000) (noting how Princeton Review registered site to post disparaging comments about Kaplan).

50.  *See* Look, *supra* note 11, at 56 (stating that no two domain names may be exactly alike).

51.  *See* Golinveaux, *supra* note 10, at 644 (affirming that NSI, ICANN currently grant domain names to first applicant).

52.  *See* Look, *supra* note 11, at 60 (stating that registrars do not search federal trademarks before registering domain names).

53.  *See* Marcus J. Millet, *Same Game in a New Domain- Some Trademark Issues on the Internet*, 198 N.J. LAW. 32, 33 (explaining how registrars don't check if domain names are confusingly similar to other domain names).  *See also* Golinveaux, *supra* note 10, at 642 (explaining how NSI only screens applications for .edu TLD requests).

54.  *See* Golinveaux, *supra* note 10, at 647 (explaining how complainants must resort to courts to resolve domain name disputes).

55.  *See* Richard, *supra* note 4, at 674 (observing that NSI will not make inquiries into legality of domain name registrations).

56.  *See* Richard, *supra* note 4, at 674-76 (discussing NSI's "first come, first served" policy and deficiencies in dealing with conflicting parties).

57.  *See* Golinveaux, *supra* note 10, at 647 (explaining how cybersquatters reserve domain names but do not make use of them).

58.  *See* Patrick McGeehan, *Morgan Stanley Wins Fight Over Internet Domain Name*, N.Y. TIMES, Jan. 8, 2000 *available at* http://www.nytimes.com/library/tech/00/01/biztech/articles/08web.html  (discussing Morgan Stanley's initial interest in purchasing domain name from registrant).

litigation to reclaim it.[59]   Should a business elect to pursue litigation, little monetary damages will exist for the plaintiff-business to collect.[60]   The cybersquatter may not possess sufficient funds to cover the cost of judgement, should the plaintiff-business win.  The business will have difficulty in proving damages if the business has not posted a website.  Consequently, a business can only realistically hope for an injunction that prevents the cybersquatter from using the domain name.  Therefore, with little hope of monetary rewards to offset the cost of litigation, a business will often elect to purchase the domain name from the cybersquatter.  Because paying the cybersquatter ends up being the cheaper alternative, providing more business an incentive to do so, cybersquatters are encouraged to continue their efforts.[61]

An added complication is that NSI only permits challenges to a domain name if the challenging party produces a copy of a federal trademark registration.[62]   This means that the DND prevents mark owners that have rights only under common law or state registration from bringing a challenge to NSI.[63]   An owner who possesses an otherwise perfectly strong mark may be prevented from claiming their domain name because NSI only recognizes a federal registration.[64]

## V.   CRITIQUES AND PROPOSED SOLUTIONS

### A.   Critique

NSI's policies possess shortcomings by not preventing possible disputes that create conflicts with legitimate trademark holders in the real world.[65]   In the real world, there may exist multiple parties using nearly identical trademarks that have nothing in common with each other besides a name.[66]   On the Internet, however, the world becomes much smaller and NSI allows only one of these companies to register the domain name.[67]   NSI's DND does nothing to

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59.   *See* Look, *supra* note 11, at 64 (stating that costs of litigation often exceed ransom amount of a few thousand dollars).

60.   *But see* Jeri Clausing, *Civil Libertarians Seek to Halt Cybersquatting Bill*, N.Y. TIMES Oct. 26, 1999, *available at* http://www.nytimes.com/library/tech/99/10/cyber/capital/26capital.html   (October 26, 1999) (noting that House bill would allow damages up to $100,000).

61.   *See* Look, *supra* note 11, at 64 (explaining that cybersquatters understand costs of litigation often exceed costs of settlement).

62.   *See* Richard, *supra* note 4, at 673; Appendix A: NSI's domain name dispute policy (Rev 02) (stating that NSI acts when given documentation of registration and notice provided to domain name registrant).

63.   *See* Martin B. Schwimmer, *Domain Names and Everything Else: Trademark Issues in Cyberspace*, 569 PLI/Pat  381, 386 (noting how NSI did not consider common law rights).

64.   *See* Look, *supra* note 11, at 61 (explaining acceptable evidence of valid trademarks in domain name dispute resolution system).

65.   *See* Brunel, *supra* note 12, at 4 (discussing how Internet technology does not allow for multiple owners of same mark, unlike real world).  *See also* Gottfried & Fitzpatrick, *supra* note 8, at 2 (clarifying that only one party can register particular name within particular top-level domain name).

66.   *See* Brunel, *supra* note 12, at 4 (pointing to multiple real world registrations existing for name "roadrunner" and lack of confusion between companies).  *See also* Abel, *supra* note 3, at 334-46 (illustrating failure of NSI's domain name dispute policy to incorporate likelihood of confusion analysis).  *See also, generally,* Roadrunner Computer Systems, Inc. v. Network Solutions, Inc., No. 96-413-A (E.D.Va. filed March 26, 1996).

67.   *See* Brunel, *supra* note 12, at 5 (clarifying that once parties take domain name, denied parties must create appropriate alternative names).

discourage the practice of cybersquatting.[68]   The DND policy, because of its failure to investigate the legitimacy of the use of a domain name, in fact encourages the proliferation of cybersquatting.[69]   Without any effective level of investigation of an applicant, the DND policy invites a number of potential conflicts.[70]   A policy that includes even a rudimentary level, if not a more substantial level, of scrutiny will at least reduce, if not eliminate, the problem of cybersquatting.

## B.   *Proposed and Existing Solutions*

### 1.   *Intent To Use Applications*

A possible solution to these problems exists with "intent-to-use" (ITU) laws.[71]   ITU registrations allow a party to file for trademark registrations in advance of actually using the mark, provided that the party possesses the bona fide intent to use it.[72]   Previously, the Patent and Trademark Office (PTO) required a party to actually make use of a mark before applying for its registration.[73]   Now, because of ITU laws, a party may reserve the domain name and the ITU will prevent other parties from interfering with the ITU applicant's product and investments.[74]   Where there is a dispute, the ITU applicant will look to the date of the ITU application and not the date of the first use or the actual registration.[75]   ITU laws provide businesses with the opportunity to aggressively protect their mark rather than merely responding to infringements.[76]

Currently, two problems exist with applying ITU laws to domain names. The first problem with employing ITU laws exists because cybersquatters can use them against legitimate companies.[77]   Cybersquatters may provide some quasi-legitimate use for the domain name and then hold on to it while forcing a particular company to pay for the domain name.[78]   The second problem arises out of NSI's and other registrars' lack of an ITU policy.[79]   At present, if a party

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68.   *See* Richard, *supra* note 4, at 674, 675 (explaining NSI's policy and it's refusal to act as arbiter of disputes between conflicting mark owners).

69.   *See* Feinberg & Craycroft, *supra* note 8, at 669 (observing that NSI not required to conduct investigation into possible violations of intellectual property rights).

70.   *See* Gottfried & Fitzpatrick, *supra* note 8, at 2 (explaining that NSI does not attempt to bar registration to parties other than trademark's legitimate owner).

71.   *See* Gottfried & Fitzpatrick, *supra* note 8, at 11 (explaining companies' interest in ITUs and reluctance to commit resources in case others already chose name).

72.   Gottfried & Fitzpatrick, *supra* note 8, at 11.

73.   *Id.*

74.   *See* Allyn Taylor, *Trademarks And The Multimedia Explosion*, 12 NO. 9 COMPUTER LAW. 22, 27 (1995) (explaining that ITUs prevent others from obtaining registration of same mark and serves notice of application).

75.   *See* Kane, *supra* note 36, at 390 (detailing that ITU filing date receives priority over subsequent parties contesting date of first use).

76.   *See* Thomas J. Hoffman, *International Trademark Practice*, 410 PLI/Pat 247, 255 (explaining that defensive protection allows companies to deal with possible infringement problems before they materialize).

77.   *See* Brunel, *supra* note 12, at 12 (demonstrating how cybersquatters maintain control of sites longer using ITUs while companies usually can do little).

78.   Brunel, *supra* note 12, at 12.

79.   *Id.* at 11 (asserting that NSI does not employ ITUs as they were intended to be used). Look, *supra* note 11, at 62.

should decide to file for an ITU with NSI, the priority date would be the date of first actual use.[80]   In order for an ITU to have any meaning, however, businesses need to rely on it and refer back to it to show their priority over the other party.[81]   If a party intends to use an ITU in connection with a domain name, then NSI as well as the other registrars need to promise to that party that the date of the ITU application will provide the priority date in case of a conflict.[82]

### 2.  *PTO Assisted Search*

The PTO and the various registrars need to coordinate their efforts to achieve the goal of consistency between real world trademarks and domain names.[83]   The PTO and the registrars should institute a form of cooperative search, employing the trademark branch of the PTO's list of federally registered marks.   If the registrars could even make a preliminary search comparing a requested domain name against registered marks, then that could alleviate disputes involving registered marks.   The problem, however, still exists with regard to those marks that have not been federally registered. Additionally, the attraction of the speed of the registrars' registration process would be lost if they added additional procedures.[84]

### 3.  *Numerical Ranking System*

Another proposal could be to allow multiple, similar domain names and give each one an identifying number.[85]   This solution will allow several different parties to register the same name without actually registering the exact same domain name.[86]   Problems, however, would most likely arise when registrants object to a low priority on the list, because users would be deterred from searching through the whole list.[87]

### 4.  *ICANN Dispute Resolution Policy*

ICANN has proposed solutions for addressing the problem of cybersquattering.[88]   ICANN defines cybersquatting as acquiring a domain name primarily for the purposes of selling the domain name registration for valuable

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80.   *See* Brunel *supra* note 12, at 12 (reaffirming that ITU application dates have priority otherwise their purpose becomes defeated).

81.   *Id.*

82.   *See* Look, *supra* note 11, at 62 (explaining how registrars discount date of trademark registration in domain name dispute).

83.   *See* Brunel, *supra* note 12, at 5 (discussing NSI's requirement that PTO make prior inquiry into likelihood of confusion of applicant's domain name).

84.   *See id.* at 6 (recognizing that creating additional levels of inquiry for processing could lengthen period by another year).   *See also* Theodore H. Davis, Jr., Congressional Testimony By Federal Document Clearing House: Electronic Intellectual Property Protection, February 12, 1998, *available at* 1998 WL 8992114 (arguing that adopting additional review systems could significantly delay registration of domain names).

85.   *See* Brunel, *supra* note 12, at 7 (explaining that this avoids problem of having only one domain name available for multiple parties).

86.   *Id.*

87.   *See id.* at 12 (dismissing problem of potential conflicts as superficial, not fundamental, and does not create serious obstacles).

88.   ICANN, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY, Oct. 24, 1999, *at* http://www.icann.org/udrp/udrp-policy-24oct99.htm [hereinafter *ICANN DNDR].*

consideration in excess of documented out-of pocket costs.[89]  ICANN requires that clauses prohibiting cybersquatting be written into all domain name registration contracts.[90]  ICANN has adopted a dispute resolution policy based on a new version that NSI has developed.[91]  ICANN also requires that all disputes involving trademarks be sent to mandatory arbitration.[92]  The arbitration will result in the complainant paying the arbitration fees, unless the parties elect to expand the administrative panel to three panelists.[93]

In setting up the arbitration system, ICANN intends to set up a system to provide a uniform method of resolving domain name disputes.[94]  While the positive side of employing such an arbitration system may reduce the costs and time by avoiding a full trial, the fact remains that the disputed registration has already occurred.[95]  In order to deal effectively with domain name disputes, registrars should implement policies that deal with the issues that spawn disputes in the first place.

In addition, the administrative hearing could result in a case of reverse domain name hijacking.[96]  When a real world trademark holder takes an existing registered domain name from a legitimate user for the mark owner's own use, this action constitutes reverse domain name hijacking.[97]  This system could allow trademark owners to further intrude into the Internet and take away domain names from those parties who would otherwise have every right to use the domain name in question.[98]  The goal in resolving the dispute should lay in finding an equitable solution between the domain name registrant and the trademark owner, not extending the reach of trademark law to give the mark owner what he or she previously could not possess.  ICANN should focus as much on preventing the crime in the first place as they do on settling the dispute once it has occurred.

Registrars also now require registrants to pay up front fees before the registrar initiates any service.[99]  This acts as an additional deterrent to some cybersquatters by forcing them to commit funds at the initiation of the process.[100]  By committing funds at the beginning of the process, the registrar

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89.  *See id.* (explaining evidence of registration and use in bad faith).  *See also* ANALYSIS OF PROPOSED ICANN FALL 1999 CONTRACTS, *at* http://cyber.law.harvard.edu/icann/analysis/fall99contracts/ (last visited March 14, 1999).

90.  *See* ICANN DNDR, *supra* note 88, (stating that Uniform Domain Name Dispute Resolution Policy is incorporated into registration agreement).

91.  UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY, http://www.domainmagistrate.com/dispute-policy.html (last visited March 13, 2000).

92.  *See* ICANN DNDR *supra* note 88 at, §4 (explaining incorporation of Policy including arbitration into registration agreement).  *See also* ANALYSIS OF PROPOSED ICANN FALL 1999 CONTRACTS, *at* http://cyber.law.harvard.edu/icann/analysis/fall99contracts/ (last visited March 14, 1999).

93.  *See id. supra* note 88, at §(4)(g).

94.  *See id.at* §(4).

95.  *See id* at. §(4) (noting that policy does not expressly attempt to anticipate disputes).

96.  Rebecca W. Gole, *Playing the Name Game: A Glimpse at the Future of the Internet Domain Name System*, 51 FED. COMM. L.J. 403, 412 (1999).

97.  *Id.; see also* Lopez v. Irish Realty Corp., Claim Number: FA0005000094906, (deciding complainant's conduct not reverse domain name hijacking).

98.  Gole, *supra* note 96, at 412.

99.  *See* DOMAIN REGISTRATION SERVICES, (last visited March 14, 2000) http://www.dotearth.com/ (requiring up front fee of seventy dollars for two year service).

100.  *See* Thomas R. Lee*, In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97, 105 (noting cybersquatter's ability to register domain names for little monetary risk)

prohibits the cybersquatter from registering and hoarding domain names at no cost.[101]

While requiring an up front registration fee poses more of a deterrent than no requirements, the fee in itself will not deter the most persistent cybersquatters.[102] Nor will it deter those cybersquatters who only register one or two domain names.[103] The cost of registering a domain name is negligible in light of the potential gains from selling a domain name to a high-profile company.[104] A cybersquatter would undoubtedly stake the minimal up front registration fee in the hopes of receiving a large sum, possibly as much as several million dollars.[105]

### 5.   U.S. Legislation

The U.S. Congress has taken steps to legislate against cybersquatting. In the Trademark Piracy Prevention Act, the U.S. House of Representatives passed a bill that held liable those people who used trademarks on the Internet in bad faith.[106] The bill holds cybersquatters, those people using the marks in bad faith, liable in a civil action.[107] The plaintiff may seek damages from one thousand to one hundred thousand dollars in an in rem action on the domain name itself.[108] The bill also provides defenses of fair use and legitimate prior use.[109] In addition, the bill exempts registrars from all liability to a trademark owner for infringing domain names.[110]

Congress also enacted legislation against cyberpiracy.[111] This legislation prevents parties from registering domain names that may be confusingly similar to the name of some living person without that living person's consent.[112] This will prevent cyberpirates from registering domain names for celebrities who would want to establish a website using their own name. In terms of remedies for such prohibited acts of cyberpiracy, the legislation grants the courts the power to issue injunctive relief.[113] This injunctive relief may include termination of the domain name registration for the offending party or transference of the domain name to the complaining party.[114]

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101.   *Id.* (noting how famed cybersquatter Dennis Toeppen registered more than two hundred domain names). *See also* Kenton K. Yee, *Location.Location.Location: Internet addresses as Evolving Property*, 6 S. CAL. INTERDISC. L.J. 201, 206 (1996) (noting registration's low cost still adds up to large amount over many registrations).

102.   *See* Yee, *supra* note 101, at 206 (1996) (noting relatively low cost of registering domain names).

103.   *Id.*

104.   *See id. at* 206; Look, *supra* note 11, at 63.

105.   Look, *supra* note 11, at 63 (reporting settlement of $3.35 million dollars for altavista.com).

106.   S. 1255, 106th Cong. § 5 (1999). *See also* EVAN HANSEN, HOUSE, COURTS MAKE DECISIONS ON CYBERSQUATTING, http://news.cnet.com/news/0-1005-200-140.html.

107.   HANSEN, *supra* note 106.

108.   *Id.;. see also* Look, *supra* note 11, at 65.

109.   S. 1255, 106th Cong. § 5 (1999). *See also* ICANN DNDR *supra* note 88, at §(4)(c); Look, *supra* note 11, at 65.

110.   S. 1255, 106th Cong. § 5 (1999).

111.   *See generally* 15 U.S.C. § 1129 (1999) (discussing statutory provisions, remedies for cyberpiracy acts).

112.   15 U.S.C. §1129(1)(A).

113.   15 U.S.C. §1129(2).

114.   *Id.*

## VI.  A NEW APPROACH

Consistency between real world trademark law and domain names can be achieved by incorporating elements of each and reaching a compromise.  As each system currently exists, they cannot accommodate each other.[115]  The inherent structure of the Internet does not allow the flexibility for names that real world trademark law demands.[116]  Trademark law necessarily involves business, which means that anything trademark law affects is treated under the model of a business.[117]  Not all websites under the TLDs of ".com", ".net", or ".org", however, pertain to business transactions and should not be treated as such.[118]  Neither system, in its current state, supplies a sufficient answer.  Therefore, the answer must lie in the confines of another system.

Fusing one world that incorporates both personal and business interests with one that deals only with business interests is a tricky process.[119]  The amalgamation must incorporate the purpose of each model while resolving the conflicts between the two systems.[120]  The new system must protect against consumer confusion and prevent free-riding on marks while still allowing the freedom that any party can register a domain name for their own commercial or non-commercial purposes.[121]  Each of these must be taken into account and neither can be put aside.

### A.  *Marketplace of Services*

With the introduction of new competitors into the domain name registration business, registrars may offer different services.[122] Some services exist that at least one if not more of the competing registrars should provide.  Registrars should conduct some form of a preliminary investigation into a domain name applicant's request, similar to likelihood of confusion analysis.[123]  This cursory investigation would take place to ensure that the applicant does in fact have a legitimate purpose for the domain name and is not a cybersquatter.[124]  Part of the investigation could involve an analysis that ensures that the requested

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115.  *See* 15 U.S.C. § 1125(a)(1)(A) (stating purpose of Lanham Act as protecting interests of purchasing public).  *See also* American Civil Liberties Union v. Reno, 929 F. Supp. 824, 881 (E.D. Penn. 1998) (discussing free speech on the Internet as essential right).

116.  *See* Brunel, *supra* note 12, at 4 (pointing to multiple real world registrations existing for name "roadrunner" and lack of confusion between companies).

117.  *See* 15 U.S.C. § 1125 (granting protection for name designations used in commerce).

118.  *See* American Civil Liberties Union v. Reno, 929 F. Supp. at 831 (noting diverse ownership of computer networks, including non-profit and private parties).  *See also* CNET GLOSSARY, *at* http://coverage.cnet.com/Resources/Info/Glossary/Terms/domainname (last visited March 13, 2000) (defining ".org" website as non-profit, ".net" as pertaining to network).

119.  *See* Martin B. Schwimmer, *Domain Names and Everything Else: Trademark Issues in Cyberspace*, 569 PLI/Pat 381, 387 (pointing out conflict between Internet and other non-integrated systems).

120.  By incorporating the purpose of each model, both the users of the Internet and the trademark holders can continue to use a system that each is accustomed to using.

121.  15 U.S.C. § 1125(a)(1)(A), (B).

122.  *See, e.g.,* AW REGISTRY, *at* http://www.AWRegistry.net/; DOMAIN REGISTRATION SERVICES, *at* http://www.dotearth.com/; INTERACCESS, *at* http://www.interaccess.com/index-js.html; NETWORK SOLUTIONS, INC., *at* http://www.networksolutions.com/.

123.  *See* Int'l Kennel Club of Chicago v. Mighty Star, Inc., 846 F.2d 1079, 1084 (7th Cir. 1988) (analyzing under an eight factor test to determine degree of similarity between marks).

124.  O'Rourke, *supra* note 1, at 673 (differentiating between legitimate uses of domain name v. cybersquatting).

domain name is reasonably related to the proposed use of the name.  Such an analysis would not significantly slow down the application process nor impose significantly increased costs.[125]

Registrars could have trademark law accommodate domain names to the extent that the analysis is limited only to actual use or copying of the mark as one possible solution.  This would eliminate the likelihood-of-confusion analysis and prevent claims on the basis of similarity of marks.[126]  Eliminating the likelihood-of-confusion analysis would be preferable because it would cut down on the length of the analysis of the applicant.  The court may find infringement in the case of a cybersquatter who registered the actual domain name before the mark owner.[127]  Further, the court may protect the owner's mark in cases where a competitor of the mark owner intentionally registered the mark as a domain name and has no rights to the mark himself.[128]

ICANN is currently implementing policies that will increase consistency between trademark law and the Internet.[129]  The goal should be to protect the rights of trademark owners and discourage or prevent the misappropriation of domain names.  At the same time, the laws should not legislate so far as to grant businesses protection on the Internet that the law wouldn't grant them in the real world.  Otherwise, marks would receive different kinds of protection only because the medium on which the mark is displayed is different.  That would be analogous to giving a mark one level of protection on the radio and even greater protection in a newspaper.

The goal of real world trademark law is to prevent consumer confusion as to the source of some product.[130]  The mark must allow the consumer to associate the quality of the product with the name of the product.[131]  In addition, trademark law aims to prevent parties from free-riding on the goodwill of an established mark.[132]  The protection that the law extends to a mark will stop at that point on the Internet.[133]  This protection will stop at the point where the registrars will allow people who have a legitimate claim to a particular domain name to register it.  Once the integrity of the mark, as it actually appears, is protected, then the freedom that the Internet is accustomed to will resume.[134]  This will occur in spite of any possible similarity to an already existing mark,

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125.  *See* Brunel, *supra* note 12, at 6 (arguing that few levels of inquiry may not add to length of time for inquiry).

126.  *See* Int'l Kennel Club of Chicago v. Mighty Star, Inc., 846 F.2d 1079, 1084 (7th Cir. 1988) (stating that likelihood of confusion test necessary to prevail under §43(a) of Lanham Act).

127.  *See* Patrick McGeehan, *Morgan Stanley Wins Fight Over Internet Domain Name*, N.Y. TIMES, *available at* http://nytimes.com/library/tech/0001/biztech/articles/08web.html (last visited January 8, 2000) (discussing Morgan Stanley's suit to claim domain name from cybersquatter).

128.  *See* Stanley Kaplan v. Princeton Review, Inc., No. 94 Civ. 1604 (MGC) (S.D.N.Y. Mar. 9, 1994) (noting how test review business registered competitor's name as domain name).

129.  *See* ICANN, REGISTRAR ACCREDITATION: OVERVIEW, *at* http://www.icann.org/registrars/ accreditation.htm (last visited January 8, 2000) (discussing requirements for all registrars).

130.  15 U.S.C. § 1125(a)(1)(A).

131.  *Id.*

132.  *See* Quentin R. Wittrock, *Use of Personal Names in Non-Competing Businesses: Doctrines of Unfair Competition, Trademark Infringement and Dilution*, 70 IOWA L. REV. 995, 1007 (1985) (discussing how infringing mark benefits from goodwill generated from first user).

133.  *Id.* (discussing parties unfairly benefiting from goodwill of pre-existing mark).

134.  S*ee generally* 15 U.S.C. §§ 1051-1127 (1999) (noting how Lanham Act does not draw clear demarcation for its application to Internet).

as long as the domain name is not an exact replica of the protected mark. In this way, the owner's mark will still be protected against abuse without using the law to extract names from the limited pool of domain names.

### B.   Domain Name Misuse

The most effective cybersquatter-deterrent system would prevent them from registering in the first place if they intend to misuse the domain name. A misuse of the domain name would constitute any use where the domain name owner does not intend to use and does not in fact use the site for a legitimate purpose that is connected with the domain name.[135] This kind of test would involve both an objective and a subjective criterion for determining bad faith.

First, the objective standard focuses on the connection between the chosen domain name and what the registrant uses the site for.[136] There must exist some kind of correlation between the domain name chosen and the purpose of the site. Some sort of nexus or correlation between the domain name chosen and what the site sells or offers must exist.[137] By showing that some sort of nexus exists between the particular domain name chosen and the proposed purpose of the site, the registrant shows that he or she has a demonstrable reason for choosing the particular domain name in question.[138] In showing that a demonstrable reason exists for choosing the particular domain name, the registrant demonstrates that he or she possesses a legitimate reason, and therefore a legitimate right to use the domain name. The problem with this is that it may prevent use of fanciful and other made-up words.[139] Because fanciful and made-up words possess the strongest trademark protection, this problem is significant.

The next criterion involves the subjective portion of the test, where the standard queries whether the registrant himself intends to make actual use of the website that the domain name grants him.[140] This test is intended to weed out cybersquatters who manage to implement some kind of façade that makes some kind of working website in order to lay claim to a legitimate use of the site.[141] Should the problem associated with a fanciful mark arise, the subjective portion of the test will come into effect. If the business or purpose of the website has little if any connection to the chosen domain name, then the fact finder can make an inquiry into the owner's intent. The fact finder will look into whether the domain name owner had any intention to choose a domain name for the purpose of ransoming it off to a mark owner whose mark may

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135.  *See* O'Rourke, *supra* note 1, at 673 (extrapolating on "cybersquatter" definition to construct test linking registrant and chosen domain name).

136.  Dolan v. City of Tigard, 512 U.S. 374, 386 (1994).

137.  S*ee* Dolan v. City of Tigard, 512 U.S. 374, 386 (1994) (discussing nexus between legitimate state interest and city's permit condition).

138.  *Id.*

139.  Ronald L. Panitch, *Trade Dress and Product Configuration: Different Circuits-Different Approaches*, SE32 ALI-ABA 1, 7 (describing fanciful marks as inherently distinctive). *See also* Look, *supra* note 11, at 71 (describing fanciful marks as not merely describing nature of goods).

140.  Marguerite S. Dougherty, *The Lanham Act: Keeping Pace with Technology*, 7 J.L. & POL'Y 455, 499 (1998).

141.  *See id.* (noting how cybersquatter used "under construction" sign on website).

have a connection to the domain name in question.[142]   If the registrant did posses the requisite intent, then the registrant's "use" of the website merely constituted a façade.[143]   Since the registrant's use merely constituted a façade, the registration was impermissible and the registrar may revoke the rights to the domain name from the original registrant.[144]

   This sort of system does, to a certain extent, presume that some hierarchy of legitimate claim to domain names exists.[145]   This hierarchy states that some parties possess a more valid and legitimate claim to a domain name than others. This hierarchy exists in the sense that there are certain groups of parties that possess more legitimate claims to certain domain names than other groups. Businesses that possess legitimate marks have a more valid and superior claim to a similar domain name than a party whose sole intent in registration is to sell it at a substantial price to the business.[146]   Within each hierarchical group, however, each party would presumably have an equal claim to the domain name in question.[147]   The parties within the same group would then operate on a "first come, first served" basis in order to be fair to each claim and reward the most industrious and fastest-acting party.[148]   In this manner, a certain measure of the freedom of the Internet may be preserved and allow smaller businesses a stronger and more visible foothold in the world.  At the same time, this system prevents the freedom of the Internet from taking advantage of businesses and extorting money from them.

## VII. CONCLUSION

   The total pool of domain names available for registration is limited.  With the limited pool, each possible name needs to be made available if requested. Therefore, established and famous marks should not be allowed to restrict the registration of domain names beyond what they themselves actually use.  If a famous mark should prevent all other parties to register that name merely because that name is likely to cause confusion, then that owner would eliminate that permutation of the mark from the pool without actually using the name. When there is a scarcity of supplies, goods should not be held back from general use merely because one party does not want others to use it.  Likewise, famous marks should not be allowed to prevent other parties from registering a domain name out of fear of consumer confusion.  The Internet has limits, and these limits require the availability of every domain name.

   Most importantly, Internet trademark law with regard to domain names needs to achieve consistency with real world trademark law.  These are not two

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142.  Golinveaux, *supra* note 10, at 647.

143.  Marguerite S. Dougherty, *The Lanham Act: Keeping Pace with Technology*, 7 J.L. & POL'Y 455, 499 (1998).

144.  *See* ICANN, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (3) (October 24, 1999),  *at* http://www.icann.org/udrp/udrp-policy-24oct99.htm (stating requirements for registrar's cancellation, transfer, change of existing website).

145.  *See* discussion *supra* § VI (B).

146.  *See* Brunel, *supra* note 12, at 5 (referring to "roadrunner" examples, how each possesses valid, superior claim over cybersquatter).

147.  *Id.* (noting how  "roadrunner" mark owners have equal claim to "roadrunner.com" domain name).

148.  *Id.* (noting how first party with "roadrunner" mark possesses right to register, retain control of domain name).

separate areas that have little or no connection with each other.  Companies are becoming increasingly more involved on the Internet as another aspect of business.  Without consistency between the two systems, conflicts between real world trademark holders and domain name owners will continue to escalate.  The laws and regulations for these areas differ solely because of the medium in which domain names operate.  NSI needs to revise its policies in order to achieve the goal of linking trademark rights between the real world and the Internet.  A trademark is a trademark and should not be subject to different laws because they appear on a web page as opposed to a billboard.