THE UNIFORM DISPUTE RESOLUTION POLICY: A COMPARATIVE STUDY OF NOMINET, .EU ADR, US AND UK LEGAL SYSTEM TO FIND A PROPOSAL FOR AN AMENDMENT

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Abstract

The Uniform Dispute Resolution Policy (UDRP) covers name disputes especially cases relating to conflicts between domain name registrants and trade mark owners. The UDRP has been used since 1999 until today without any major amendment, although a decade has passed and the numbers of domain name disputes have originally increased and today remain a sore policy and jurisprudential issue. The major problem of the UDRP is that it recognizes trade mark rights but panelists have extended its use to almost every type of disputes including geographical indications, personal names, and common words. Moreover, with the inconsistency of decisions, it is difficult for users to rely on the system as a self sufficient method of dispute resolution. The inconsistency of decisions leads to forum shopping and a shift in balance of justice. The thesis attempts to propose recommendations for an amendment of the UDRP by studying four legal systems of domain name dispute resolution. It begins with Nominet UK, the sole registrar of all .uk domain names. Then, it moves to the system of .eu Alternative Dispute Resolution (ADR) for all .eu domain names. It then moves to proper legal systems starting with the US. It concludes the analysis with a study of disputes in the English judicial system. The author hopes that the studies can bring together some credible suggestions for the amendment of UDRP.
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Introduction

“It is important that trade marks not be transformed from rights against unfair competition to rights to control language”

Mark A. Lemley

The Modern Lanham Act and the Death of Common Sense


I Reasons

With the boost in domain name registration conflicts between trade mark owners and domain name registrants are increasing. This is because most domain names that are registered contain trade marks as components. There are many reasons behind such registrations. It may be to block competitors from registering the domain name, or it may be to register domain names in lots for selling to their corresponding trade mark owners at an abusive price - so-called cybersquatting activity. As a result, trade mark owners try to claim their rights in these domain names. Disputes are brought to court everywhere in the technological world, especially in the US where the Internet and domain name originated. To address this phenomenon, the Uniform Domain Name Dispute Resolution Policy (UDRP) was adopted by the Internet Corporation of Assigned Names and Numbers (ICANN) in 1999 to function as a mandatory dispute resolution mechanism for all accredited registrars, in relation to generic top level domain names and some country code top level domain names, regardless of jurisdiction.

The UDRP must be used together with the Rules for Domain Name Dispute Resolution Policy (the Rules), which is a set of administrative rules and formalities for uniform domain name dispute resolution. Both the UDRP and the Rules have been used together, with satisfactory results, as the number of domain name disputes has

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1 They are .aero, .biz, .cat, .com, .coop, .info, .jobs, .mobi, .museum, .name, .net, .org, .pro, .tel and .travel.
2 For example, there are .nu for Niue, .tv for Tuvalu, and .ws for Western Samoa.
dramatically decreased. However, this performance should only be regarded as a success if the objective is to decrease the total amount of cybersquatting activity.

Unfortunately, the objectives of the UDRP are more complex than that. The UDRP has three main objectives: (1) to enable global uniformity in domain name dispute resolution; (2) to decrease the cost of resolving domain name disputes; and (3) to expedite dispute resolution proceedings by restricting the amount of time spent, and by limiting the scope of such proceedings to trademark infringement\(^3\) and other abusive behaviour. As a consequence, the UDRP cannot completely achieve its goals.

Although the language of the UDRP is deemed to be sound and effective,\(^4\) many of the UDRP’s problems have continued to unfold. Its flaws stem from its applicability to the Rules, such as the extension of its language by some panels, and its inability to administer the problems of internationalised domain names. The recent increase of domain name disputes is another difficulty.\(^5\) Therefore, both the UDRP and its Rules need to be reconsidered, with an eye toward their improvement. This thesis proposes amendments to the UDRP.

II Proposal & Methodology

A. Proposal

Domain names have increased in significance in every field. Ironically, the fact that domain names share some similarities with trade marks makes people assume that they have the same origin, although in reality, they function differently. This assumption creates confusion which leads to the abusive registration of domain names for profit.

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\(^3\) Despite this, some disputes still involve trade names and personal names. In addition, statistics from Professor Mueller’s “Success by Defaults” indicate that the UDRP protects personal names as strongly as trade marks. As mentioned, the UDRP is not used for terms such as personal names and geographical indication disputes, although many decisions do involve these terms. For example, *barcelona.com* was a dispute between two entities that had rights in this geographical indication. It should have been decided by law, since the UDRP was not designed for use with geographical indications and their complications. Nevertheless, the case was decided under the UDRP, as one of the worst decisions, because the panel made its decision by using his own discretion as to which entity had a better right to this geographical indication. See *Excelentíssimo Ayuntamiento de Barcelona v. Barcelona.com Inc.* (2000) WIPO Arbitration and Mediation Center <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0505.html> (10/9/2006)

\(^4\) Milton Mueller Rough Justice: An Analysis of ICANN's Uniform Dispute Resolution Policy 2000 This is measured from the continuous decrease of domain name disputes from 1999–2004.

Such confusion causes legal disputes between domain name registrants and trade mark owners. As a remedy, the UDRP was created to reduce disputes and resolve conflicts. The UDRP was drafted by the World Intellectual Property Organization (WIPO), promulgated by the US government and is currently monitored by ICANN. Its performance until now can be regarded as effective because the number of abusive domain name registrations and domain name disputes have decreased since it came into effect. However, like a wise man has said “nothing in the world is perfect”, and it is so with the UDRP. The UDRP has problems, both in theory and in practice. It has been used widely, but has been criticised on the basis that, inter alia, it is biased in favour of trade mark owners.

This research aims to find ways to develop the UDRP’s neutrality and effectiveness. It will also propose resolutions to its aforementioned problems. However, the author does not want ICANN or WIPO to abandon the existing UDRP resolutions because their solutions offer certain benefits. In addition, she prefers that all relevant organisations study this research, together with all other available research, and select the best solution for the problems of the UDRP.

B. Hypothesis and methodology

This research has been designed to produce solutions to the trade mark problems of the UDRP. The hypothesis of this research is that the current methods of the UDRP are too rigid to handle effectively and appropriately all of the problems arising from domain name registrations.

To solve such problems, the perspective of the UDRP needs to be broadened to suit the needs of all end-users, not merely those of trade mark owners. For example, sufficient definitions of those terms found in paragraph 4(a)–(c) of the UDRP must be provided. Also, the timescale for submitting a response must be extended in order to make the policies justified. Moreover, other factors such as the impartiality of arbitrators and venues for dispute resolution require stronger control and closer monitoring.

Regarding methodology, this research will examine the text of the UDRP to find its good and bad points, and also aim to put its injustice into context. Additionally, the

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6 These policies involve examinations of; (1) identical or confusingly similar domain names and trade marks; (2) rightful and legitimate interests of domain name registrants; and (3) bad faith registration of domain names.
research will study four legal systems that solve domain name disputes, namely the Nominet Dispute Resolution Service (DRS), for .uk domain names, Alternative Dispute Resolution (ADR) for .eu domain names, US relevant laws (including the Lanham Act, the Trade Mark Dilution Revision Act, and the Anti-cybersquatting Consumer Protection Act), and UK trade mark laws (both the Trade Mark Act 1994 and the common law of “passing off”). Then, the study, with discussion, comments, and analysis of decisions or case laws, will propose valuable suggestions for an amendment of the UDRP. The sources of the research are from the legislative approaches themselves, decisions, case law, articles, journals, books and the Internet.

### III Further details about the UDRP

For the purpose of this thesis, it was important to study the UDRP and its Rules thoroughly before proposing any amendment. The characteristics of the UDRP, including its flaws, are the primary concern of the research, since proposals for an amendment can only be made after knowing the causes of the problems. This section provides an examination of some important features of the UDRP and the Rules. The UDRP will be discussed by using some of their decisions. Some comments by recognised scholars and relevant institutions will be added when appropriate. In the section concerning the Rules, descriptions of some problematic rules will be provided with some comments.

#### A. The Uniform Dispute Resolution Policy: Interpretation and Applicability

Paragraph 4(a)–(c) of the Policy forms the core of the UDRP. The points are policies arranged for resolving an applicable dispute. Every complainant needs to comply with these policies in order to initiate a dispute resolution procedure. To elaborate, paragraph 4(a) mandates that a complainant must show three circumstances in order to proceed the complaint under the UDRP; paragraph 4(b) renders examples of bad faith registration and use of domain names; while paragraph 4(c) provides examples of circumstances where a respondent has a right or legitimate interest in the contested domain names.

These paragraphs are problematic. For instance, paragraph 4(a) requires an interpretation as to what situation should apply to each requirement and to what extent; paragraphs 4(b) and (c) contain obscure policies regarding possible circumstances for
registration and use of domain names in bad faith and feasible situations that demonstrate rights to and the legitimate interests in the domain name of a respondent respectively. These sections receive the most criticism because paragraphs 4(b) and (c) provide a panel with full discretion to include any circumstances as bad faith or legitimate interest situations under the term “in particular but without limitation”.

1. UDRP Paragraph 4(a): Applicable Disputes

To submit a complaint to a dispute resolution provider, a complainant is required to comply with paragraph 4(a) of the UDRP by providing supportive evidence in compliance with its criteria. A failure to do so can cause the dismissal of a complaint. In short, a complainant has to convince a panel that a contested domain name and a trade mark or service mark, in which he has a right, are identical or confusingly similar. Thereafter, he has to make an allegation that a domain name holder has no right or legitimate interest in such a domain name, which the holder must answer. Finally, a complainant has to demonstrate to a panel that a domain name holder has held a domain name in bad faith. The panel must unanimously agree with complainant’s allegation.

The wording of paragraph 4(a) is written as follows:

*Paragraph 4(a) Applicable Disputes.*

*You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that*

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

*In the administrative proceeding, the complainant must prove that each of these three elements is present.*

Over all, the text of this paragraph seems reasonable and just. However, there are problems arising from the interpretation and application of this paragraph, as mentioned. Its problems can be categorised as below.

Firstly, paragraph 4(a)(i) requires a complainant to demonstrate that a disputed domain name is identical with or confusingly similar to a trade mark or service mark in which the complainant has rights. Basically, a complainant has to start with providing

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7 This open discretion is sometimes criticised as unreasonable and biased. See Mueller Rough Justice: An Analysis of ICANN’s Uniform Dispute Resolution Policy and Michale Geist, 'Fundamentally Fair.com?: An Update on Bias Allegations and the ICANN’s UDRP'
evidence of his legitimate right or lawful interest in the mark. Thereafter, he has to claim that the domain name and his mark are identical or confusingly similar. This second demonstration is a problem. The issue is whether and to what extent a domain name is identical with or confusingly similar to a trade mark or service mark.\(^8\) Moreover, there is also a question as to what type of evidence should be submitted—is a certificate of trade mark registration sufficient, or is a witness of the complainant’s long use of the mark more suitable? There is no definitive answer but there are decisions under the UDRP concerning this issue which will be discussed in the following section.

The second requirement of paragraph 4(a) is a demonstration that a respondent has no right or legitimate interest in a contested domain name. Although a complainant must first raise this point, once raised, a respondent must submit evidence of his rights or legitimate interests in the respective domain name. The thinking is that no one can prove a right of use better than the one who holds it. The UDRP provides examples of circumstances that indicate a right or legitimate interest of a respondent in a domain name in paragraph 4(c). This provision also grants a panel the discretion to establish a new situation demonstrating a respondent’s right or legitimate interest. This is another problem because one’s opinion is subjective and provides no pattern to follow. More discussion is provided on paragraph 4(a)(ii) below, which will be analysed together with paragraph 4(c).

Lastly, paragraph 4(a)(iii) requires a complainant to demonstrate that a respondent has registered and used a domain name in bad faith (normally a respondent denies this).\(^9\) To aid in interpretation, the UDRP provides examples of such situations in paragraph 4(b). Similar to paragraph 4(c), paragraph 4(b) does not define “bad faith” and therefore allows the panel, in its discretion, to acknowledge new and unique instances of bad faith.

**a. Paragraph 4(a)(i) - Identical or confusingly similar to a trade mark or service mark**

Paragraph 4(a)(i) states that “your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights”. It is the first criterion

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\(^8\) This is because identity and similarity are subjective. Sometimes, a domain name with the trade mark and pejorative word can be viewed as confusingly similar to the trade mark.

\(^9\) If a respondent responds to a complainant (which rarely happens), he might demonstrate that his registration and use of such a domain name is legitimate and in good faith.
to establish a claim under the UDRP. It requires a complainant to show that a respondent’s domain name is identical with or confusingly similar to a trade mark or service mark in which a complainant has rights; while, a respondent has to prove the opposite. Otherwise, it is most likely that he or she will disappear from dispute resolution procedure.

A right or legitimate interest in a trade mark or service mark can be easily proved by producing a certificate of a registered trade mark or from by proving one’s actual use of such mark. However, nothing is expressly stated in the UDRP or its Rules about proving this requirement. Also, there is no guidance as to demonstrating a confusing similarity, nor guidance as to how much similarity is required in order to satisfy a panel. Therefore, this identical or confusingly similar criterion has been differently interpreted and applied by panel after panel. Consequently, the UDRP has been blamed for this inconsistency.

In addition, there are many decisions providing opinions on the identical or confusingly similar issue. These opinions sometimes mention a test for confusing similarity between a domain name and a trade mark. However, quoting precedent does not usually occur in arbitration, since the arbitration system is not based on common law or any one legal system; therefore, references to precedent is another peculiarity of the UDRP. It would be helpful if an answer could be found as to why decisions under the UDRP need to refer to former panel decisions, given that the dispute resolution process is not based on any legal system.

Moreover, the UDRP does not just apply to trade marks or service marks, although it is clearly written that the policy is to be used for domain names that are identical or confusingly similar to only a trade mark or service mark. Instead, it is further applied to disputes involving geographical indications and personal names.

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11 To describe, these terms are considered generic. Despite the fact that they may be used as trade marks, their owners do not have exclusive right for use of such terms with every kind of goods or services - including a right to exclude a particular domain name from being registered by others. However, there are many geographical indications that have not yet been registered as a trade mark but which are being used as domain names. These domain names should not fall under the applicable rules in disputes under the UDRP since they cannot be determined as a trade mark. Perhaps, complaints about such domain names should not be accepted in the first place.
However, there are some decisions that provide a test for identity or confusing similarity. The first example is from wevd.com. One panelist, in writing the decision, rendered a useful statement that “.com” was not significant in determining an identical or confusingly similarity between a mark and a domain name. The panellist argued further: “...neither the beginning of the URL (http: //www.), nor the TLD (.com) have any source indicating significance. Those designations are merely devices that every Internet site provider must use as part of its address.”

Therefore, the decision established a rule that combining two or more marks, and registering the resulting mark as a second level domain, is in fact the use of two or more identical marks as a domain name. Removing the www prefix and gTLD suffix certainly makes a domain name identical with a trade mark. As a consequence, these prefix and suffix are not an important issue in order to identify identical domain names with trade marks. The decision of stanleybostich.com confirms this doctrine.

A second case about a confusingly similar test states the principle that registration of domain names by combining a mark and a generic word that reflects products or services, can make domain names confusingly similar to trade marks. In pradaboutique.com, the panel agreed without hesitation that the domain name was identical to a complainant’s trading style although the domain name had a generic word, “boutique”, added. Also, in xpediatravel.com, the panel contended that a domain name in dispute was confusingly similar to a complainant’s trade mark “Expedia”. Omitting the “e” and the adding of “travel”, which reflected the complainant’s type of business, did not enable users to distinguish between the domain name and the mark.

However, to apply the above test to a dispute is quite unfair in many ways. For example, (1) generic words should be used by the public; (2) owners of trade marks incorporating generic words do not have the exclusive right to limit the creativity of other persons when creating a domain name; and (3) trade marks can also be very common words

such as Bass,\textsuperscript{16} and the registration of common words as domain names should not automatically grant trade mark owners the right to then prohibit such a use.

The third example deals with a test as to whether the mistyping of domain names can be confusing to Internet users. In guinnes.com\textsuperscript{17}, the complainant’s registered trade mark was “Guinness” but the domain name in question was guinnes.com. The trade mark and domain name were slightly differentiated by a missing “s” in the domain name. Nevertheless, a panelist clearly stated that

\begin{quote}
“[i]n term of sight and sound, the domain name is virtually identical to the complainant’s Guinness name and mark. … [t]he elimination of the letter “s” between “guinnes” and “Guinness” does not significantly affect the visual impression made by the domain name as compared with the mark, and does not affect the pronunciation of the domain name as compared with the mark.”
\end{quote}

Bad-faith “typosquatting”,\textsuperscript{18} however, can cause confusion between a trade mark and domain name. In wwwprada.com,\textsuperscript{19} the domain name was registered by missing the fullpoint between www and the second level domain name in order to attract any misspelling users who searched for a well-known mark, Prada, and then diverting users to other websites. In this case, many examples were mentioned such as wwwmyyahoo.com and wwwpfizer.com. The panel ruled this domain name was significantly confusingly similar to prada.com, which is the current Prada website, and certainly, to the Prada trade mark because the intentional elimination of characters in a domain name can be confusingly similar to a trade mark.

Moreover, prior decisions provide that the content of a website is relevant to determining whether a domain name is confusingly similar to a trade mark. In dixons-online.com,\textsuperscript{20} the panel was concerned that the website had similar services to

\begin{footnotes}
\item[16] The first registered trade mark in the UK.
\item[18] Typosquatting is an act where registering a mistyped domain name is designed to ensure that there is confusion between the domain name and trade marks or well-known words.
\end{footnotes}
that of the complainant and an additional word, *online*, was insufficient to distinguish the disputed domain name from the *Dixon* trade and service mark. As a consequence, the panel agreed that the domain name was confusingly similar to the complainant trade mark.\(^{21}\)

Accordingly, there existed the kind of precedents used for deciding that a **domain name consisting of a trade mark and a negative term can be found confusingly similar to a trade mark - even though the term attacks the trade mark.**\(^{22}\) This can be found in many panel decisions\(^{23}\) because, *inter alia*, domain names containing trade marks are immediately recognisable by consumers. This is the so even where there is no confusion regarding sources of a domain name and a trade mark, which is a main concept of subparagraph 4(a)(i). In *wal-martsucks.com*\(^{24}\), the panel implied that the most important thing was bad faith; if bad faith was found, automatically there was confusing similarity between a mark and a domain name.\(^{25}\) Despite there being a disclaimer in its decision, that the panel did not intend to limit the creativity of domain number of registered trade marks containing “*Dixons*” on its own and with additions, while the respondent operated the website under their domain name to be a forum for complaints about the complainant’s brand.

\(^{21}\) Although this forum creates confusion as to whether the site was run by the complainant, the respondent should be allowed to continue using the website according to the fair use doctrine providing that there is a clear disclaimer in the website.

\(^{22}\) This raises a question whether anyone will be confused between *cokesucks.com* and *coke.com*. In my opinion, it is more than clear that the former has a negative notion about coke and the latter is by the coke company. Their contents should be in contrast. Nevertheless, the panel may have to agree that they are confusingly similar; otherwise, the panel cannot decide the case since the applicable dispute rules are not fulfilled.


\(^{24}\) *Wal-Mart Stores, Inc.* v. *MacLeod* In the case, the panel found that the complainant has long been used the mark “*Wal-Mart*” since 1962 and it was well-known for the mark. In 2000, when the respondent registered the domain name, it was clear that the respondent already knew of the complainant’s mark. As a consequence, the panel decided that the domain name, wal-martsucks.com, is confusingly similar to a trade mark as required in the applicable dispute elements.

\(^{25}\) Wipo Arbitration and Mediation Centre, *Collection of WIPO Domain Name Panel Decisions* (Kluwer Law International, Herts 2004) p.29 “*Respondent’s bad faith is a critical factor in deciding whether the domain name consisting of a coupling of the Complainant’s trade mark with a pejorative term is confusingly similar to the Complainant’s trade mark*”.  

17
name registrants, and that trade mark owners did not have a monopoly in a word, this case seemed to favour a trade mark owner.26

However, there are also precedents demonstrating that domain names with pejorative words cannot be counted as confusingly similar when Internet users are not likely to associate the trade mark with the domain name. This is in contrast with the precedent above, and represents a minority viewpoint. lockheedmartinsucks.com27 is an example of such a decision; wherein the panel referred to common sense and a reading of plain language in applying the policy. The panel stated:

“[a] domain name combining a trademark with the word "sucks" or other language clearly indicating that the domain name is not affiliated with the trademark owner cannot be considered confusingly similar to the trademark.”

Despite having expressed a reasonable opinion, however, the panellist, David E. Wagoner, had to sign for a dissent opinion in the decision and admitted that an important thing to consider, in a case such as this, is a respondent’s intent, which can preclude the confusingly similar criteria.28

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26 Wal-Mart Stores, Inc. v. Walsucks The original message is that  

[T]rademark owners are not required to create "libraries" of domain names in order to protect themselves, and there are strong policy reasons against encouraging this behaviour. Moreover, as human creativity reaches its utmost where disparagement (not to mention money) is involved, any such attempt by a trademark owner would be futile, and thus Respondent has no equitable argument against Complainant.”

From this statement, it is very ambiguous as to which the panel gives greater weight, bad faith or freedom of expression. This is because, when focusing on the language of the UDRP, a confusing similarity and bad faith are in different rules and it difficult to see how one factor will determine another. The lack of any of factors cannot result in a decision to transfer any domain name under the UDRP.

28 ibid The dissenting original message is that  

"[T]he critical issue in the free speech cases is the intent of the registrant of the domain names. Was the registrant’s intent to create an internet vehicle for the exercise of free speech and criticism. Or was the registrant guilty of registration and use in bad faith. The outcome requires each case to be considered on its own facts and precludes a per se conclusion that there can be no ‘confusing similarity’ where ‘sucks’ is added to the trademark.”
2. Paragraph 4(a)(ii)—Respondent has no right or legitimate interests in a domain name; and, Paragraph 4(c)—How to demonstrate rights and legitimate interests in the domain name

The second requirement of the applicable rules is that “[a domain name registrant] has no rights or legitimate interests in respect of the domain name [that is identical or confusingly similar to a trade or service mark]”. A complainant has to initiate an allegation that a respondent has no legitimate interests in a domain name; thereafter, it is a duty of a respondent to prove his right. This doctrine is reasoned from a notion that a complainant might have a difficulty proving a negative, since such evidence is self-acknowledged.

In addition, the UDRP also has a list of circumstances in which a respondent might demonstrate his rights or legitimate interests in his domain name. Paragraph 4(c) provides three circumstances, in particular, but without limitation, that a respondent has rights or legitimate interests in the domain name.

Paragraph 4(c)—How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint

When you receive a complaint, you should refer to Paragraph 5 of the Rules of Procedure in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

29 Section 4(a)(ii) of the UDRP
31 Bear in mind that in every circumstance, a domain name registrant is referred to an individual, business, or other organization.
(ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate non commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.”

a. The respondent used or was in preparation to use the domain name before noticing the dispute

There are decisions where a respondent succeeded in establishing his legitimate interests in a domain name. In rogersvideo.com, a respondent asserted that he had registered a trade mark in the Netherlands for Roger’s video before he acknowledged a complainant’s notice in 1997. The panel also agreed that “the respondent has shown that he used the contested domain name in connection with bona fide offerings of goods and services prior to notice of this dispute or notice of the Complainant’s unregistered Canadian trademark”, according to paragraph 4(c)(i). In addition, the respondent was also commonly known by his website and domain name, according to paragraph 4(c)(ii). The panel found that the respondent had undoubtedly proven that he had rights or legitimate interests to the asserted domain name long before the initiation of the dispute.

In landamerica.com, evidence showed that a respondent had registered a disputed domain name before noticing the claim. The respondent could satisfy the panel that he had been in bona fide preparation of offering goods or services in connection with the domain name. However, the respondent was questioned whether he might have noticed the dispute during the renewal of the domain name registration. This makes the renewal of a domain name registration a new criterion when considering one’s knowledge of the dispute. In accordance with paragraph 4(c)(i), the panel had to decide whether renewal was a period when the respondent should have known of the

32 Rogers Cable Inc v Arran Lal’ (2001) WIPO Arbitration and Mediation Centre <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0201.html> (27/12/2008) In this case, the respondent was an online private video distributor known in many jurisdictions such as the UK and the Caribbean, while the complainant’s business was based only in Canada. Accordingly, the fact was that the complainant, who was an owner of a registered trade mark making a complaint under the UDRP for the result of transferring the domain name, could accuse him of reverse domain name hijacking as well.

dispute. Fortunately, the panel examined the timeline and found that the respondent’s renewal date was before the registration of the complainant’s trade mark. As a consequence, the panel concluded that the “[R]espondent has established rights and legitimate interests in the disputed domain name based on its demonstrable preparations to use the name for a bona fide offering of goods or services prior to notice of a dispute. At the time of registration, there clearly was no notice of a dispute, and the evidence does not establish notice of a dispute at a renewal point”.

b. Commonly known by the domain name

Unlike reputed words, indistinctive and common words do not give rights or legitimate interests to an owner of a domain name. In sting.com, the respondent, despite his vast reputation in the generic mark, could not provide convincing evidence of his legitimate interests in the domain name. Moreover, the complainant’s fame did not confer a right to a trade mark or service mark under his personal name because the word was deemed generic. As a result, the panel agreed that his argument of being commonly known under the name “Sting” was unconvincing. The panel further reasoned that “the word is indistinctive, and most likely is used by numerous people in cyberspace. In practice, this word provides the respondent with anonymity rather than with a name by which he is commonly known.” Therefore the respondent failed to prove his rights as required by paragraph 4(c) (ii).35

c. A legitimate non commercial or fair use of the domain name

A respondent may demonstrate his legitimate interests in a domain name under fair use or non-commercial use doctrines which provide two lines of precedent. In legal-and-general.com, the respondent defended claiming that his complaint website constituted

34 Gordon Sumner, p/k/a Sting v Michael Urvan' (2000) WIPO Arbitration and Mediation Center <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0596.html> (10/10/2006) The respondent registered a domain name as a generic word to be used as, inter alia, his Internet username and screen name; while the complainant was well-known under the trade name “string” in many jurisdictions including the respondent’s jurisdiction. The panel was convinced that the respondent lacked a legitimate interest in the term; however, this complainant did not succeed with his claim because he could not provide sufficient evidence of the respondent’s bad faith, an issue which will be discussed later.

35 For a decision where a complainant succeeded under this subparagraph, see Rogers Cable Inc v Arran Lal' However, the domain name sting.com is currently an official website of Sting.

36 Legal & General Group Plc v. Image Plus' (2002) <http://arbiter.wipo.int/domains/decisions/html/2002/d2002-1019.html> (27/12/2008) A respondent who was a former employee of the complainant registered a domain name very similar to the complainant’s
valid fair use under the circumstances, under paragraph 4(c)(iii), and referred to many decisions under the UDRP. These decisions provided that the complaint website must be found genuine, after careful consideration of the circumstances, and must not, for example, be created after the respondent unsuccessfully attempted to sell the domain name.

The panel, with one dissenting panellist, found that “the website is not misleading, and the only content on the website relates directly to the Complainant.” Furthermore, since the website had explicitly made a disclaimer that it was not controlled or authorised by the complainant, it was unlikely that any Internet users would be confused about this website or assume that the complainant was the mark owner. The panel strongly asserted that the website was a genuine venue for criticism.

On the other hand, in some decisions, although there is abundant evidence that a website constitutes fair use or has some legitimate purpose, respondents have been unable to convince their panel because the website diverts Internet users to other addresses without giving them notice, possibly constituting bad faith. Otherwise, it may be the case that a respondent is a licensor and a complainant does not give him permission to use a trade mark as a domain name.

In allegrad.com, the panel held that a respondent’s three domain names were confusingly similar to the complainant’s trade marks and that they were misleadingly diverting Internet users to a respondent’s commercial website. Therefore, the respondent’s use of the domain names was undeniably for commercial purpose. An opinion was given that “the mere fact that respondent is an authorized representative of complainant... does not in itself give respondent an own right or legitimate interest in the (registration and use of) the domain names corresponding to the trademarks involved. ... [S]uch an own right or legitimate interest would exist if respondent shows that complainant has given its consent or a license to respondent for registration of the domain names at issue.”

mark “legal and service”. The respondent’s webpage was also designed to be a platform for complaining about the complainant.

37 Aventis Pharmaceuticals Products Inc., and Merrell Pharmaceuticals Inc. v. PBS Publishing, LLC,’ (2002) <http://arbiter.wipo.int/domains/decisions/html/2002/d2002-0343.html> (27/12/2008) In this case, the respondent tried to claim that its domain names were websites for providing medical knowledge to the public and not for the commercial use of a complainant’s trade marks; and that it was also an authorised representative of the complainant. However, the panel rejected the claim.
3. Paragraph 4(a)(iii)—a domain name has been registered and is being used in bad faith and Paragraph 4(b)—bad faith circumstances

The last requirement is a demonstration that a domain name has been registered and is being used in bad faith. This rule requires a complainant to submit evidence that a respondent both registers and uses a domain name in bad faith. However, whether a registration or a use of a domain name is in bad faith is very subjective because the circumstance can be perceived differently. Therefore, paragraph 4(b) of the UDRP provides four groups of circumstances where it can be assumed that the registration and use of a domain name is in bad faith. This paragraph does not limit the circumstances to only those written its language – “in particular but without limitation” – provides the panel with discretion to recognise other bad faith circumstances. Paragraph 4(b) is as follows:

**Paragraph 4(b) Evidence of Registration and Use in Bad Faith**—For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line
location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.

a. Registering or acquiring the domain name primarily for selling, renting, or otherwise transferring the domain name registration to the complainant, who is the owner of trade mark, or to his competitor for out-of-pocket costs

The first group of circumstances can be termed cybersquatting. More than two thousand disputes have been decided under this subparagraph. In tmobilepodcast.com, the respondent did not reply to the complainant’s contention and trade marks of the latter appeared to be very well-known within the respondent’s jurisdiction. It was unlikely that the respondent did not know the mark and the possibility of a dispute ensuing in the future. Moreover, the website of the respondent diverted Internet users to another website that had many domain names advertised for sale to the public. These on-sale domain names could easily be confused with the complainant’s trade mark. Consequently, the panel found that the respondent registered the domain name for the purpose of selling it and for commercial use. These facts showed bad faith under paragraph 4(b)(i).

On the other hand, in a decision relating to the Serta trade mark, the panel seemed to have over-interpreted the situation. The fact that the respondent sold a group of domain names by auction, as a means of business, led the panel to believe that it had bad faith in

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39 In many decisions where the respondent disappeared or did not reply to a panel, it can be assumed that (1) the respondent did not receive notice of the dispute because he did not check his email; (2) the respondent felt that the domain name was not worth the expense of attorney’s fees; or (3) the respondent was a genuine cybersquatter. Although there are three main possibilities, the panel in most decisions where the respondent absents himself seems to agree that the respondent is a cybersquatter. This may be for the purposes of transferring a domain name to a complainant or a trade mark owner.
The respondent had registered many domain names relating to the complainant’s trade mark such as buyserta.com and buyaperfectsleep.com while the complainant was an owner of the registered trade mark “serta”, associated with beds and mattress in the US. The complainant claimed that the respondent had registered domain names in bad faith under paragraph 4(b)(i), although the latter was in a preparation to launch a website selling beds and mattresses.
acquiring the domain names, although he never offered the complainant these domain names for an out-of-pocket cost.\(^{41}\)

b. **Registering the domain name to prevent the owner of a trade or service mark from registering its corresponding domain name**

This criterion includes the registration of a domain name in order to block a trade mark owner from doing the same. In *rosiesmccalls.com*,\(^{42}\) the complainant was in preparation to release a magazine called Rosies Mccalls. Rosies was a very famous name for a talk show and was a registered trade mark in the US. The respondent registered its domain name on the same day that the complainant announced the release of its magazine. The panel held this constituted bad faith under paragraph 4(b)(i) since, from surrounded evidence, the respondent intended to sell the domain name to the complainant at an out-of-pocket price. Moreover, the one-person panel further provided that it was convinced that this registration was also designed to prevent the complainant from registering the domain name, under paragraph 4(b)(ii).\(^{43}\)

In *puritianpride.com*,\(^{44}\) the panel quoted decisions stating that

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“[T]here is evidence of bad faith where a respondent registers a domain name in order to prevent the owner of the trademark or service mark from reflecting its mark in a corresponding domain name, provided that the respondent has
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\(^{41}\) There were many facts in this case that the panel seemed to overlook, such as that a domain name can be sold for an investment and the highest bid is not an out-of-pocket cost. Moreover, the respondent did not offer the domain names for sale to the trade mark owner or its competitor. Therefore, it could be concluded that the respondent had bad faith and that transferring domain names for no cost was quite a hasty decision. The UDRP and administrative proceedings should take this into account and improve upon this failing.


\(^{43}\) However, this published decision on the WIPO website did not provide more evidence, opinion, or reasons for the panelist’s determination, since this was an arbitral proceeding which normally does not report everything to the public. Therefore, the study cannot research more from such decisions and the public may not understand what led a panel to reach such a decision. For this reason, the UDRP should give more directives in regard to the publication of decisions, or at least require more evidence and reasons when reporting decisions.


The complainant held a registered trade mark “puritan” for vitamin and mineral supplements and normally used the trade mark as puritan pride, while the respondent registered the domain name puritian.com and puritian pride.com. Although puritan and puritian were different, the panel felt that they were confusingly similar and agreed that the respondent intentionally put “i” in the domain name to confuse Internet users.
engaged in a pattern of such conduct. [And] Prior panel decisions indicate that what comes within a pattern of bad faith conduct is previous conduct found to be in breach of the Policy by:

(1) the registration of a large number of domain names the subject of one complaint\(^{45}\); and

(2) the registration of domain names against multiple complainants.\(^ {46}\)

The panel opined further that

\[\text{The terms 'in order to prevent' in paragraph 4(b)(ii) also suggest that the Respondent intentionally registered the domain name to prevent the owner reflecting its mark in the domain name. This Panel’s view is that the evidence of the Respondent’s intent is found in its pattern of conduct. It is unlikely that a pattern of conduct under paragraph 4(b)(ii) would ever arise by accident, in circumstances where there are findings against the Respondent under paragraphs 4(a)(i) and (ii).}^{47}\]

c. Registering the domain name primarily for disrupting a business of a competitor

This doctrine requires evidence to show that a domain name is registered in order to disrupt the business of a competitor. The first factor to be considered is whether the respondent knew of or acknowledged the complainant’s business; secondly, whether the respondent purposefully registered the domain name to disrupt the business of the complainant; and lastly, whether the respondent and the complainant are competitors.

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\(^{45}\) See for example, *Time Warner Entertainment Company, L.P. v. Harper Stephens* Administrative Panel Decision Case No D2000-1254WIPO Arbitration and Mediation Center The case involves more than 100 domain names that were ordered to be transferred to the Complainant.

\(^{46}\) See for example, *Société BIC v. LaPorte Holdings, LLC.* Administrative Panel Decision Case No D2005-0342WIPO Arbitration and Mediation Center The case cited four decisions involving the Respondent. (See section 3.3, *WIPO Overview of WIPO Panel Views on Selected UDRP Questions*.)

\(^{47}\) Therefore, prior panel decisions have laid doctrines for defining patterns of a bad faith conduct by focusing on the fact that the respondent had registered a group of domain names against one or more complainant. The respondent’s conduct in this case followed such patterns. As a consequence, the panel finally concluded that the respondent registered the domain names to prevent an owner of a registered trade mark from doing so, under paragraph 4(b)(ii).

In my opinion, finding bad faith conduct by citing precedent and then suddenly concluding there was a bad faith registration in order to prevent the owner of the trade mark from registering it is illogical. At the very least, the panel should provide more facts, reasons, and opinion, rather than merely giving its conclusion.
In *dixon-online.com*, Dixon failed to show bad faith registration under to paragraph 4(b)(i),(ii), and (iv), but it could demonstrate that paragraph 4(b)(iii) applied. The panel interpreted the term “competitor” broadly, stating:

"Competitor" has a wider meaning and is not confined to those who are selling or providing competing products. **In this wider context, it means "one who acts in opposition to another and the context does not demand any restricted meaning such as commercial or business competitor"**... In the present case, the Respondent is competing with the Complainant for the attention of internet users which it hopes to attract to its site. Given also its purpose of acting as a Complaint site, this seems evidence of both of the Respondent's intention to acquire and use the disputed domain name in bad faith. While the interests of free speech and consumer protection may be advanced to justify the Respondent's acquisition and use of the disputed domain name, this is a " .com" domain name, and clearly has the potential to disrupt the Complainant's business.

The fact that the respondent operated a complaint website against Dixon and attracted many Internet users was found by the panel that, even without any commercial gain, the respondent was a competitor to the complainant and intended to disrupt the business of the complainant in bad faith. The panel asserted that the respondent could not claim fair use because he registered the domain name under a .com top level domain name. The panel felt that .com was for competing businesses, unlike.net.

Accordingly, in *ruggedcom.net*, the panel found that a respondent’s bad faith was established, under to paragraph 4(b)(iii), where a diversion of Internet users from ruggedcom.net to the respondent’s website occurred by linking and using the complainant’s trade mark as a metatag in its own website. This was because (1) the respondent knew of the complainant’s trade mark before registering the domain name;

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48 *Dixons Group Plc v Mr. Abu Abdullaah* The respondent in this case created a complaint website but could not claim for fair use because it registered under a .com top level domain name. This is really absurd because he was not a competitor. Actually, he was just an ex-employee and in no way could he be considered a business competitor to Dixon. Therefore, this panel decision obviously favours a complainant.

49 See *Bridgestone Firestone Inc v Jack Mayers* Administrative Panel Decision Case No D2000-0190WIPO Arbitration and Mediation Centre

50 *RuggedCom, Inc. v. LANstore, Inc.* (2005) WIPO Arbitration and Mediation Center

<http://www.wipo.int/amc/en/domains/decisions/html/2005/d2005-0760.html> (28/9/2006) The complainant was the owner of a registered trade mark “ruggedcom” for networking products such as routers, while the respondent was its competitor and also operated a website under landstore.com.
(2) it could be assumed from all the evidence that the respondent’s purpose in registering the domain name was to disrupt the complainant’s business; and (3) the complainant and respondent were competitors.

d. Using a domain name to attract Internet users for commercial gain to a respondent’s website or other online addresses by creating a likelihood of confusion with the complainant’s mark

Under this requirement, a domain name that is likely to be confused with a complainant’s trade mark may be used to distract or attract Internet users to a specific website for a purpose of financial gain. For example, in puritian.com the panel found that the respondent had knowledge of the complainant’s trade mark before registering the confusing domain name. Moreover, the respondent’s website had links to other websites that advertised products that competed with the complainant. The panel, therefore, found that the domain name was registered in bad faith to divert users to another website by creating confusion with the complainant’s trade mark for the commercial gain of a respondent, under paragraph 4(b)(iv).

Moreover, the registration of a well-known trade mark as a domain name and adding a suffix that reflects the relevant business of a complainant can confuse Internet users and deceive them to such a website for commercial gain. In bridgestonegolf.com, the panel opined that the word golf, though generic, made the domain name confusingly similar to the trade mark. Furthermore, the panel found that the corresponding website had many links to another commercial website, and the website also contained a page from another website that created many pop-up and pop-under advertisements. Therefore, it was plausible that the domain name was registered to attract Internet users for financial gain by using the reputation of the complainant’s trade mark, as under paragraph

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31 NBTY, Inc. v. LaPorte Holdings'  
32 Bridgestone Corporation v. Horoshiy, Inc.' (2004) WIPO Arbitration and Mediation Center <http://www.wipo.int/amc/en/domains/decisions/html/2004/d2004-0795.html> (29/9/2006) The complainant was the holder of the famous mark “Bridgestone”, serving various kinds of businesses including the sponsorship of many golf tournaments. On the other hand, the respondent used the trade mark to register a domain name by adding the word “golf” which was one of the complainant’s businesses. The complainant’s trade mark was very well-known which made it implausible that the respondent did not have knowledge of the complainant’s mark before his registration of a domain name.
4(b)(iv). In addition, this decision offers an interesting opinion concerning the application of facts to criteria not addressed by the respondent, stating:

Where there has apparently been no communications with the Respondent, and the Respondent has failed to file a Response, it is often difficult to have direct and conclusive evidence in support of Paragraph 4(b)(i–iv), which are based on the Respondent’s intents and purposes. However, with the unchallenged evidence submitted by the Complainant, as well as inferences drawn by the Panel under Paragraph 14(b) of the Rules, the Panel finds that Paragraph 4(b)(iv) is applicable to the present case.\(^5\)

In contrast, in sexplanet.com,\(^5\) there is also an interesting opinion of the panel regarding paragraph 4(b)(iv) and this case was also not a default decision. The complainant in this case had a common law trade mark right but the respondent had no knowledge about it and used the domain name as its business for a free pornographic website. The panel concluded that under the circumstances the respondent had registered the domain name in good faith and that the attractiveness of its website could not be counted as an intentional diversion of the complainant’s customers to its website. The panel supported its opinion as follows:

The question arises whether, having been put on notice of the Complainant’s trade mark in 2000, the Respondent has thereafter intentionally attempted to attract Internauts to its site by creating a likelihood of confusion with the Complainant’s mark. The Respondent stands to benefit from every Internaut visiting any of the sites hosted by the Respondent so that even if some Internauts, seeking the sexplanet.com site, stray unintentionally to the Respondent’s site, it could be tempting to divert that traffic to one of the sites hosted by the Respondent. A finding of bad faith use under these circumstances would constitute also evidence of bad faith registration, under paragraph 4(b)(iv) of the Policy.

\(^5\) It is interesting to learn that the panel finds it hard to decide a dispute without any response from the respondent. As the panel opined that the appliance was subjective and depended on the respondent’s intent, I find that it is quite unfair to proceed on one side. At the very least, if the respondent does not reply or present him in the dispute, the panel should cancel or freeze the registration of the domain name, not just transfer it at no cost to the complainant.

e. Other bad faith circumstances recognised by a panel

Circumstances indicating bad faith are not limited to those enumerated in paragraph 4(b)(i)–(iv). The UDRP confers to the panel, through the language “without limitation”, discretion to recognise new situations indicating bad faith of a respondent. These same bad faith circumstances are sometimes recognised by subsequent panel decisions. As in WIPO Overview of WIPO Panel Views on Selected UDRP questions, there are many newly recognised circumstances supporting a finding of bad faith registration and use of a domain name. In addition, these bad faith circumstances are usually determined in conjunction with those situations provided in paragraph 4(b)(i)–(iv). For example, inactive domain names will not instantly constitute bad faith; rather, all the circumstances must be considered together to find bad faith of a passive website.

For another example, in telstra.org the respondent was found to have in bad faith registered and used a domain name from his false contact information. The sole panellist did not find any evidence of bad faith under the circumstances enumerated in paragraph 4(b); however, he claimed that the respondent’s website was inactive and provided incorrect contact details which were evidence of registration and use of the domain name in bad faith. The panel asserted further that a number of decisions supported the finding that the non-use or passive use of a domain name is a use in bad faith. In addition, the conducts such as providing false contact information and putting on a disclaimer could be also counted as bad faith. The false contact information theory is followed by the panel decision in attwireless.com. The factual background of the case was clear. The domain name was diverting users to sexually-oriented, commercial websites and displayed a series of pop-up and pop-under...
advertisements constituting bad faith circumstances under paragraph 4(b)(iv). The respondent was a company with false contact details and was likely to be not existence company. Therefore, the panel also rendered that the respondent’s false contact information and rootless company were also the cause of bad faith registration and use of the domain names despite that nothing in paragraph 4(b) implies so.

Nevertheless, in fucknetscape.com,61 the panel found bad faith intent under different circumstances. The facts showed that the domain name was connected to other irrelevant commercial websites, which might have been for financial gain. This tended to show a bad faith registration, although the panel clearly opined earlier in the opinion that the respondent’s intent could not be determined.

Accordingly, in many cases, a bad faith can be determined from a registration of a domain name even before a complainant’s trade mark is registered or before a common law trade mark right is acquired. The majority of precedent holds that a respondent makes a bad faith registration of a domain name if he is aware of the complainant mark when he registers for a domain name. Such precedent is found in situations involving the registration of domain names of companies that are in the progress of a merger and a trade mark right has not yet been acquired, or when a respondent knows that the complainant is about to register for a trade mark but the respondent wants to take advantage of the complainant’s non-established right.

In execujet.com,62 the panel specifically pointed out that when the respondent based its decision to register a domain name on its inside knowledge, bad faith was easily found. Similarly, the panel in provotownecentre.com63 also stressed that the respondent was fully aware of the complainant’s common law mark at the time it registered a domain name. Therefore, although the mark acquired the right after the registration of respondent’s domain name, the circumstances showed the bad faith of the respondent in registering the domain name.

61 American Online, Inc. v. Johuathan Investments, Inc., and AOLLNEWS.COM’ (2001) WIPO Arbitration and Mediation Center <http://www.wipo.int/amc/en/domains/decisions/html/2001/d2001-0918.html> (30/9/2006) However, there was no conclusion in this case since no confusion could be established because the domain name with an offensive term and trade mark were not confusingly similar.
In another example, a disclaimer might be found as evidence of attempting to conceal the bad faith of a domain name registrant. It has been concluded that to put a disclaimer on the website cannot negate bad faith in registration and use of the domain name; bad faith might be found from other circumstances.

In estelauder.com, the panel found that a disclaimer which was used on the website did not resolve the confusion of its users once the users were attracted to a confusingly similar domain name or diverted from the complainant’s legitimate website. Similarly, the panel in antabuse.net agreed that a disclaimer was not enough to form an effective defence. The panel elaborated on the sufficiency of disclaimers, stating:

*The question of sufficiency of disclaimers varies from case to case, depending on the content, size, context and position of the disclaimer in question.*

The fact that this disclaimer appeared at the bottom of the page after consumers saw the trade mark and might be already confused about the origin of the domain name was itself evidence of bad faith.

In addition, in spunk-jansen.com, a panel found that willful blindness, by neglecting to search for a trade mark before registering a domain name, constituted a bad faith circumstance.

Therefore, it might be concluded that bad faith can be established under any circumstances a panel considers appropriate. Anything can be found to constitute bad faith circumstance at the panel’s discretion. There is no limit to bad faith situations. This fact makes the criticism that the UDRP is biased in favor of trade mark owners more convincing, especially when it turns out to be a default decision. It is also one of the criticisms of the UDRP that it over-empowers the panel.

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B. The Rules for Uniform Domain Name Dispute Resolution Policy

The UDRP is a dispute resolution policy based on existing arbitration principles and methods. However, the jurisprudence of the UDRP differs from ordinary mediation and arbitration. It has its own patterns and procedures. Therefore, to enhance its performance, ICANN mandates that the UDRP is to be used with the Rules.

The Rules are concerned with administrative proceedings and formalities for the resolution of disputes under the UDRP. These Rules are followed by all dispute resolution service providers. Each provider uses the Rules in conjunction with its own supplemental rules, which cover matters such as fees and the communication method of each provider.

As in every area of law, problems will arise during the course of the proceedings and formalities. The Rules, as administrative proceedings and formalities of the UDRP, also cause some inconveniences. These problems should be reviewed and remedies proposed, to reinforce the performance of the UDRP with solid administrative proceedings. As a consequence, the texts below demonstrate some important aspects of the Rules as they are employed currently and also describe some problems found from the use of the Rules.

1. Paragraph 1: Definitions

Paragraph 1 of the Rules defines many terms involving the administrative proceedings, in order to help a panel understand the case and reach a clear decision. These definitions enable the panel to understand the true meanings and limitations of each word. Nevertheless, there are terms and phrases that need more clarification because, despite having provided definitions, ambiguities remain. Thus, there is language that should be added in this paragraph to resolve these ambiguities.

One problematic term is Reverse Domain Name Hijacking. This phrase is already defined in paragraph 1 of the Rules as “[the act of] using Policy in bad faith to attempt

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67 The WIPO Arbitration and Mediation Centre (the Centre), the National Arbitration Forum (NAF), The International Institute for Conflict Prevention & Resolution (CPR), the Asian Domain Name Dispute Resolution Service Centre (ADNDRC).
68 Reverse Domain Name Hijacking derives from disputes emerging in the period of NSI policies that favour trade mark owners over domain name holder. The most recognised dispute was between a 12-year-old boy who registered a domain name that apparently used the trade mark of a toy company. For more information regarding the case and the history of Reverse Domain Name Hijacking, see Eberhard Rhein, 'Reverse Domain Name Hijacking: Analysis and Suggestions' 12 (23) European Intellectual Property Review 557.
to deprive a registered domain-name holder of a domain name.” However, there is no further explanation regarding “bad faith” in using the policy. There are no examples of bad faith conduct provided in the Rules to create a sufficient understanding of the term in the minds of the parties and panels. This is in stark contrast to paragraph 4(b) of the UDRP which describes some circumstances indicating bad faith.

Nevertheless, in *dw.com* the panel incorporated language from paragraph 15(e) in the discussion and holding sections, stating:

“If after considering the submissions the Panel finds that the Complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking or was brought primarily to harass the domain name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.”

Paragraph 15(e) further explains *reverse domain name hijacking* as an act that brings a complaint primarily to harass the domain name holder. As a result of the harassment, a panel would declare in its decision that the complainant abused the administrative proceeding. Also, there is no definition of harassment, despite the decision becoming a precedent for many subsequent cases.

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69 Deutsche Welle v. DiamondWare Limited’ (2000) WIPO Arbitration and Mediation Center <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-1202.html> (2/2/07) In this decision, the panel found that a respondent who was in the US, although he offered the domain name to a complainant for purchase, did not know of a complainant’s right to its registered trade mark in Germany. When the dispute failed under paragraph 4(a) of the UDRP, the panel was obliged to look into the complaint for elements of Reverse Domain Name Hijacking.

Unfortunately, there is no punishment for such an act. This yet another indication of an unbalanced system in which a respondent has to pay for lawyers and proceedings whilst a complainant, who apparently is a reverse domain name hijacker, has nothing to lose.

Secondly, there should be a glossary of terms and definitions for such words as trade marks and service marks, rights, and competitors. In the UDRP, the aforesaid words are used most frequently but there are no definitions provided for a panel to consider. The terms “trade marks” and “service marks” as used by a panel always include geographical indications, personal names and other possible terms that can be the subject of a dispute. The lack of a definition confuses people as to whether trade marks also include geographical indications and personal names. It also confuses a panellist as to whether they should decide disputes concerning such terms.

Although there are many rights under the UDRP, these rights are similarly undefined. To leave them undefined makes the policies and Rules unclear as to the scope of such rights. If one recommendation needs to be put in this section, it would surely be that there ought to be a definition of the word “rights” in paragraph 1 of the Rules. For the same reasons, this recommendation should also extend to the term “competitors”.

2. Paragraph 3: The Complaint

Paragraph 3 of the Rules provides procedures for a complaint that a complainant is obliged to follow. Generally, it mandates that a complainant initiates the dispute by filing a complaint to ICANN’s approval providers in both hard copy and electronic forms. The complaint should provide the general information of the complainant, the background of a dispute and preferred method of communication. This section is acceptable in general, except insofar as it seems unfair to the respondent that a complainant can select any provider, and commence a proceeding in which there is no obligation for the complainant to send notification to the respondent prior to initiating the proceeding.

3. Paragraph 5: The Response

In a similar manner to the complaint, the Rules lay out a format for the response. However, to ensure a speedy procedure, the Rules also require that a respondent submit the response to the complainant’s selected provider within twenty (20) days of the date
of commencement of the proceeding.71 A response must be made in both hard copy and electronic form, and provide a respondent’s name, address, preferred method of communication and numbers of panellists, and supportive documents in his defences.

In order to submit a response in time, a respondent is obliged to check his email frequently and stay at the address that he has provided with the domain name registrar so that he can receive postal mail notifying him of any dispute. If a respondent fails to receive a notification, he might lose his domain name because the provider will proceed on a one-sided basis, normally resulting in a default. Furthermore, the respondent must respond in formal language; likely hiring a solicitor in order to ensure that it is appropriately phrased and achieves the best result.

The tasks that a respondent must undertake are not easy to complete in only twenty days, although paragraph 5(d) of the Rules leaves room for a respondent to extend this period if he demonstrates exceptional circumstances. However, this is irrelevant if the respondent never knows of the complaint in the first place.

4. Paragraph 6: Appointment of the Panel and Timing of Decision

The Rules mandate that each provider has to select either a one-member or a three-member panel from a list of panellists who are impartial and independent. A complainant must pay the entire fee if he selects a one-member panel but if a respondent requests a three-member panel, the parties have to share the responsibility for the fee equally.

As a whole, this paragraph is fair to both a respondent and complainant, but there are several lingering questions. For example if a complainant is engaging in reverse domain name hijacking and fails to research a respondent’s legitimate interest in the alleged domain name, before bringing a dispute, should the complainant be responsible for the whole fee, regardless of the number of panel members? Should the complainant also suffer a penalty if it proven that he is wasting a respondent’s time and effort?

Moreover, there is also a question surrounding the willingness of panellists selected by a provider to declare the dispute to be in default. The question arises because the

71 Such a policy seems difficult if not almost impossible for the respondent to follow if he does not know of the dispute before.
complainant selects the provider. Therefore, if the provider has shown that its decisions favour the complainant, it is foreseeable that most complainants will select such a provider as a consequence. Several learned sources have commented on this very issue.72

5. **Paragraph 11: Language of the Proceedings**

The UDRP and Rules are written in English. Normally, the language of the proceeding is also English. However, paragraph 11 allows the parties to agree otherwise. It also allows for the submission of documents in other languages. On this issue the Rules should be commended for their flexibility. However, there is a good suggestion about making an official translation of the UDRP and the Rules into many languages. The author thinks it would be much better if ICANN does so because panellists would be able to quote the policies precisely and consistently, resulting in consistent decisions, regardless of the language of the proceeding.

6. **Paragraph 18: Effect of Court Proceedings**

Similar to other alternative dispute resolutions, the UDRP does not have an appeal process. If either party does not agree with the decision, that party may bring the dispute to a court for litigating. However, section 4(k) of the UDRP mandates that if no party brings such a dispute before a competent court within ten (10) business days of the UDRP decision, then the UDRP decision is a final. A domain name registrar is required to follow an order of the panel.

Unfortunately, there are only ten business days. This policy becomes overly burdensome for the parties, or to be more precise, to a respondent who needs to present documentary evidence to satisfy the UDRP panel that he has raised the issue with the court.

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72 See Geist, 'Fundamentally Fair.com?': An Update on Bias Allegations and the ICANN’s UDRP; Milton Mueller, 'Rough Justice: An Analysis of ICANN’s Uniform Dispute Resolution Policy'; Syracuse University, School of Information Studies Milton Mueller, 'Success by Default: A New Profile of Domain Name Trademark Disputes under ICANN’s UDRP' Syracuse University School of Information Studies
C. Current Awareness

The UDRP has been in controversy since it was drafted. There are two main groups arguing for amending the draft: the advancers of technology and intellectual property scholars. The former wants the UDRP to reduce the numbers of abusive domain name registrations on the Internet while maintaining the freedom of the Internet; the latter is more concerned about protecting the rights of trade mark owners. As a consequence, commentary on the UDRP appears to oscillate between satisfaction and disagreement.

In fact, criticisms of the UDRP are voiced from time to time alongside suggestions for resolving them. Originally, in 1999, soon after announcing the UDRP as the replacement for the NSI domain name policy, WIPO distributed its Request for Comments to the public, inviting comments on the UDRP. Surprisingly, the comments raised numerous issues that WIPO did not expect. For example, the UDRP was biased in favour of a trade mark holder, especially those holding famous marks; moreover, its procedure imposed regulations that were too difficult for a respondent to comply with.

In 2003, in response to increasing criticisms, ICANN, as the organisation that manages Internet domain names, established a group to research problems, which it called the Staff Manager’s Issues Report on the UDRP Review. Its results were reported quickly on the WIPO website, namely that despite its problems the UDRP was still satisfactory to the relevant parties.

Accordingly, if the UDRP can learn from its mistakes and correct them by following a new pattern of dispute resolution for the Internet. It is hoped that criticism will ensure future improvements. Academic commentators, Helfer and Dinwoodie, stated that “the UDRP, in practice as well as in construction, has proven to be a remarkable development in the history of international dispute settlement. … [and] even had trade mark owners filed only a handful of complaints with panels and even had those complaints concerned only core domain name abuses, the system would be worthy of serious scrutiny”. Moreover, this idea is supported by another commentator,

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73 Michael Froomkin, 'ICANN’S “Uniform Dispute Resolution Policy”— Causes and (partial) Cures’67 (3) Brooklyn Law Review at 611
74 Internet Corporation for Assigned Names and Numbers (Icann), 'Staff Manager's Issues Report on UDRP Review' (2003) <http://www.icann.org/gnso/issue-reports/udrp-review-report-01aug03.htm> (10/10/2006) The report is written by a working group within ICANN and specialists from relevant organisations such as panellists from accredited dispute resolution providers. The task force aims to minimise problems emerging from the procedure and policy used in the UDRP. The project started in 2001 and finished in 2003 and dealt with the criticism of certain studies as listed in the webpage.
75 Laurence R. Helfer and Graeme B. Dinwoodie, 'designing non-national systems: the case of the uniform domain name dispute resolution policy'43 William and marly law review at 187
Froomkin, as “the UDRP is worth examining in detail because it is being touted as a model for e-commerce dispute settlement by industry spokespersons and policy entrepreneurs and soon may be required by treaty.”

The current awareness of some inconveniences of the UDRP and its Rules are discussed and increasingly reported. In its early stage, comments were strongly made by high-profile scholars who apparently seem to change to work on other research subjects. Apart from that, the UDRP is still an issue raised by many critics.

Therefore, in this section, criticisms of the UDRP will be reviewed and categorised in groups according to the nature of its problems. Such a review of criticisms will somewhat overlap other sections. However, the author, at least, hopes a better awareness of the UDRP will result in further development the UDRP to best suit all interests. Although “[the UDRP] has already satisfied the need for an effective and cost-efficient means of resolving disputes concerning domain names”, there are weaknesses that should be addressed.

1. Inconsistency in applying the UDRP

The text of the UDRP is acceptable. It is reasonable. Moreover, it has also proven effective in reducing the abusive registration of domain names on the Internet. Unfortunately, as mentioned, disputes brought for resolution under the UDRP are wide and varied. The policy cannot be applied to every dispute, yet the people who use the UDRP, especially the panellists, attempt to extend it to apply to every type of dispute. This misapplication makes decisions under the UDRP inconsistent.

One may argue that a decision is made according to each dispute’s surrounding background and an opinion of a panel. This argument has merit, but if there is a strong framework for users of the UDRP to follow then decisions may be more consistent in the future.

a. Many terms applied to the UDRP

The UDRP is an open-ended policy because it provides much room for interpretation whilst also stating its limitations. For example, its texts specifically mandate that the

76 Froomkin, 'ICANN’S “Uniform Dispute Resolution Policy”— Causes and (partial) Cures' at 609
78 David Tatham Domain Name Dispute Resolution 2006 4
UDRP is only for use with trade marks or service marks in which a complainant has rights; however, some panels still apply it to all types of terms, including geographical indications, personal names, trade names, nicknames, country names and royal names. Such applications by panels are wrong as they cause people to mistakenly believe that disputes over all sorts of terms can be resolved under the UDRP. As Professor Mueller has strongly commented, the UDRP protects unregistered trade marks and personal names as strongly as registered trade marks; and this misuse, attempting to extend the scope of the UDRP, in fact obstructed its efficiency and fairness. Therefore, there should be a standard and pattern for panelists to follow regarding this issue.

b. The UDRP has no explanation for “identical or confusingly similar” and the current interpretation by some panellists is wrong and inconsistent

In paragraph 4(a)(i), the UDRP establishes a standard applicable to the complaint, namely that before initiating any dispute resolution, a complainant has to demonstrate that the domain name in question is identical or confusingly similar to a trade mark or service mark in which the complainant has rights. However, there is no definition or circumstances provided for either the terms “identical” or “confusingly similar” – in neither the policies nor in the Rules. There is also no explanation as to what extent a panel should refer to a “right” in its decision. As a consequence, some panels use their discretion to recognise new circumstances constituting an identical or confusingly similar domain name in which a complainant has rights. UDRP decisions are quoted and applied to the case simply to make their reasoning believable.

To rely on the pure discretion of one or three persons, as applied to different situations, is inconsistent and unreliable. From past decisions, many panels interpreted the term, “especially confusingly similar” in different and odd ways. They over-extended the term just to accept a complaint. As a result, those decisions are bizarre and some of them are still controversial among scholars. In conclusion, at least, the term identical or

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79 Mueller, 'Success by Default: A New Profile of Domain Name Trademark Disputes under ICANN’s UDRP' iii
80 This is because a procedure under the UDRP will be continued only if a disputed domain name is identical or confusingly similar to a mark in which the complainant has rights.
81 See Peter Chan, 'the Uniform Domain Name Dispute Resolution Policy as an Alternative to Litigation' (2) Murdoch University Electronic Journal of Law; and Mueller, 'Rough Justice: An Analysis of ICANN’s Uniform Dispute Resolution Policy'.

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confusingly similar should be defined or given limits, either in the Rules or the Policies.

c. The language “In particular but without limitation” in paragraph 4(b) and (c) of the UDRP is unnecessarily broad

Professor Mueller has commented that the UDRP’s criteria for solving domain name disputes are robust and fair only if they are applied properly.82 This seems accurate, especially when some panels were found to over-expand the context of paragraphs 4(b) and (c) of the UDRP, regarding the policies surrounding circumstances of bad faith and the legitimate interests of a respondent. These paragraphs have been criticised as loopholes for a panel to extend the definitions of both bad faith registration and legitimate interests, making them broader than they should be. These policies give a panel an opportunity to use its discretion to recognise new circumstances constituting bad faith and legitimate interests, specifically under the term in particular, but without limitation.

Unfortunately, a panel’s power to determine what facts indicate bad faith or legitimate interests is unrestrained. For example, the phrase “in particular, but without limitation” was wrongly applied by some panels. In legal-and-general.com, there was an attempt to apply a bad faith policy in the situation where a respondent reflects a complainant’s main trading name, which was very generic.83 Finally, these broad policies will ultimately foster inconsistent decisions.

d. Precedent decision is acceptable?

The UDRP follows no precedent, not national laws or international agreements. Although it follows the general pattern of normal arbitration, it differs specifically in that the UDRP is binding only on a registrar and it does not foreclose the possibility of

82 Mueller, 'Rough Justice: An Analysis of ICANN’s Uniform Dispute Resolution Policy' 26
83 It was a dispute for legal-and-general.com. The complainant was a financial service company which had registered a number of “legal and general” domain names such as legalandgeneral.com and legal-general.com. The respondent was a private person who simply thought up a domain name and registered it. I think that it would be wrong if the UDRP restricted the creativity of domain name registrants in order to register some generic words or that it should endorse the monopolisation in words of a trade mark owner. Nevertheless, in one instance, where there was no indication of bad faith as enumerated in section 4(b), the panel concluded that the domain name itself was misleading and could not be made to believe that the website was a genuine complaint site. These reasons were already strange in themselves. See Legal & General Group Plc v. Image Plus' (2002) WIPO Arbitration and Mediation Center <http://www.wipo.int/amc/en/domains/decisions/html/2002/d2002-1019.html> (20/9/2006)
submitting the dispute to a national court. As a consequence, the UDRP has its own method of making a decision.

If the UDRP is not a national law, neither common nor civil, why do almost all UDRP decisions refer to former decisions like a court decision from a common law country? An arbitrator may come from a common law system but that is not a good reason. Decisions are always quoted as precedent, and the most recited are WIPO panel decisions D2000-0210 and D2000-0235, regarding personal names. In addition, citing former decisions as precedent is not normal in arbitration decisions either. This peculiar way of writing decisions may be a hybrid between the common law system and online dispute resolution. Nonetheless, this precedent issue needs answering, specifically, whether UDRP decisions should continue citing precedent decisions or not.

2. Fail to protect free speech and fair use

The application of the UDRP is normally deemed as biased in favour of trade mark owners and simply disallows a domain name registrant to express his opinion through a registration of a domain name. It fails to provide creativity in making phrases. As mentioned, domain names that contain expressions such as ‘sucks’ or ‘hates’ are normally found to be identical or confusingly similar to the trade marks in which a complainant has rights. As such, when it comes to a decision, the majority of these domain names are found to be registered with bad faith and no right or legitimate interest of a registrant can be established. These domain names are therefore transferred to a trade mark owner without considering the rights of the registrant to free speech or fair use. Such application of the UDRP by a panel explicitly demonstrates that the panel views a right to a trade mark as superior to other rights. This manner of thought is prejudices the registrant and is biased in favour of trade mark owner. Only a small numbers of decisions have accepted a free speech argument.

Even worse, Professor Froomkin suggested that the UDRP is not limited to only trade mark conflicts; quite the opposite, it accepts any claim that an “intellectual property” right has been violated such as a right of personality and a right of informational self-determination. For example, the UDRP has protected the right in one’s personal name

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84 Mueller, ‘Success by Default: A New Profile of Domain Name Trademark Disputes under ICANN’s UDRP ’19 However, provided that Mueller’s research had been carried out since 2002, these decisions may be replaced by other decisions regarding frequent citations
and in pseudonyms as strongly as a trade mark right; so strongly that these names could not even be used as a forum website for expressing thoughts.\textsuperscript{86}

### 3. Evidence of innocence or guilt was not provided and no mention about burden of proof

Professor Froomkin of the University of Michigan has suggested the existence of flaws in the UDRP.\textsuperscript{87} One of many of his comments was that the UDRP did not specify who has the burden of proof; nor does it suggest what types of evidence should be submitted for proving one’s guilt or innocence. In his opinion, the UDRP, as a new system of solving online disputes should at least mention such evidence. Although the UDRP enumerate circumstances under which a panel may find bad faith or a legitimate interest, in paragraph 4(b) and 4(c) respectively, it does not specify the types of evidence that may be offered for proof; evidence such as a threat letter from a respondent or a mailing list of a website. As a consequence, if there are any amendments that can be applied to the UDRP, these suggestions are worth examining.

### 4. The UDRP procedure has no appeal

The UDRP has been commented on for its lack of an appeal process. When a panel reaches a decision that is the end of the process. If any party brings the dispute to a national court and satisfies a panel with sufficient documentation that the dispute has reached the court, the panel will stop the proceedings as provided under paragraph 4(k) of the UDRP. However, there is no policy under the UDRP to make an appeal from a panel decision.

Reasons for not having an appeal process are divided into two schools of thought. Firstly, it may be because the UDRP was designed to function as a quick and inexpensive resolution for domain name disputes. As a consequence, an appeal procedure would not fit this idea. The second notion comes from David Tatham who had asked people in WIPO for their opinions and realised that even if WIPO proposed an appeal process for the UDRP to ICANN, this proposal might eventually be rejected by the Internet community because they did not want a complicated process.\textsuperscript{88}

\textsuperscript{87} Froomkin, 'ICANN’S “Uniform Dispute Resolution Policy”— Causes and (partial) Cures'
\textsuperscript{88} Tatham Domain Name Dispute Resolution
5. **The UDRP is biased in favour of a complainant**

This issue has been debated since the UDRP was released. That the UDRP tends to favour a complainant is evidenced by the way a panel applies the policy. Comments were published by many scholars in regard to this issue. Significant and straightforward research has been done by Professor Mueller of the Syracuse University School of Information Studies, consisting of a study and analysis of UDRP decisions from the early years of domain name use,\(^{89}\) and by Professor Geist of the University of Ottawa in 2002, consisting of a body of gathered statistical information.\(^{90}\)

Professor Mueller’s executive summary suggested that the UDRP was biased in favour of a complainant since the winning percentages of complainants were far higher than those of respondents.\(^{91}\) Accordingly, each dispute resolution provider held different complainants’ winning percentages by WIPO had the highest percentage. Professor Mueller had a theory that this loophole leads to a complainant’s forum shopping. This is because WIPO, the most favourable forum to a complainant, had steadily growing numbers of disputes while eResolution\(^ {92}\) had the least number of disputes filed, which finally resulted in its bankruptcy and closure.\(^ {93}\)

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\(^{89}\) Dr. Milton L. Mueller is a Professor of Syracuse University School of Information Studies. He teaches and carries out research on telecommunications and information policy. He also specialises in the topic of Internet governance and institutions. Professor Mueller has participated in many Internet organisations, and has been elected to serve in the ICANN’s Generic Names Supporting Organization (GNSO) council in 2001 and 2002 and currently is the chair in one of the GNSO parts.

Professor Mueller has published several articles and books concerning ICANN and UDRP. His most recent book is *Ruling the Root: Internet Governance and the Taming of Cyberspace* which is filled with in-depth information about how the Internet has evolved and giving information about institutions relating to the Internet. One of his articles, *Rough Justice: an Analysis of ICANN’s Uniform Dispute Resolution Policy*, interestingly analyses the UDRP using quantitative and qualitative data to assess decisions made under the UDRP.

\(^{90}\) Dr. Michael Geist held Research Chair of Internet and E-commerce Law at the University of Ottawa. In the past, he has written numerous academic articles and government reports on the Internet and the law. Prof. Geist has served as a director and on the advisory boards of several Internet and IT law organisations including the board of the Canadian Internet Registration Authority, the dot-ca administrative agency, and the Public Interest Registry, which manages the dot-org domain.

His dedication towards the topic of the UDRP would be Michael Geist, 'Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN’s UDRP' and Geist, 'Fundamentally Fair.com?: An Update on Bias Allegations and the ICANN’s UDRP'.

When the author met Prof. Geist on May, 2009 in Geneva. To answer the author, he said the UDRP has completed its duty that is to decrease domain name disputes regarding cybersquatting. He thinks there will be no change to the UDRP anyway as it has been used for a decade without any amendment. Unfortunately, he lost his interest in the UDRP and moves forward to the field of copyright and relate rights.

\(^{91}\) It was researched up to 2001 only. See Mueller, 'Rough Justice: An Analysis of ICANN’s Uniform Dispute Resolution Policy'.

\(^{92}\) eResolution used to be a dispute resolution provider under the UDRP. However, it went bankrupt in 2000 and is no longer in business.

\(^{93}\) In my opinion, Professor Mueller’s analysis was reasonable. His result was reached by examining the decisions he had gathered and appears supported by the data. Therefore, there is no need to criticise his
In addition, the bias of a number of panellists is also reflected in their unusual decisions. This is supported by Professor Geist of the University of Ottawa who believes that numbers of panellists can influence UDRP decisions.

**a. Bias from a number of panellists**

The research of Professor Geist\(^ {94} \) raised an issue showing that, from his statistics, both one and three-member panels favoured a complainant more than a respondent. This was especially true with one-member panels. Professor Geist explained that a one-member panel would be selected by a provider whose revenue relied on the bringing up of a complaint by a complainant. Therefore, if a complainant tended to win under any one panellist, the provider might select such a panellist. On the other hand, in a three-member panel, a complainant, respondent, and provider can select the panellists from a list. As a consequence, opinions will be argued more than in a one-member panel. It will also be less influenced by the provider to attract a complaint from a complainant. This research also found that the majority of respondents did not want a three-member panel because they had to pay for the associated costs.

**b. Bias from the Rules for Uniform Dispute Resolution Policy**

There are comments regarding bias found in the Rules. These comments can be found in the section of the Rules provided above. To elaborate, they are found in the following places: the definition of Reverse Domain Name Hijacking in paragraph 1; the selection of a provider by a complainant without a requirement to notify the respondent, in paragraph 3; the impossible submission period of a response provided for by paragraph 5(a); the international languages of the policies and the Rules in paragraph 11; and the provision that there is no appeal process available, in paragraph 18.

**6. An increase of cybersquatters and domain name disputes**

There is evidence showing that domain name disputes are on the rise again. Starting in 2005 they rose steeply into 2006 resulting in the highest number of cybersquatting cases

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\(^ {94} \) Although his papers were argued about by the International Trade Mark Association (INTA) in relation to his ideas of rough justice and neutrality of panellists, I still think that INTA’s arguments were weak in this matter.
received by the Centre since 2000 in 2008. This trend challenges the idea that the UDRP works effectively. Although the UDRP has proven its efficiency in decreasing disputes from 1999 to 2008, the increase of domain name disputes from this time raises questions about its ability to deal effectively with domain name disputes. If the UDRP still cannot handle the increase sufficiently it means that the time for an amendment or replacement of the UDRP has come. Therefore, the increase in domain name disputes is a very important issue.

Accordingly, there are two theories suggesting explanations for the increase in domain name disputes. Firstly, there is a prediction that the availability of internationalised domain names will increase domain name disputes as the amount of domain names piles up around the world. One should expect a dispute as a consequence. Secondly, the increase is suggested to be caused by a new type of cybersquatter who register domain names in great numbers and generates interest without paying any registration fee because of the availability of a trial period for domain name registration.

a. An availability of internationalised domain names

Since internationalised domain names have become available for people in different languages such as Hebrew and Chinese, it is certain that the number of individuals who register domain names in their languages will increase. Just as when Latin alphanumeric domain names were in the ascendancy, these internationalised domain names are also acquired for various purposes, including speculation and attraction. In addition, it is undeniable that combinations of certain words, including trade marks which are easily remembered or already familiar to public, will attract registration more than other terms. Therefore, according to the come-first-served rule, registrants and trade mark owners are competing to register those catchy words as their domain names.

According to WIPO’s newsletter, this matter brought about disputes in 2006 and continues to do so. The UDRP procedure is flexible enough to let a party initiates proceedings in their own language even though the UDRP is only written in English. This awareness should serve as a reminder to those who are involved in drafting dispute resolution policy that the domain name disputes no longer arise solely in English. At the

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very least, there should be an official version of the UDRP in different languages to aid interpretation and understanding. Also, there should be a local authority to deal with disputes in the native language, as this might prove more convenient to the parties involved and also strengthen the procedure, resulting in a reduction in internationalised domain name disputes.

b. A new form of cybersquatter

When technology is developed, it normally is not fully covered by the regulations in force at that moment in time. For example, the development of computer programs that can automatically register a great amount of expired domain names resulting in an increase of cybersquatters means that the UDRP faces new crisis issues.

A WIPO press report in 2008 showed that the number of cybersquatters was the highest in 2007, increased about 25 percent since the year 2000, and was still on the rise.96 These cybersquatters use a five-day grace period during which they are allowed to register domain names free of charge to generate money from a pay-per-hit of domain names at numbers of parking portal sites. These cybersquatters receive a large amount of income because they register domain names in bulk without the necessity to pay a registration fee. Their strategy is to use the confusion of internet users to access these domain names which is called a hit. One hit generates revenue from advertisements and other parties such as registrars. Should a domain name get hit often they might decide to keep that domain name after trial period. But, if a domain name cannot attract enough internet users the squatter will return the domain name to the registrar before the end of the trial period. Then another registrant will register the domain name again and keep it for the trial period. In this manner the immediate registration of just expired domain names blocks the old registrant, who may be forget to renew a domain name registration, from keeping their domain name.

Currently, there is still no appropriate method of stopping these cybersquatters. Although WHOIS is trying to build a database of these pay-per-click domain names it has not produced satisfactory results. Since the grace period only lasts for five days and the cybersquatters can register domain names in bulk, if they lose interest in any domain name, they can migrate to other domain names using the same method of registration. The registrants who still hold a domain name will most likely have a complaint filed

96 ibid
against them and there will follow a series of disputes. Therefore the problem still
cannot be solved and trade mark owners are likely to be affected the most. The UDRP
and those applying it need to consider this problem in order to propose a resolution
quickly, before it becomes unsolvable.

IV The thesis

As mentioned earlier, the UDRP has many defects which need to be corrected. The
author, therefore, wishes that the UDRP be monitored more closely in the future. The
thesis aims to suggest how to best amend the UDRP. To solve these problems, it
employs a comparative study method, examining the legislative approaches to trade
mark-domain name disputes of four systems. Chapter 1 will provide some background
to the readers in order to better understand the problems. It will introduce the history of
the Internet, the domain name and its function, other types of computer programs that
can infringe on the rights of trade mark owners, and the current legislative approaches
used to settle trade mark-domain name disputes. The first chapter is purely introductory,
providing no discussion or analysis.

Chapter 2 is about the Nominet Dispute Resolution Service (DRS). The chapter reviews
the important characteristics of the Nominet Dispute Resolution Policy, as well as its
Procedure. Examples of decisions will also be discussed, accompanied by criticism and
analysis. The final part of Chapter 2 will incorporate suggestions found in the study of
Nominet DRS to propose for an amendment to the UDRP and its Rules. Chapter 3 will
discuss .eu Alternative Dispute Resolution (ADR). The ADR has a set of rules for
policies and proceedings used for settling domain name disputes under .eu Top Level
Domain Names. The characteristics of these rules, both good and bad, will be studied.
Finally, the good points will be incorporated into a proposed amendment of the UDRP.

Chapter 4 will discuss the national laws of the US that are used to resolve trade mark-
domain name disputes. There are three federal laws involved: the Lanham Act, the
Trade Mark Dilution Revision Act and the Anti-cybersquatting Consumer Protection
Act. These laws will be analysed accompanied by examples of case law. The positive
features of each law will be combined and incorporated into a proposed amendment of
the UDRP. Similarly, Chapter 5 will discuss the national laws of England, used by its
courts to resolve trade mark-domain name disputes. This includes the UK Trade Mark
Act 1994 and the doctrine of passing off. However, since England is a common law
country, existing case law plays a major role in informing the decisions of later courts.
As such, Chapter 5 will study both the legislation and case law of the UK, to incorporate its best solutions in the proposed amendment to the UDRP. Finally, Chapter 6 will gather every suggestion made in each chapter for the UDRP and reiterate them once again, so the drafters of any future amendment to the UDRP can easily select from the suggestions provided.
Chapter 1

Trade marks in an Internet Environment: Historical Background and Terminology

The Internet is like the ocean.
It is a great resource.
It is huge.
No one owns it.
Mueller, Ruling the Root

Introduction

The Internet originated as a mere idea of researchers who wanted to make communication possible without cable connections. Nobody could imagine that from this small point, it would become an invention having tremendous effects on every area of life. Regardless of distance, the Internet is an important means of communication, for anything from ordering a pizza from a local shop to attending an international conference. Many commercial activities take place on the Internet, varying from the sale of memorable souvenirs to the auctioning of real estate. In doing so, trade marks are inevitably employed on the Internet, both to attract prospective customers to visit a website and to encourage previous customers to visit again, aiding their memory as to the origin of a product or service.

It is normal for trade marks to be displayed on the Internet in several ways; however, it must be noted that no matter how trade marks are used, they must still function as trade marks, which is that they indicate the source of a product or service. If anything on the Internet has characteristics similar to a trade mark, but does not function as a trade mark, it is unlikely to qualify as a trade mark. For example, domain names which are designators of specific addresses on the Internet may share some similarities with trade marks, by containing a trade mark in conjunction with a prefix and suffix such as www and com, however, they are not trade marks in the sense that they do not identify the origin of goods or services. It is nevertheless possible for a domain name to be registered as trade mark, such as eBay.com or Google.com, provided that consumers
can identify the link between the domain names and the origin of services provided on the website.

Nonetheless, it is a fact that similarities between trade marks and domain names may cause confusion as to whether they have the same owners or come from the same origin. These similarities can also cause trade mark dilution if one of domain names is associated with inferior products or incorporates pejorative words. The problem is not limited to only trade marks and domain names, but also occurs with the use of other terms such as trade names, or geographical indications when displayed in other programs, such as online pop-up advertisements or website banners. Conflicts between trade mark owners and the owners of these computer programs are certainly unavoidable.

Attempts to decrease these conflicts are appear in both national and international legislation; as for national provisions, trade mark laws are widely used to solve such disputes in many countries. In 1999, the US adopted a *sui generis* provision, namely the Anti Cybersquatting Consumer Protection Act (ACPA), specifically addressing trade mark-domain name disputes. As for international provisions, the Uniform Dispute Resolution Policy (UDRP) was the first provision issued and involved the participation of many governments and international organisations addressing the same problem. The European Commission followed with EC regulation 874/2004, as a model provision for any dispute that may arise regarding a .eu top level domain name, the regional domain name for member countries of the EC. Although these provisions, especially the UDRP, were issued after considerable research, their performance nonetheless shows that they need improvement. Consequently, the objective of this research is to find recommendations for UDRP.

This chapter is an introduction to trade marks and the problems associated with their use on the Internet, including some current legislative approaches attempting to solve these problems. The chapter will provide a basic knowledge for the reader to understand the rest of the thesis. There will be no critical analysis though some commentary will be provided.

The first part recounts the growth of the technology and describes the development of the Internet, domain names, emails and the commercialization of the Internet. The historical development of the Internet will be sufficiently surveyed. The second section involves the transition of trade marks from the brick and mortar world to the virtual
world. There I will provide and explain the terminology necessary to understand the problems that arise when applying trade mark law in an Internet environment, with an introduction to the different types of trade marks found on the Internet. The third part will describe trade mark problems on the Internet by examining both classic trade mark infringement and infringement of trade marks on the Internet. The final part will propose some resolutions to the current problems. Their strengths and weaknesses are also discussed. Finally, since there are problems and disputes concerning trade marks on the Internet, the current solutions to these will be introduced.

I The growth of technology

Social communication is a basic human necessity. The Internet and other ways of transmitting messages online were developed to meet such necessities. They have become facilities that people use daily with much ease. For example, an email address enables people to contact others across continents with just one click. Despite its benefits, some people do not know how the Internet and its features originated and were developed. Therefore, the first part of the chapter will discuss the growth of the Internet to provide background information for those who are new to the technology so that they will be able to understand this research.

In this section, the development of the Internet, domain names and email are introduced respectively. The transition to the commercialisation of the Internet will be described at the end of this section.

A. Development of the Internet

During the past century, innovations such as the telephone and computer technology were developed in the US. In 1950s, researchers in the Advance Research Projects Agency (ARPA) created ARPANET, a large computer network for communication within governmental organisations.97 The US Department of Defence (DoD) took responsibility for the development of new technology to improve network communication for military purposes.98 Accordingly, DoD also granted funds to a number of academic institutions and research companies to develop the technology for

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97 ARPA is now known as the Defense Advanced Research Projects Agency (DARPA). The name was changed in 1972.
98 At that time, it was the Cold War period and there was a fear of a nuclear attack from the Soviets. Therefore, a network communication within DoD was created so the department could still communicate with each other in the event there was a nuclear attack and the rest of the system failed.
communication. The funded project led to the first physical communication network among four organisations in four distant locations: the BBN Corporation, New York; the University of California at Los Angeles; the University of California at Santa Barbara; and the University of Utah. The researchers also enhanced the computer network to enable connections to computers outside of the US. In 1970, communication between computers in the US and Europe was made possible by satellites. As a result, ARPANET grew rapidly by 1981 and a number of new hosts were added every twenty days or so.

Technically, ARPANET works by transverse millions of packets switching individually; each packet carries a piece of information called datagram, which travels through a telephone line. The datagram will be reunited once the packets reach an address. This system continues until the final destination has received all the packets and forms them back into the initial information. If any packets are lost during the transfer, the originator automatically transmits them again. Nevertheless, a packet switching system is an end-to-end connection and relies on the network, which makes it difficult to join many networks together. Therefore, the researchers invented the Transmission Control Protocol (TCP) to replace the packet switching system because TCP has the ability to communicate on separate data networks and the ability to retransmit data in the same way as the packet switching system.

Vinton Cerf, Jon Postel, and Danny Cohen improved TCP for use in a larger network by splitting it into two parts called TCP/IP (Transmission Control Protocol/ Internet Protocol). TCP/IP was a connectionless-oriented protocol specifically designed for diverse computer networks to interconnect and communicate with each other in an open architecture environment. It enabled computers to communicate with each other in a network without losing direction; TCP led a message from one computer to another computer at its specific IP address. It was also approved as the only protocol used for ARPANET. The National Scientific Foundation (NSF), another organization under the

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101 RFC is an acronym for “Request for Comments”, which researchers, physicians, mathematicians, or anyone that has knowledge of Technology will use to publish a proposed innovation for other experts in that field to comment on, in order to improve it. TCP/IP (Transfer Control Protocol/ Internet Protocol) was proposed for use for the first time in RFC 0793 by Jon Postel. For more information about TCP, See RFC 0793 - Transmission Control Protocol' <http://www.faqs.org/rfcs/rfc793.html> (6/12/2008).
US government, was also interested in this protocol and requested that only TCP/IP be used in its network;\textsuperscript{102} later, this network became the backbone of NSFNET.\textsuperscript{103}

ARPANET had been used for several years and was funded by the US government for non-commercial purposes, including academic research and military use. However, the connections increased and some commercial and academic institutions participated in providing services for computers using ARPANET.\textsuperscript{104} The technology of networking spread to many organisations which then built their own networks. For example, the Department of Energy established MFENET for magnetic fusion energy research\textsuperscript{105} and NSF also developed its research on an inter-network, and created NSFNET for providing connections for a number of supercomputer centres. Unlike other networks, it was announced that NSFNET would serve the entire community, regardless of commercial activities, and all qualified users would be eligible to use it.\textsuperscript{106}

NSF permitted commercial traffic on NSFNET in 1985 under certain conditions such pertaining to the cost and quality of services. Some of ARPANET’s servers also connected with NSFNET for commercial networks. Thus, commercialisation created many problems, consequently NSF moved to an entirely new infrastructure for the Internet.\textsuperscript{107} The transition took effect in 1995 when NSFNET was decommissioned; this was hardly noticed because domain name registration, Internet Provider Service (ISP), and IP address assignment generated a great amount of financial interest in the network. NSFNET’s new infrastructure could interconnect with other networks regardless of different standards and protocols and so created a large global network known as the Internet.

According to the National Research Council, the Internet is a diverse set of independent networks interlinked to provide users with the appearance of a single and uniform network.\textsuperscript{108} The Internet needs Internet Service Providers (ISPs) to maintain the appearance of a uniform network by enabling users to connect smoothly to every server

\textsuperscript{102} The Internet: History of the Internet' Internet Society (ISOC) \textless http://www.isoc.org/internet/history/brief.shtml\textgreater (4/8/2006).
\textsuperscript{103} NSFNET is National Science Foundation Network which was researched and developed by the US National Science Foundation.
\textsuperscript{104} History of the Internet' Wikipedia \textless http://en.wikipedia.org/wiki/History_of_the_Internet\textgreater (7/12/2008).
\textsuperscript{105} The Internet: History of the Internet’.
\textsuperscript{106} The British Janet also explicitly announced the idea to use its network serving all purposes.
\textsuperscript{107} Mueller, Ruling the Root 106.
and node. An ISP’s task involves the hierarchy of hosts and servers which will be discussed in the next section: development of domain names

B. Development of domain names

A significant feature of the Internet is to be able to link endlessly and to be able to enter websites by just putting their domain names in the addresses bar. Without domain names, the Internet would not attract many users because IP (Internet Protocol) addresses are too difficult to be remembered. Conversely, domain names are a user friendly version of the former. Domain names consist of alphanumerical characters which can convey meaning and therefore easier for human to remember.

Domain names were developed along with the creation of an address directory; in 1982 a host table file called HOSTS.TXT was introduced by the Network Information Centre (NIC) to serve as an address directory of ARPANET. 109 HOST.TXT was a server that collected all contact addresses in an electronic form; it controlled all name-to-address mapping for each host connected to the ARPANET and allowed 110 a search for a host by using a word in English, an acronym, or an abbreviation. NIC was also an administrator that managed registration and updated information of every host in HOSTS.TXT. The data in HOSTS.TXT was copied to every computer connected to ARPANET. This meant that HOSTS.TXT worked well even if only a small number of computers were connected.

A file in HOSTS.TXT had a very simple format. It had a single line that was more familiar, easier to remember, and described every computer on ARPANET. It also provided stability when an address changed, because the same name was maintained. 111 However, since many computers were added to ARPANET each day, the updating of information to HOSTS.TXT became a burden. It also had other problems such as loaded traffics and name collisions consistency; finally, it had to be replaced by a new program.

In the early 1980s, the task of mapping names to addresses was under research: Jon Postel and Zaw Sing-Su recommended that Internet naming be changed to facilitate a distributed name system and the forms of represented names in Request for Comments

110 Council, Signposts in Cyberspace: The Domain Name System and Internet Navigation 39.
111 Because data transmitted from point A to point B can take many paths, an address can be used to specify each route, and can be changed indefinitely.
Subsequently, Paul Mockapetris introduced a domain name protocol called the Domain Name System (DNS) in 1983. DNS had more sophisticated features and services than the previous conversion of the host name-to-address files. It could map a name to different addresses depending on an inquiry and was available for a local administration of data. DNS could also make that data available globally. Actually, it was developed from namedroppers, which was a mailing list used for the discussion of concepts, principles, design, and implementation of the domain style names. DNS has remained in use to the present day.

DNS contains a database of electronic addresses in its servers, which is available across the entire network through a client-server system. Conceptually, DNS is like a branch of an inverted tree: if an address is sought, the process begins at the single highest root of the tree and moves to the branches and leaves until the address is found. Every part of the tree serves as a directory of directories; it does not have a problem with updating files, unlike HOSTS.TXT, because any change in registration can be done by distribution to the local servers. The name of each sever is hierarchical; the root has no name but every branch (domain) and sub-branch (sub-domain) has a name. For example, .com is a top-level domain; qmul is a sub-domain or a second level domain, and ccls.qmul.com is a sub-domain within qmul.com. The ipri can be a computer name that is located within ccls.qmul.com if its address is ipri.ccls.qmul.com while queenmaryuniversityoflondon.com may point to a particular computer. This kind of name is called a domain name.

112 Council, Signposts in Cyberspace: The Domain Name System and Internet Navigation 42.
113 Mueller, Ruling the Root 78.
Domain names do not only identify locations on the Internet, they can also be used as an identification of electronic mail (email) sent from one computer to another. Emails have become another important method of communication via the Internet. Their formats are name@domain. The name can be the name of a person or organization according to the registration.

Domain names work by using the assistance of DNS to convert them to IP addresses or vice versa. The actual work begins when a client computer sends a request to its Internet Service Provider (ISP) for the location of an IP address; the ISP database that contains some information of DNSs returns a result to the client computer. If the ISP does not store information for that IP address, it will ask a higher server and so forth. Any server that knows the location will send its information to the client computer by using the same route.\footnote{Ton Tunsuthiwong and Suphot Phunnachaiya Suwat Phunnachaiya, Open World of TCP/IP and Protocol of the Internet (2 edn, Provision, Bangkok 2002) p. 95.} A response to the browser's request proves that the given address exists.

After the IP address has been determined, the user’s computer corresponds to a web server of the IP address in order to retrieve a website, specific and complex processes are performed by a number of hardware and software items working co-operatively. In addition, browser software will reveal protocols\footnote{A protocol is a set of rules that defines how two computers on a network communicate with each other.} that should be used, and so these will be activated. Subsequently, the browser and web server may exchange necessary files and cookies\footnote{A cookie is a file stored on a client computer using in a browser.} to display a web page. At the end of this complicated process, the web server will return every result to the browser. If the web server cannot locate any file, it will send an error message to the user. Protocols using for a web browser translate the data into a computer language for website display. The whole process will continuously repeat until the client browser leaves the website.

The Internet Corporation for Assigned Names and Numbers (ICANN) currently performs the task of monitoring DNS. ICANN is a private not-for-profit organisation which was established through the memorandum of understanding (MoU) to convert the management of DNS from the US government to the global community in
ICANN’s tasks have generally been to focus on the development of the consistency and adequacy of DNS, and to ensure the transparency of its processes and decision-making. It coordinates the Internet’s domain name system and the system’s unique identifiers, and also took on the assigning and maintaining of a sufficient allocation in terms of numbers – formerly a task of the International Assigned Numbers Authority (IANA). It needs to be responsive to Internet stakeholders and, above all, it must effectively advise the US government. In accordance with these missions, it is important for ICANN to ensure the adequacy and stability of its financial and personnel resources.\footnote{118}

ICANN does not make Internet policy, however policies have been developed through bottom-up, consensus-based missions. The policies for the DNS have been developed via ICANN bylaws with the consensus of the supporting organisations and committees. These organizations are: the international complement of the Address Supporting Organization (ASO),\footnote{119} the Generic Names Supporting Organization (GNSO)\footnote{120} and the Governmental Advisory Committee (GAC).\footnote{121}

ICANN’s tasks are monitored by many private organizations:\footnote{122} ICannwatch.org is designed to be an organization that provides news and comment forums for people who are concerned with the mission of ICANN; ICannfocus.org has been established by the Centre for Regulatory Effectiveness (CRE) according to the US Congressional Review Act 1996, to provide Congress with an independent analysis of agency regulations. The primary concern of icannfocus.org is the security of the Internet. CyberSecure.us is another website that reviews analysis and publications of issues relating to Cyber security especially issues concerning the federal network. Also, the Committee on

\begin{footnotesize}
\begin{itemize}
\item[117] See its explanation in Lawrence Lessig, ‘The Law of the Horse: What Cyberlaw Might Teach ‘113 (2 (Dec., 1999)) Harvard Law Review . This is how ICANN describes itself in its website, although there is more than that given, such as how Network Solution Inc. (NSI) used to monopolize the allocation of domain names until there were considerable requests to transfer the task to another independent body. Hence, ICANN is not an absolutely independent organization, since it was established under US law and still reports to the US government every month on the status of the Internet.
\item[118] ibid.
\item[120] David Tatham Domain Name Dispute Resolution 2006.
\item[122] Again, these monitoring organizations are private sector institutions concerned with the neutrality and transparency of ICANN. Their staffs may consist of researchers, university professors, or ordinary persons who are interested in the topic. However, they do not have to be monitored like ICANN, which allows their comments to be prejudiced.
\end{itemize}
\end{footnotesize}
Energy and Commerce monitors the chosen procedure of new gTLD.\textsuperscript{123} The Japan Network Information Centre (JPNIC) scrutinizes ICANN with respect to resolutions relating to domain names, IP addresses, and protocol management. It has a major impact on the Internet in Japan. These organisations police ICANN but their comments do not directly affect ICANN.

C. Development of Emails

Because email is so useful, human demand for it is increasing faster than when it was first invented. In those days, email was not as convenient to use as it is today. On the other hand, it was more for intra-computer emails. Email allowed users to communicate by transferring messages through solitary-timeshare computers in a single machine.\textsuperscript{124} Network mails were proposed in an application to ARPA for networked communications in 1971, for use within ARPANET.\textsuperscript{125} They are believed to have been a sophisticated version of intra-computer emails because they could facilitate group discussion between different machines. This new system could transfer messages between networks, requiring accurate email addresses. In addition, there were many types of network mail, or so called exchanged messages; for example, time-sharing of computers enabled users to be able to exchange real-time text messages within the network of the same host computer.\textsuperscript{126}

However, the network mail system could fail by misrouting messages and even lose mail erroneously because it must be fixed to a specific network while an address could be varied according to the hosts. As a consequence, Mail eXchangers (MX) were introduced to solve this problem; they coordinated with DNS, where DNS would store a preferential ordered list of hosts that would contain domain names for these emails.\textsuperscript{127} When emails were sent, an enquiry would go to DNS according to the respective hosts on the list, until a host for those emails was found. It was even possible to send emails to domains that were off the Internet. Therefore, since DNS and domain names were used for routing emails, emails had more stability and efficiency.

\textsuperscript{125} ibid.
\textsuperscript{126} Dave Crocker, 'Email History' Dave Crocker <http://www.livinginternet.com/e/ei.htm> (5/8/2006).
\textsuperscript{127} Council, \textit{Signposts in Cyberspace: The Domain Name System and Internet Navigation} 50.
Email is a category of domain names because they have a hierarchical system similar to domain names. Due to its convenience and benefits, email is widely used in many parts of society including the commercial world and business sector. Both the Internet and domain names are involved with the commercial sector; as a consequence, commercialisation of the Internet plays a big part in people’s lives and changes the traditional manner of commerce to an online environment.

D. Development of Commercialisation on the Internet

The Internet attracted many more users when it was incorporated with the World Wide Web (WWW). The Organisation Européenne pour la Recherche Nucléaire, or in English, the European Organization for Nuclear Research (CERN) introduced the WWW software application in 1991. WWW is a client server software application performing in coordination with a set of protocols such as the Hypertext Transfer Protocol (HTTP). It is the first portable web browser software that made the Internet easier to navigate by linking and displaying virtual objects such as a colorful graphical web page. It became one of the most significant features of the Internet since it made websites link endlessly, which makes some users feel like they are Alice in Wonderland.128

Because of these characteristics, but despite having originated and primarily used in the US, it was through the internationalisation, brought about by President Clinton’s policy, that the Internet is so widely employed throughout the world. Internet culture grew very fast until the number of websites was found to be greater than the number of users. It attracted commercial, legal, governmental, and other communities that were interested in these online values and processes.129 Trade mark owners usually displayed trade marks on the Internet as well; because of its growth, vendors were eager to offer their products using the Internet. Nevertheless, their methods were not effective because they lacked networks and end-user knowledge. To address this problem, Dan Lynch initiated a training course for all vendors concerned with the Internet phenomena.130 The results were satisfactory and a series of this type of workshop has since been ongoing.

In addition, producers have developed strategies to most efficiently serve their online customers. This Internet phenomenon is called electronic commerce (e-commerce).

129 Council, Signposts in Cyberspace: The Domain Name System and Internet Navigation .
130 The Internet: History of the Internet' .
Originally, “e-commerce” referred to the facilitation of commercial transactions electronically such as sending purchasing orders or invoices online; however, these days e-commerce is a business model for trading electronically on the Internet by purchasing products via secure servers online, or making an electronic payment using a credit card. This method of attracting customers is more or less similar to that of the bricked and mortar world, which needs trade marks to guarantee quality and ensure that customers memorize products or services. E-commerce is also an important part of macroeconomics; therefore, it requires both a traditional and new form of trade marks to be employed on the Internet. This issue will be discussed further in the next section.

II The transition of trade marks and other signs to the Internet

Traditionally, trade marks have been used to identify the source and quality of goods or services; they can be pictures, combinations of colours, or inventive words. If trade marks have a reputation they may attract customers. They are also instruments of producers to send information to customers about such matters as modern lifestyles or sophisticated tastes. 131 Trade marks are everywhere; however, geographical borders restrict the use of identical marks in certain areas. Consequently, traditional trade marks are only recognised within a specific jurisdiction, which lessens the chance of concurrent use of identical trade marks in the same jurisdiction.

When the Internet became a part of human life, and most businesses entered the virtual world, trade marks were widely employed. The Internet environment displays trade marks in two main forms: traditional trade marks and marks created for use on the Internet. However, there are also other terms such as personal names and geographical indications that are displayed on the Internet. Consequently, problems concerning the concurrent online use of trade marks and similar terms occur frequently. This is because the Internet has no boundaries, making it possible for a trade mark owner to use a mark online unaware that it is identical to a mark used in the world of bricks and mortar, by another owner for a different type of goods or service. This may result in confusion for Internet users as to who is the originator of a particular trade mark or term. This makes

131 In the case of Godiva, one can imagine the heavenly taste of chocolates; it is the brand itself that produces its own goodwill. In the case of Rolls-Royce consumers can imagine the luxurious and elegant life offered by driving the car.
the use of trade marks on the Internet more problematic than the traditional use; this is discussed further in the next section.

In this section, there is discussion concerning the terminologies surrounding geography, the physical world, trade marks and the Internet, and transforming “words” to “trade marks” through the Internet. The first part describes traditional trade marks in the physical world that become trade marks on the Internet and the second explains how trade marks on the Internet become trade marks in the physical world.

A. Geography, physical world, trade marks and the Internet

In order to advance their businesses, the owners of traditional trade marks enter the field of electronic commerce to gain more customers. As soon as technology reaches consumers, trade marks will be shown in the Internet environment; domain names, metatags, pop-up advertisements or any other means are employed to reach actual or prospective online consumers. Below are the main methods used to display a trade mark on the Internet.

1. Domain names

As mentioned earlier, domain names are composed of groups of alphanumeric characters divided by a dot and correspond to IP addresses. They are user-friendly, masking the actual, but more complicated, IP addresses on the Internet. Domain names are similar to the trade marks used in the physical world because they can contain the word form of a trade mark. For example, the soft drink “Coca Cola” has the domain name cocacola.com and the supermarket “Tesco” has the domain name tesco.com. The use of trade marks as a part of domain names leads the public to think that they have some connection, or originate from the same owner. However, in fact, domain names are only addresses on the Internet, and they can only guide the user’s computer to a web page. Therefore, domain names cannot literally function as trade marks, as they cannot indicate the origin or quality of websites. This is provided that the domain names are not registered as trade marks and have enough of a reputation concerning the source or quality of the website, like Amazon.co.uk or eBay.com.

In addition, anyone can register domain names because they are given on a “first-come-first-served” basis. Domain names are unique, so if they have already been taken no one
else, including trade mark owners, can register for the same name. Therefore, trade marks and domain names that bear similarities may create confusion. Accordingly, the increase in top level domain names (TLD) enables trade mark owners to register domain names by using different TLDs which provide more potential confusion to consumers. For instance, there are: nissan.com; nissan.co.jp; and nissan.co.uk. Nissan.com belongs to Nissan Computer Corporation, a computer shop in North Carolina, USA, while the rest belong to Nissan Motor, the well-known car manufacturer.\(^\text{132}\) The concurrent uses of names create problems that concern many sectors of society and will be discussed later.

Domain names can also be employed as instruments to disparage trade marks. Nonetheless, owners of such domain names are not always the general public or a mark’s competitors. For example, according to the records of WHOIS, rolexsucks.com is owned by “Rolex” New York, the watch manufacturer’s retailer in New York.\(^\text{133}\) The website is inaccessible though. The reason may be because the domain name was only registered to prevent other parties from acquiring it. The company surely does not want any person to voice negativity about their products on the Internet. Such expressions can affect a brand’s reputation and goodwill, especially where the domain name contains the word “Rolex”. The expression could also lead to the dilution of the trade mark on the Internet.

Accordingly, this brings about a kind of trading on the Internet, the domain name registration business. The price of domain names rises whenever there are demands from trade mark owners regardless of a positive or negative meaning to the name. As a consequence, many domain name registrants register these domain names with the intention to sell them at a higher price. Also, domain names can be registered in bulk in order to make them passive or parking websites. Owners of these domain names will receive revenue every time there are Internet users accessing to the websites. The method is called “pay-per-click”. As such, typosquatting domain names that resemble well-known trade marks are a target for the registration of parking websites.

\(^{132}\) Nissan Motor Co., v. Nissan Computer Corp. 378 F3d. 1002 (9th Cir. 2004) (387) 1007 (the US Court of Appeal for the Ninth Circuit) Actually, Nissan Motor filed a lawsuit in US Court for in an attempt to acquire the domain name “Nissan.com”. Luckily, the court decided that it was a lawful right of Mr. Nissan to have a domain name after his surname. See more in Lawrence F. Rozsnyai, 'TrademarkDilution.com: Nissan Motor Co. v. Nissan Computer Corp., and the Evolving Law of Trademark Dilution on the Internet' Shidler Journal of Law, Commerce + Technology <http://www.lctjournal.washington.edu/Vol2/a002Rozsnyai.html> (6/12/2008)

\(^{133}\) WHOIS <http://www.whois.net> is a service website for looking up of domain name information such as registrant and registrar.
a. Gripe sites

Domain names that include trade marks and vulgar words are called “gripe sites”. Gripe sites are used to express a specific opinion about well-known trade marks and can constitute either a fair use or web abuse. In addition, it can be difficult to find the actual owners of gripe sites. For example, *ihatestarbucks.com* was created by people who do not like “Starbucks”, the big franchised coffee shop, while *fuckstarbucks.com* is a pornography website created for a business purpose and has nothing to do with “Starbucks” coffee. A website called *boycottkelloggs.com* has many links to a large number of websites but none of them relates to “Kellogg”, the breakfast cereal brand.\(^{134}\) It is, however, possible to register a gripe site to prevent negative reflections about a mark, i.e. *Rolex.com*. Furthermore, many gripe sites are normally posed as “under construction”, or “inaccessible”.

b. Emails

Trade marks can be displayed in emails in various ways. Firstly, it is possible to show a trade mark on either the name or domain portions of emails. For instance, Yahoo! and Coke are registered trade-marks in the US for a variety of classifications. There can be an email address like *coke@yahoo.com*. Such emails display trade marks on both the name and domain part. Secondly, emails are used for composing and transmitting electronic messages to recipients via the Internet. Emails correspond to messages or letters sent to people in the physical world. Consequently, accessing to an email provider using a web browser certainly shows the website’s contents, including words and pictures constituting the trade marks that are used in the brick and mortar world.

c. Vmail

Vmail is an abbreviation of voice or video mail. This technology provides Internet users with the ability to stream voice or video within an email.\(^{135}\) It has been developed to respond to people’s requirements for a method of communication comparable to making presentation or attending a meeting though people may be a great physical distance apart. A vmail makes it possible for Internet users to watch or listen to an email, instead of only reading a message.

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\(^{134}\) This can be assumed as a registration of domain name to attract high numbers to a website by mistyping a registered domain name with well-known words or marks. It is a form of cybersquatting.

\(^{135}\) Streamcity, 'Vmail - Video Email System' (2005) <http://www.streamcity.co.uk/vmail_tm.asp> (6/12/2008).

Having the same structure as Email means that Vmail uses trade marks on the Internet in the same manner. As a consequence, trade marks can be presented in vmail either in the name or the domain part. In addition, the technology of streaming Internet video requires specific software, and use of the software shows trade marks on the screen. For example, a vmail can use software from StreamCity®, a software development company in Virginia, USA. Accordingly, since StreamCity® is a registered trade mark in the US, the vmail and software will certainly display the trade mark and its logo.

2. Metatags

Metatags are parts of the Hyper Text Mark-up Language (HTML) used for writing web pages. It is embedded in a HTML’s source of a web page. The viewers of an Internet web page cannot normally see metatags, unless they open the source code of a web page. Metatags describe the subject and content of a web page and assist search engines by providing information about the content of a web page; the more precise the keywords used, the more the website is likely to be hit by a search engine. Below is an example of google.co.uk’s source code.

• The picture: a google.co.uk’s source
Search engines work by using automatic software known as spiders or bots to survey a website and build a database, data from each web page is added to a search engine’s index. Metatags are invisible keywords for each web page that helps to build the index of a search engine. An enquiry will be put into a search engine site. This will resulted in a search of the search engine’s index and a result page will be displayed on the user’s computer as a rank of all URLs found. Search engines do not normally include common words such as “and”, “in”, or “of”, the useful metatags and keywords help to find a website more easily and assist the website in being listed at the top of the returned ranking.

Trade marks are commonly used as metatags for a search engine, because Internet users commonly use trade marks as keywords for searching in a search engine. As a consequence, any website that uses trade marks as metatags is more likely to be found than others. There are three means of using trade marks as metatags: (1) use of a competitor’s trade marks as metatags; (2) use of famous trade marks as metatags; and (3) use of famous personal names as metatags.

3. Commercial Shareware and Freeware

Commercial shareware is software that has been used for a marketing purpose and is provided for a certain period of free use. Subsequently, a user will need to pay for shareware because it was initially distributed only for trial use, while freeware can be downloaded free of charge and used for an unlimited period. Many business entrepreneurs use software to attract more Internet customers; however, both types present problems for the Internet because many business entities market their websites by offering free downloads. In some cases, a website owner attaches adware or spyware to the software to trace activities and to acquire personal information on Internet users. This software sometimes has methods of presenting signs or marks without authorisation, which may cause trade mark infringement if they are used for a commercial purpose.
a. Adware

Adware is advertising-supported software that is integrated with software. It automatically displays web-based advertisements through pop-up windows or advertising banners that appear within a program’s interface and is activated when the software is installed or used for the first time. Programs such as “Save” or “Save Now” induce the users to give permission to receive free software while the adware program is automatically downloaded to play, or display advertising materials to a computer. Adware differs from Spyware in that it does not operate surreptitiously or lead users to other websites. For instance, Gator software of WhenU.com provides a considerable amount of freeware without users’ acknowledgement that adware has been attached. Adware also generates money for its owner. Every time the advertising materials pop up, their owners transfer revenue to Gator. The more pop-up advertisements shown, the more revenue is due. Ultimately, adware is considered to be a parasite on the web.  

Adware relates to trade marks on the Internet in a number of different contexts. Firstly, if a pop-up advertisement displays a subject related to the item that the user is looking for, the user may select the second mark instead of the first. Hence, adware increases the chance of a consumer changing his mind. Secondly, the senior mark can be diluted if the pop-up advertisement has obscene content. The third possibility is that a pop-up advertisement contains trade marks for identical products or services. The consumer may become confused or make an association between the first and the second mark. These practices are considered to constitute unfair competition. In any of these situations, the senior mark may be affected.

b. Spyware

Spyware is designed to intercept the operating system of a computer. It resides in a user’s computer without that their Internet activities are being monitored and their information acquired. Any person can transfer spyware to a user’s computer. However, the main entities that use it are either business competitors or advertising companies. The use of spyware to compile customer profiles has become a business strategy and has been used by many entrepreneurs such as Amazon or eBay.

Spyware functions by collecting any search terms from Internet activities of users and then sends them to its remote server. Subsequently, the server transfers related pop-up advertisements or banners to the user computers. Spyware illegitimately acquires user information such as credit card details or social security numbers and can also redirect a user to another website without the users’ consent. Internet users may obtain spyware from downloading free programs on the Internet such as screensavers or other software. Therefore, activities of spyware are malicious and it has been claimed that this software subverts the computer’s operation for the benefit of a third party.

Spyware relates to a trade mark on the Internet in at least three ways: (1) by a search term; (2) by a pop-up advertisement; and (3) by redirecting a user to other websites. To elaborate, spyware first connects to its server to store the user’s activities, particularly search terms that can be trade marks – doing so without the consent of a mark’s owner. Such activities constitute trade mark infringement by using a sign that is identical to a registered trade mark in the course of trade, without the trade mark owner’s consent, for the purpose of advertising. Moreover, the activities of spyware also violate the privacy rights of Internet users.

Secondly, spyware is used to attract pop-up advertisements to the user’s computer. This constitutes a trade mark infringement if the advertisement, without due course, displays a registered trade mark. According to the US District Court of Michigan, in Well Fargo Co, et. al. v. WhenU.com, a pop-up advertisement can violate a plaintiff’s rights in a registered mark if surveyed consumers confuse the pop-up with the plaintiff’s mark. Thirdly, spyware automatically directs an Internet user to other websites without the user’s knowledge. Such activities can infringe a registered trade mark if that web page displays the trade mark of another without their consent in relation to the identical or similar product or service represented by the senior mark. Such activities may give rise to a dilution or tort claim if that web page contains obscene material or a virus program.

c. Pop up advertisement

A pop up advertisement works in conjunction with adware or spyware. If Internet users search for anything on the Internet, adware or spyware will send a search term to its remote server. This will automatically select relevant advertisements to send to users’

137 Section 10 of the British Trade Mark Act 1994.
139 ibid at 768. Unfortunately, the plaintiff did no survey among consumers as the court called “a background noise”. Therefore, the case was dismissed.
computers in a form of pop-up advertisements or banners. Its purpose is to trick Internet users into clicking on an advertisement until they reach the linking website, in order to offer comparative products or services. An associated website is usually a competitor’s website designed to induce the consumer to change his mind. A producer of similar goods or services is generally the creator of such advertisements. In addition, if the use of a senior trade mark is without authorisation or due course, it certainly constitutes a trade mark infringement.

Moreover, there are also pop-under and pop-over advertisements. A pop-under advertisement appears in a separate window beneath the Internet browser. The users can see it once they close the browser. A pop-over advertisement functions like the pop-up but is technically displayed in a new layer of an Internet browser. All these advertisements threaten the privacy rights of Internet users. Moreover, there can be trade mark infringement or unfair competition if a logo is used without proper authorisation, or where it is used to mislead the public. The problem becomes worse in the case of comparative advertisements.

![Warning! Congratulations, Thanks Again USA & UK](image)

Warning! Congratulations, Thanks Again USA & UK
If you are a USA or UK citizen click now, we are rewarding you now!

OK | LATER

i) Above: Pop-Up to distract Internet users. No trade mark present.


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• Above: Pop-Up from CNN.com to advertise for subscriptions (accessed 5/1/2006).

• Below: Pop-Under from AOL.COM at
d. Banner Ad

A banner advertisement, abbreviated “banner ad”, is an HTML tag that creates a scrolling text\textsuperscript{141} on a web page.\textsuperscript{142} It is normally used for advertising on the web page and is intended to attract more customers to the website by making a link leading to an advertising website. A banner is generally comprised of an image, the java script program and a multimedia object. The structure is sometimes enhanced with animation or sound, and may come in several sizes as well. The banner is displayed when the address of the web page has been typed and loaded into a web browser. When users click on the banner they are led to the advertising website.

A banner shows traditional trade marks in both words and pictures. As the purpose of a banner ad, by definition, is to advertise, it is common for a banner ad to show a trade mark from the brick and mortar world. For example, in the case disney.com, a banner ad advertised the movie “The Chronicles of Narnia”,\textsuperscript{143} and in the banner were three US registered trade marks, representing Brawny paper towels, Quilted Northern bath tissue, and Vanity Fair napkins. If users clicked on the banner they could enter a competition for a trip to London, sponsored by the three trade marks owners. However, in the case of Reed Executive v. Reed Business,\textsuperscript{144} the plaintiff filed alleged the defendant was passing off its business name, and its services, using the plaintiff’s logos on its website. The claims for trade mark infringement were resulted from banners and other materials in the website. The plaintiff claimed that the use of its logos on the defendant’s website was confusing for general consumers. The High Court held that there had been trade mark infringement, and the banner invited users to click through to the defendant’s advertisement site.\textsuperscript{145}

\textsuperscript{141} A scrolling text is a function applied to text objects that give the appearance of motion. Access the scrolling text options by selecting the text object and choosing Scrolling. From <http://www.mediaworkssoftware.com/education/glossary.html> (7/12/2008).
\textsuperscript{142} < http://www.atis.org/0010/index.asp> (7/12/2008).
\textsuperscript{143} <http://disney.go.com/home/today/index.html> (22/12/2005).
\textsuperscript{144} Reed Executive plc and another v Reed Business Information Limited and other [2004] EWCA Civ 887 England and Wales Court of Appeal, Civil Division.
\textsuperscript{145} Case Notes, 'Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited'(CN7) European Trade Mark Reports at 438.
4. Material on the Internet

The Internet can be compared to a million books of which a reader can open any page in just one click. The contexts of these books are varied. Yet, it is common for books and magazines to be full with advertisements, especially ones displaying images or signs used as trade marks. Likewise, the Internet contains many websites that have a number of traditional trade marks displayed. For example, in eBay.com, many trade marks were seen. Furthermore, eBay is also a registered trade mark in many jurisdictions and for many classifications. As a consequence, trade marks may appear anywhere on a web page; in titles, content, pictures, advertisements or in the background. However, there is a question as to whether such displays of trade marks on the Internet constitute trade mark infringement.

a. Web Background

A web page’s background shows trade marks on the Internet both visible and invisible. The visible background is called “wallpaper” and is a scene behind the contents of a web page. It can be a picture, graphic, word, or just plain colour. The invisible background is, for example, black words written on a black background, which is
invisible to Internet users but readable by search engines.\textsuperscript{146} If both types of background display trade marks, Internet users tend to associate the background with the origin of the trade mark. Users may think that the webpage has been sponsored by, or is associated with, the owner of the trade mark. A competitor can also use this method to pass off the webpage of a senior mark.

\begin{itemize}
  \item Background of the webpage shows logos of the website which is also a registered trade mark with the United State Patent and Trade mark Office (USPTO). From <http://uk.match.com/uk/mlh.aspx?TrackingID=509254&BannerID=561203&gclid=CPT1u8CysoIFCUgIQgodgxpqbg>, (accessed on 5/1/2006).
\end{itemize}

\textbf{b. Content}

Sometimes, the content of a website relates to the products or services of a particular brand. It is also possible that users will associate the webpage and the origin of a trade mark in the brick and mortar world from the display of the content of the website. For example, at healthychoice.com/eatwell,\textsuperscript{147} Internet users may want to buy “ConAgra Hearty 100% Whole Grain Bread” after reading its content. The creator of the website obviously attempts to induce Internet users, especially those who are concerned about health, to buy a particular product under the trade mark “ConAgra”. There are links or hyper-links to other websites among the content as well. These links are common characteristics of the Internet, and are normally presented as trade marks. Examples include the blue letters in the picture below; and generally whenever a computer mouse

\textsuperscript{146} A search engine detects invisible words in the same way as it detects metatags. The use of trade marks as invisible words therefore, results in the search engine’s search result pages. The more entry a trade mark has, the more the website is likely to be found or “hit”.

\textsuperscript{147} See Healthy Choice’s ConAgra Food <http://www.healthychoice.com/livewell/lw_tips.jsp> (22/12/2005)
is dragged to a link, and the cursor is automatically changed from an arrow to a hand icon, unless the computer is set otherwise.

•  Mouse’s cursors: an arrow and a hand icon.

### i. Advertisements

An advertisement by a specific producer usually contains a logo or a picture of its trade marks. Trade mark owners have chosen the Internet as an alternative way to advertise their products or services, where the primary goal of an advertisement is to attract Internet users to look and click on the advertisement and reach the company website. If the advertisement is sufficiently interesting a user may buy the product or service from the website. However, it is not always the case that an advertisement will be made by the producer; a competitor or an advertising company may create an advertisement, putting the other’s trade marks in their own advertisement. For example, in *Playboy v. Netscape*, 148 Playboy claimed that Netscape had put an unlabelled advertisement alongside a search engine’s result page for the keyword “playboy”. Such an activity created confusion for Internet users as to whether the advertisement came from Playboy. The Ninth Circuit court agreed that the advertisement had created “initial interest confusion” in relation to the Playboy trade mark and an injunction was granted in

148 *Playboy Enterprises, Inc. v. Netscape Comm. Corp.* 354 F.3d 1020 (9th Cir 2004) (*See also* *Brookfield Communications Inc., v. West Coast Entertainment Corp.* Federal Reporter third series United States Court of Appeal for the ninth circuit For definition of Initial interest confusion on the Internet) .
favour of Playboy. The case was the first triumph of a trade mark owner over a web banner advertiser.


### ii. Illicit content material

On the Internet, content is published without strict controls, although in some countries there are policies that restrict illicit-content websites by closing the means of accessing to the Internet via the ISP. However, users in other countries can still retrieve such content. Illicit content normally refers to violent, pornographic, or other improper materials. If a trade mark used in the physical world appears on an illicit website, such as on a pornography website, a user may assume that that trade mark owner owns or sponsors such a website. Consequently, the goodwill of that trade mark will be blurred or tarnished, even if there was no confusion between the mark and the website.

### 5. Other Internet programs

In order to surf the Internet, many programs such as JavaScript\(^{149}\), ActiveX\(^{150}\), a web browser, and a Flash media player are required. One program sometimes displays the trade marks or trade names of the others. For example, a web browser is a program that enables a user to access a number of websites and may occasionally show a trade mark or a trade name on the browser as well. A video that broadcasts live on the Internet may also show traditional trade marks, such as when RealPlayer shows the name of an artist. In addition, peer-to-peer (P2P) programs such as iTunes, Napster or Kazaa create an

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\(^{149}\) JavaScript is a high level language especially for the computer.

\(^{150}\) Active X is a software component developed by Microsoft to enable inter-process communication between computers and dynamic object creation in any programming language.
avenue of communication between computers using the same program throughout the world. These programs automatically share files online from one computer to another. One screen of a P2P program shows a list of songs that a user can download, and always displays artist names and album logos, which are considered trade marks. For this reason, many trade marks and trade names are randomly displayed on Internet programs.

- From right to left: *iTunes* Window – Accessing Music Store Online and *Apple QuickTime* Application: Online Music Store.

**B. Transforming words to mark via the Internet**

Many words used in relation to products or services on the Internet, such as eBay, AltaVista, Yahoo! or Netscape, have come to the brick and mortar world. Some have been registered as trade marks while some of them have already acquired a secondary meaning through their reputation in the virtual world. For example, Yahoo! is a well-
known mark from the Internet. Some words such as Amazon.com, or eBay have already been registered with the United States Patent and Trade mark Office (USPTO), and the Office of Harmonisation for the Internal Market (OHIM), for many classes of goods and services. However, software names used mainly for the Internet create reputations among users too. Examples of this include Kazaa, Window Media Player, iTunes or MSN Messenger. Some software developers register their software names as trade marks.

1. Domain names that become trade marks

Domain names are groups of words that are used widely on the Internet. Many of them become well known among Internet users for the services they provide. Since there is no abstract system for preventing an abuse of domain names, an owner protects his domain name via the trade mark registration system. Registration is carried out by trade mark offices throughout the world. For instance, Amazon.com has been registered as a trade mark in many jurisdictions, including the US and the EU. However, a second top level domain name (sTLD) is more frequently recognised than the whole domain name. As a consequence, many sTLDs have been registered as trade marks. In addition, registering domain names as trade marks requires the same formalities as ordinary trade mark registration. The sTLD must either be distinctive or have acquired a secondary

meaning. Additionally, sTLDs can be registered for any classification, just like a trade mark, but mostly they will be registered for the class of “an electronic site accessed through computer networks”.152

- From right to left, domain names that have been registered for trade marks with the USPTO: match.com, amazon.com, google, hotmail, Yahoo!, bbc.co.uk home, and DatingDirect.com.

a. Brands on the Internet

Sometimes, there are brands or services available only on the Internet such as E-Greetings or Internet Dating. Their services are well-known enough to acquire a secondary meaning beyond the descriptive nature of the words. Their owners therefore try to protect these words from infringement by registering them as trade marks. For example, both E-Greeting and Internet Dating have been registered with the USPTO. As such, their owners rely on the protection of the registered trade mark system. On the other hand, if the owners do not register the words as trade marks they may find it difficult to protect such words, as they are generic and descriptive.


i. Internet software

There is a large amount of software that has been developed for the Internet. Some of which is well known among Internet users, such as MSN or Yahoo Messenger, Napster

152 From http://www.uspto.gov
Music, iTunes by Apple, Norton Anti Spyware, Quick Time Player and WinAmp Media Player. Software also has its own trade mark, both in picture and in word form. Some software, especially Messenger program, is designed for communication over the Internet, while other software may automatically updates itself whenever the user’s computers is connected to the Internet. During such uses there will be repeated displays of their respective logos. After being used for a while, the names and the logos associated with such software becomes known to the public. Therefore, many software developers register their logos or names as traditional trade or service marks.

- From right to left: Logos of WinAmp Media Player, iTunes, MSN Messenger, Quick Time Player, Yahoo Messenger, Window Media Player, Real Player, Napster, Java, Internet Explorer, Macromedia Flash, Norton Anti Virus, and Microsoft Outlook.

III Trade mark problems on the Internet

As trade marks and similar terms began appearing on the Internet, the problems associated with trade mark rights began to gradually present themselves. In the early days of the Internet, disputes often stemmed from the similarity between a domain name
and trade mark. Later, conflicts erupted over domain names and other programs, including websites on the Internet, with terms such as personal names and geographical identifications. Finally, confusion was all over the Internet.

The primary problems can be summarised as follows:

Firstly, trade marks are distinctive signs used to identify one product from another. However, they may be easily associated with domain names, which are computer programs producing a human-interface address on the Internet. An association may arise where trade marks and domain names bear some similarity or have the same origin. Other factors, such as the increase in the number of top level domain names (TLD), the fact that domain names must have only one registrant at a time, and the value of particular domain names in a market, increase the likelihood of disputes and expand the number of possible categories of in which these disputes may fall; such categories include cybersquatting,\textsuperscript{153} reverse domain name hijacking,\textsuperscript{154} and domain name auctioning.\textsuperscript{155}

Secondly, as previously mentioned, trade marks and similar terms can be presented on the Internet in metatags, adware, pop-up advertisements, banner ads, etc. As a consequence, disputes between trade mark owners and the proprietors of these programs are expanding. The main cause is assumed to be the possible association of a trade mark and its representation in a particularly program. This is because such an association may create confusion in the consumer’s mind as to whether the program is presented by a particular trade mark owner found in the brick and mortar world. However, even if users are not confused they still may associate the trade mark with inferior products or services on the Internet, creating dilution of the mark.

Thirdly, a trade mark owner is the party most affected by this confusion because the association may also bring about a dilution of the trade mark, which might harm business. Consumers and Internet users are the next group who are disadvantaged because they might be diverted to another webpage or spend an enormous time trying to find the right website. For example, metatags can cause a search engine to hold

\textsuperscript{153} Cybersquatters register a series of domain names that were identical to, or similar to, existing trade marks in order to prevent trade mark owners from obtaining a domain name and ultimately oblige them to buy it from them.

\textsuperscript{154} Reverse Domain Name Hijacking means a trade mark owner who files a complaint of cybersquatting, tarnishing a domain name registrant, in order to encourage the transferring of the domain name to the trade mark owner.

\textsuperscript{155} Domain name auctioning is when a person or an entity directs the sale of domain names by means of an auction to garner the highest bidding price.
incorrect information about websites, which finally results as a list of non-related websites and keywords. In this section, all problems regarding marks and terms displayed on the Internet are categorised and described.

**A. The classic trade mark infringement problem**

Traditional trade marks always have protection against trade mark infringement from trade mark laws, which is the first line of defense that trade mark owners rely on. Classic trade mark infringements are categorised into two types: confusion and dilution. Both are normally found in any one trade mark dispute. A classic trade mark infringement case can be resolved under national trade mark laws; however, since trade marks are presented in many forms on the Internet, classic trade mark confusion has adapted to address new kind of confusion, known as the initial interest confusion. Initial interest confusion is emerging from the pattern of use of domain names and metatag.\(^{156}\) Nevertheless, it can also be found in cases concerning other representations of trade marks, such as those involving banner ads and pop-up advertisements.\(^{157}\) Accordingly, a classic trade mark infringement by dilution can be found on the Internet in different forms. When addressing a case, courts look for the presence of different factors depending on the law and circumstances of each case.

**1. Initial Interest Confusion**

Initial interest confusion is a type of confusion that occurs prior to a sale. Internet users may confuse the origin of a domain name and that of a trade mark from their first impressions of their appearances; this is despite the fact that after logging onto a website the confusion is diminished. The US court in *Brookfield v. West Coast* introduced the doctrine in 1998.\(^{158}\) The court held that the use of another’s trade mark as a domain name could create initial interest confusion to Internet users, which might be trade mark infringement. Shortly thereafter, in *peta.org*,\(^ {159}\) where the court and the defendant both agreed that there was a likelihood of confusion between the plaintiff’s trade mark and the defendant’s website, the fact that the website had links to many commercial websites led the court to hold that the defendant’s website constituted a use

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\(^{156}\) See *Brookfield Communications Inc., v. West Coast Entertainment Corp.*

\(^{157}\) For example, see *Playboy Enterprises, Inc. v. Netscape Comm. Corp.*

\(^{158}\) *Brookfield Communications Inc., v. West Coast Entertainment Corp.*

\(^{159}\) Nos. 00-1918(L) (CA-99-1336-A) *People for the Ethical Treatment of Animals v. Michael T. Doughney* 263 F.3d 359 (4th Cir. 2001) (United States Court of Appeals for the Fourth Circuit)
in commerce of the plaintiff’s trade mark in relation to goods or services. Thus, the use was trade mark infringement.

Although this doctrine was widely used at the beginning of the “.com” boom, many later decisions in the US did not follow it because judges thought the doctrine more applicable to cases where products or services were competing.\textsuperscript{160} In cases where trade marks appeared in domain names, in whole or in part, but the websites did not relate to products or services in competition with those represented by the trade mark courts agreed that it was too early to conclude there was trade mark infringement. As a consequence, this opened an opportunity for courts to consider other factors, such as the intent of the defendant, since these requirements could be interpreted more broadly.

\section*{2. Dilution}

The traditional law of trade mark infringement by dilution in the UK is in Section 10(3) of the Trade Mark Act 1994 (TMA). The Act provides that \textit{“infringement of a registered trade mark by dilution occurs when a sign that is identical with or similar to a registered trade mark is used in relation to goods or services, where the trade mark has a reputation in UK, and such use of a sign takes unfair advantage of or is detrimental to the distinctive character or the repute of the mark.”} Similarly, under US law, Section 1125(c) of the Lanham Act also provides trade mark owners with rights and remedies for trade mark infringement by dilution where the particular mark is famous and is affected by the dilution of the distinctive quality of the mark.

Dilution on the Internet is similar to that in the brick and mortar world. Both affect the distinctive characteristics of trade marks in two ways: blurring and tarnishment. However, the dilution of trade marks on the Internet can occur in many ways, the most common being to link domain names with pornographic websites. In these cases, Internet users know that there is no connection between the trade mark owner and the diluting website, but the sight of pornography reminds consumers about the trade mark in the future, blurring the mark’s distinctiveness or tarnishing any goodwill. In addition, another way a trade mark may be diluted is to add vulgar words a trade mark and then register them as domain name – so-called “gripe sites”. This does not confuse consumers about a domain name’s origin, but gradually whittles away at a mark’s uniqueness and causing consumers to link it with inferior ideas. Accordingly, the very

decisions of the owners of such domain name demonstrates that frequent use of domain names can dilute trade marks, regardless of whether the domain name is referring to a site that is “under-construction”.161

B. Infringements of trade marks on the Internet

The increased display of trade marks on the Internet gradually brings conflict with those traditionally found in the world of bricks and mortar. These conflicts have given rise to new forms of trade mark infringement. Such disputes are first brought to national courts. To be precise, it was the courts of the United States which first acknowledged these new trade mark problems. However, since then, they have spread to nearly every jurisdiction in the world. These conflicts require effective and immediate solutions. In order to manage such problems effectively, they must be studied and categorized if such solutions are going to be found.

In this section, the problems arising from trade marks on the Internet will be classified. The main category concerns conflicting trade marks and domain names. Subsequently, conflicts between trade marks and other programs, such as metatags and banner ads, will be discussed.

1. Domain name problems

As technology has rapidly advanced, problems concerning the registration of domain names that are similar to trade marks, or other terms, have increased. An increased number of trade marks, and similar terms, as well as the unlimited availability of digital addresses, namely domain names, and accompanying rule of first come, first served, have all contributed to a proliferation in disputes.

A domain name is comprised of a group of words separated by dots. In each group, the words may be trade marks, trade names, personal names, or any combination of these terms. When such words are present in domain names, at some point, the domain name creates confusion with the origin of the word therein. The assumption that they come from the same origin not only encourages trade mark owners to register domain names that are similar to their trade marks, but also encourages other people to register domain names that reflect famous trade marks or terms for the purpose of attracting Internet

161 See Intermatic Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996), and Panavision Int’l v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).
users to their site for financial gain. This is despite the fact the websites of the latter are not related to the trade marks. Nonetheless, the aforementioned problem is only a part of the larger trade mark-domain name conflict. Various problems exist, such as cybersquatting, typosquatting, reverse domain name hijacking, domain name trading and internationalised domain names.

a. Cybersquatting

Cybersquatting is the act of registering a well-known trade mark as a domain name for the purpose of acquiring a financial benefit. It became a widespread problem on the Internet, from 1998 onwards. This is because, (1) there has not yet been an effective policy controlling the use of trade marks as domain names; (2) there is no restriction on numbers of domain names permitted to be registered by a single person; (3) the first-come-first-served rule; and (4) a rapid increase in the number of domain name registrations in recent years. Accordingly, as time passed, cybersquatters have developed their strategies too. The strategies are divided into old patterns and new forms.

i. Old Pattern

The old pattern of cybersquatting was the act of registering domain names that are identical with or similar to trade marks, or any other well-known terms, solely for acquiring profit by their sale at an extortionate price, or for another malicious purpose. Another purpose might be to register the domain name to prevent others from using it – as in the case of business competitors. The registration of domain names has also become a business strategy whereby a competitor can use a domain names to malign a trade mark; for instance, by making a complaint or parody website to dilute the reputation of one’s competitor’s trade mark. In addition, domain names can also be registered to divert or attract Internet users to a website that earns money simply from the number of people who access the site.

ii. New form

A modern type of cybersquatter uses a grace-period loophole for registration of domain names, constituting an abuse of the system.\(^{162}\) Due to a fear that they might be litigated under a cybersquatting offence, modern cybersquatters do not immediately register

\(^{162}\) Lowells and Com Laude Domain Name Summer Summit, Lowells building, High Holbohn, London (20/7/2006).
domain names in lots. According to a grace period for domain name registration, domain name registrants have five days before paying the fee for registering domain names.\(^{163}\) The domain names are evaluated by the cybersquatter during the grace period as to whether they can sufficiently attract Internet users trying to access the corresponding websites. Those domain names having high accessed rates will be paid for at the end of grace period and registered as websites having pay-per-click advertisements. If the rates are low, the domain names will not be registered. Otherwise, domain names with sufficiently high access rates will be offered to trademark owners, or other interested parties, accompanied by evidence of user access rates.

Thus, cybersquatters can still reserve a series of domain names that are able to be confused with trade marks at a very low price, like the old cybersquatting pattern, but with added ability of avoiding the cybersquatting claim. Many of these websites are designed as search engines or web pages, having many links to a number of websites. For example, \textit{kellog.com}\(^{164}\) is a website that has many links to websites that are unrelated to the breakfast cereal producer known as Kellogg.

\textbf{b. Typosquatting}

Cybersquatting can include the practice of typosquatting, which the act of intentionally registering a domain name that mimics what would otherwise be an accidentally mistyped domain name, in order to confuse trade marks. For example, “c0cacola.com” can be confused with “cocacola.com” by using a zero instead of an alphabet letter ‘o’. The purpose of typosquatting is to lure Internet users to a website or to divert users to other sites. Cybersquatters engaging in typosquatting by registering domain names that have the potential to be confused with well known trade marks, and other terms, as well as having the potential of being mistyped by Internet users, to lure them to their websites for pay-per-click revenue.

\textbf{c. Reverse Domain Name Hijacking}

Under the Rules for the UDRP, reverse domain name hijacking is defined as “\textit{using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name.}” It is, in other words, the opposite action of cybersquatting. The reverse


\(^{164}\) recipes' <http://www.kellog.com/> (18/8/2006)
domain name hijacker is normally a trade mark owner, or other person having rights to a term used in a domain name, but cannot register for the desired domain name because it has already been registered. The hijacker aggressively pursues the bona fide owner of the domain name although there is no evidence of confusion. The rights accompanying trade mark ownership are abused when the complaining hijacker accuses the domain name registrant of either acquiring the domain name for malicious purposes, or being a cybersquatter who acquired the domain name for the sole purpose of acquiring a benefit by transferring the domain name.

Having done that, the trade mark owner uses the domain name dispute resolution provider as a means to acquire the domain name through a legitimate decision. For example, Apple Inc. claimed for itunes.co.uk from a domain name registrant who had registered the domain name in 2003, three years before a launch of iTunes. Clearly, at the time of registration, the registrant did not know of the mark. However, the domain name registrant lost the lawsuit because he could not show a legitimate interest in the domain name. Apple proved their rights in the trade mark and eventually the domain name was transferred to Apple.\textsuperscript{165}

\textbf{d. Domain name trading}

A domain name can thought of in terms of property even though it is only a service contract lying responsibility between registrar and registrant;\textsuperscript{166} as such, it can have value and is treated as an item of intangible property, like a bond or a stock. Many persons invest in domain names by registering them at a low price and later selling them for a higher price. It is common that a generic and easy-to-remember domain name can be sold for a high return. For example, in 2001, \textit{shoppinggirl.com} sold for more than 10 million US dollars.\textsuperscript{167}

This activity has been deemed to be an acceptable, legitimate business, as evidenced by the many legal decisions that have upheld it.\textsuperscript{168} The trading of domain names does not

\textsuperscript{165} See Legal row over iTunes domain name' British Broadcast Corporation < http://news.bbc.co.uk/1/hi/technology/4387903.stm> (8/12/2008).
\textsuperscript{166} The court opined that a domain name has value subject to lien. See \textit{Umbro v. Canada, Inc., Virginia Circuit Court, Fairfax County, Overruled by Network Solutions, Inc. v. Umbro International Inc., The Supreme Court of Virginia; Dorel v. Are\textit{l}60 F. Supp. 2d. 558 (E.D. Va. 1999), wherein the District Court examined the issue of defining a domain name as a property right.
\textsuperscript{167} Martin B Schwimmer, 'Chapter 1: Domain Name and the Commercial Market',\textit{Trade Mark Law & the Internet} (International Trademark Association, New York 2001) 11.
require much investment\textsuperscript{169} and needs no physical office or employees; on the opposite, it only exists in the virtual world. However, the only difference between this kind of business and cybersquatting is that the former does not operate in bad faith for financial gain. Yet, a mere intention is very hard to prove.

e. Internationalised domain names

Internationalised domain names (IDN) are multi-lingual domain names. Their characters are composed of Roman and international characters, or purely international characters. For instance, \texttt{http://บ้านและสวน.com} is an IDN using Thai characters coordinated with Roman characters; \texttt{http://.net} is an IDN using Chinese and Roman characters. It is likely that the number of IDNs will continuously increase since ICANN has approved many IDNs and released much Unicode and script for the international characters used for domain names.

IDNs are a problem for trade marks on the Internet because they increase the opportunity to express a trade mark, or other terms, in domain names using many languages.\textsuperscript{170} There is also the possibility that trade marks from different jurisdictions will conflict on the Internet. For instance, a domain name for ICANN’s wiki page of IDN in traditional Chinese characters is \texttt{http://.}, while the same page under simplified Chinese characters domain name is \texttt{http://.}.\textsuperscript{171} If the Chinese traditional character IDN has been registered by someone in Taiwan, this IDN will conflict with the Chinese simplified character IDN registered in Mainland China.

2. Other problems

Trade marks can be expressed on the Internet in various ways. Technologies such as spyware, adware, and metatags have been used for Internet experience of users. These programs are also channels for displaying trade marks and can create conflicts with
owners of trade marks in the brick and mortar world. These problems are referred to as web abuse of trade marks.172

a. Metatag problem

Typing the right domain name address can be difficult since the memories of users are generally fallible. Users tend to randomly match trade marks with TLD for domain names and the match is not always right. Internet users, therefore, use a search engine to help find the exact location of domain names. However, there is no guarantee that the websites provided by a search engines will definitely associate with the entry terms; this is because the metatags used by search engines can be created without any rules or restrictions. Trade marks, trade names, or service marks are used as metatags to attract hits by users, normally without any authorization from the mark owners. The use of trade marks or other recognisable terms, as metatags, may be for: (1) the financial gain attributable to advertising revenues that are earned through the counting of the number of users accessing the website; and (2) a business motive to rank the website at the top of result pages, which then make the site more easily accessible to users.

Metatags infringe trade mark rights if they are used without an authorisation from the mark’s owner.173 It constitutes unfair competition as a “free riding” of the third party on the reputation of the mark. This can also create the potential for consumer confusion as to whether the words used as entry terms and the websites shown on result pages share the same owner. Gradually, invisible metatags have become one of the most difficult issues concerning the violation of trade mark rights on the Internet.174

Disputes involving metatags are normally filed in conjunction with other trade mark-domain name claims. The most common claim is that the defendant is using a competitor’s trade mark in both a domain name and a metatags with the hope of distracting Internet users to the defendant’s websites. One of the first metatag cases in the US was Playboy v. Calvin.175 In that case the defendant registered the domain names playbooyxxx.com and playmatelive.com using the plaintiff’s registered trade marks in the

173 The US Code Title 15, Chapter 22, Subchapter III, Section 1114 (1).
175 Playboy Enterprise, Inc. v. Calvin Designer Label Federal SupplementsUnited States District Court, Northern District of California
invisible background of websites and as metatags. The court found that the plaintiff had provided sufficient evidence that:

a) Using in any manner the PLAYMATE or PLAYBOY trade marks, and any other term or terms likely to cause confusion...; b) using in any manner the PLAYMATE or PLAYBOY trade marks in connection with the Defendants' goods or services... is likely to create the erroneous belief that said goods or services are authorized by, sponsored by, licensed by or are in some way associated with [the plaintiff]; c) disseminating, using or distributing any Web site pages, advertising or Internet code words or titles, or any other promotional materials whose appearance so resembles the Web site pages or trade marks used by [the plaintiff], so as to create a likelihood of confusion, mistake or deception; d) otherwise engaging in any other acts or conduct which would cause consumers to erroneously believe that Defendants' goods or services are somehow sponsored by, authorized by, licensed by, or in any other way associated with [the plaintiff].

For the above reasons, the court found for the plaintiff on the claims of trade mark infringement, unfair competition, and dilution, and therefore granted a preliminary injunction against the defendant.

The use of metatags can also infringe trade marks when applying the doctrine of initial interest confusion, in the case where Internet users are being diverted to another website. In the infamous case of *Brookfield Communications*, the court granted an injunction in favour of the plaintiff because the use of the plaintiff’s “moviebuff” trade mark as a domain name and metatag gave the defendant improper benefits flowing from the plaintiff’s goodwill. Such use of metatags also created initial interest confusion because Internet users were unintentionally diverted, via a search engine, to the defendant’s websites. However, there was no confusion as to the source of websites since users could distinguish the patron of websites. The court also provided an interesting analogy to the use of metatags:

*Using another's trade mark in one's metatags is much like posting a sign with another's trade mark in front of one's store. Suppose West Coast's competitor [Blockbuster Video] puts up a billboard on a highway reading -- "West Coast

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176 ibid, 1219  
177 *Brookfield Communications Inc., v. West Coast Entertainment Corp.*
Video: 2 miles ahead at Exit 7" -- where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.178

On the contrary, there have also been court decisions holding that the use of metatags does not constitute trade mark infringement. In Playboy v. Terri Welles,179 the defendant used the plaintiff’s trade marks on her website and also as metatags. Nevertheless, the court held that the use of the metatags were for the provision of precise information about the website. The defendant, who was once a playmate-of-the-year, had used the plaintiff’s trade mark in good faith and only to index the content of her website. It was not an infringement because it referred to her identity and it was a legitimate editorial use. This decision has been followed many times in the US in instances where the use of metatags was only for reference and there were insufficient evidence to establish the bad faith use of trade marks.180

Furthermore, the use of trade marks as metatags can constitute an act of passing off because the invisibility of metatags may lead to the misrepresentation of a trade mark. Also, the intent to attract hits by search engine can be trade mark infringement, according to the decision of Judge Pumfrey in Reed Executive v. Reed Business.181 In that case, the claimant owned the registered trade mark “Reed” for an employment agency service. The defendant used the word “Reed” in relation to a similar business –

178 Ibid, 1064.
179 Playboy v. Terri Welles, United States Southern District of California.
181 Llewelyn Kitchin, Mellor Et. Al., Kerly’s Law of Trade Marks and Trade Names (14 edn, Sweet & Maxwell, London 2005) 737; See also Reed Executive Plc v Reed Business Information Ltd (No.2) [2005] FSR 3 The Court of Appeal.
as a part of the name, logo, and in the website source code as a metatag to attract more visitors. Judge Pumfrey for the High Court held that “the use of a mark in the course of a trade was a concept of infringement which was wide enough to cover even an ‘invisible’ use of a registered trade mark as a metatag, since that invisible use becomes visible once it is translated into a search result which appears on a user’s browser.”

b. Keywords

Besides metatags, keywords for search engine have become another new challenge for trade mark owners. Keywords generally work similar to metatags. A website owner can buy a group of keywords from search engine providers such as Yahoo or Google. Every time one or more of the purchased search terms are typed by an Internet user into the search engine the website of the purchased search term will be displayed alongside the search result as a sponsored link. This will cause some users click on the sponsored links rather than visiting the website that they had originally intended to visit. The keywords sold by Google are called the Adword program. The Adword program was held to be trade mark infringement by a French court in 2005 because the sale of search terms, which included trade mark “Louis Vitton”, was without authorisation of the trade mark owners. However, Google appealed and the case is now awaiting the decision of the European Court of Justice (ECJ). In contrast, Google won two adword cases in the US and one case in the UK. Generally, the courts’ reasoning was that the use was not the use of a trade mark in the sense of trade mark infringement.

c. Linking problem

Links are parts of website content and are sometimes called hyper-links. HTML codes are written to link websites together. Normally, linked texts are in underline formats or of a different colour than the rest of the text in a website’s content. These links transport

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183 Ibid, at 438. However, there was a recent decision in the Court of Appeal that neither a banner nor a metatag in this case could constitute a trade mark infringement. For the first reason, a banner in this case does not contain any sign or logo of Reed Executive, and for the second reason, the metatag as an invisible use, cannot function as a trade mark or create any confusion to the consumer regarding the origin of the metatag.
users to the same or other homepages in one click. It is customary on the Internet that
the destination websites do not normally officially approve of the link, since it
facilitates the free transmission of information.186 Problems relating to hyper-links
mostly result from a deep link, which is able to transfer users to a particular page of the
destination website without accessing its first page. As a consequence, users may lose
their interest in the first website if a new website is more attractive. This is also one of
the problems for trademark owners because they may lose prospective customers after
the customers are transferred to other websites and never return.

There is some discussion of limiting the numbers of links in each website in order to
minimise this problem;187 however, since endless linking is a feature of the Internet,
there is still no standard that controls the quality and quantity of links. There have been
some cases concerning linking and trademark infringement. In Jeri-Jo Knitwear v.
Club Italia,188 the defendant was an Italian company that had the concurrent trademark
“energie” with the plaintiff, a US-based company. They both ran businesses involving
clothes. The defendant operated three websites, two of which were in the US. The US
websites did not show clothing collections but contained links to an Italian website
which held the apparel collection. The defendant’s trademark was advertised in search
engines in the US. The plaintiff, therefore, requested a preliminary injunction
prohibiting the defendant from making links to its Italian website and from the websites
being provided by search engines. The former request was successful but the latter was
rejected. The judge rendered his supported opinion as follows:

Defendants . . . do have world-wide rights in the mark outside the United States. Accordingly, while I
direct the defendants to immediately de-link its [Italian] site from its [US] sites, I do not conclude
defendants should be required to delist its [Italian] site from various search engines because I do not
believe an adequate evidentiary foundation has been laid to require such broad relief where even
plaintiff concedes 100% perfection is not possible, and, I repeat, defendants may legitimately
advertise their mark over much of the rest of the globe, and there is no showing of damage to plaintiff
from the failure to act with more dispatch. Plaintiffs did observe at oral argument that perfection is
not possible, the Internet being what it is.189

There was also a deep-link case at Ticketmaster.com.190 Here, Ticketmaster was the
plaintiff complaining against Microsoft’s Seattle Sidewalk website which had made

186 Making links without permission was found to be fair use under the Lanham Act.
187 Cristal, 'Web Abuse' 332.
189 Ibid, at 459.
190 Ticketmaster v. Microsoft, United States District Court for the Central District of California, Civil Action.
deep links into its website without authorisation and had misappropriated its trade mark. The defendant had a website which provided information about the city of Seattle, including a page serving for theatrical bookings. In this page it had a deep link to a ticket booking page on the Ticketmaster website, which did not require users to access the first page and read the conditions before purchasing tickets. The fact that Ticketmaster gained certain advantages from users entering its website, page by page, to observe and build interest in other events was also affected by the deep-links from the Microsoft website. It may also have violated Ticketmaster’s trade mark by presenting the trade mark and offering services on the Microsoft website, thus creating a false designation as to the origin of the mark. Nevertheless, the case was settled in 1999 by the confidential agreement of the parties. As a consequence, there is no definitive precedent for deciding this kind of dispute.

d. Pop-up and pop-under advertisement problems

Pop-up advertisements can coordinate with adware, which inhibits a user’s computer and delivers pop-up advertisements associated with websites that the user visits. Problems regarding trade mark rights are present across the Internet because of this pop-up technology. Firstly, showing a trade mark without permission in a pop-up advertisement is a use of trade marks in commerce without due course. Secondly, to show pop-up advertisements containing trade marks on websites can create confusion as to whether the mark has the same origin as the website. Thirdly, the most harmful feature of a pop-up is that it distracts Internet users from one site to another, which may constitute unfair competition. Business competitors use this third feature with trade marks to create comparative advertisements on a website which has competing goods or services.

Although there are many pop-up blockers offered free of charge, previous disputes demonstrate that pop-up advertisements are a danger to trade marks on the Internet, and to online commerce. WhenU.com\textsuperscript{191} was a company with services that distributed pop-up advertisements with associations to the websites that users were visiting. WhenU.com was sued by three different companies at different times for inter alia, trade mark infringement. It was found that WhenU.com’s related advertisement distracted Internet users from the plaintiffs’ websites. However, in the case of Wells

Fargo, the court found that the plaintiff’s offered evidence was not sufficient to support a finding that WhenU.com used the trade marks in commerce to create confusion. Similarly, the Court of Appeal, in the 1-800 Contacts case, dismissed the complaint for similar reasons.

IV Current solutions to Internet trade mark problems

As stated above, the problems associated with trade mark use on the Internet have correspondingly increased as technology has advanced. The problems first presented in the US because it was the origin of the Internet; and the first among them were domain name-trade mark disputes. The use of trade marks as metatags came second but was closely followed by other problems, such as links and adware. When these problems first became troublesome, trade mark owners frequently looked for remedies under US law and the trade mark infringement provisions of the Lanham act to resolve them.

After President Clinton began promoting international participation in the Internet in 1997, the Internet became widely used throughout the world; however, the problems with its misuse have also spread throughout the world. The Internet Corporation of Assigned Names and Numbers (ICANN) asked the World Intellectual Property Organization (WIPO) to develop recommendations on, inter alia, a uniform approach to solving trade mark-domain name disputes regarding cyber piracy. As a consequence, the first international provision on trade mark disputes on the Internet was released as the Uniform Dispute Resolution Policy (UDRP). The UDRP has a major role in solving trans-border trade mark disputes on the Internet.

This part of the chapter will introduce some information about national provisions for trade mark protection in the UK and US, and international provisions for the protection, namely the UDRP, the Paris Union and WIPO Joint Recommendation Concerning Provisions on the Protection of Well-known Marks 1999, the Paris Union and WIPO Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs on the Internet 2001, the Paris Convention, and the Directive No. 874/2004. More discussion with critical comments and analysis on the

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193 1-800 Contacts, Inc. v. WhenU.com.
194 the Lanham Act 1125 US code 15.
Directive No. 874/2004, as well as the US and UK national law, for the purpose of offering suggestions for amending the UDRP is found in chapters 3, 4, and 5 respectively.

A. National provisions for the protection of trade marks used on the Internet

National laws play an important role in traditional trade mark protection and are applied to trade marks in the jurisdictions in which they have been registered or have been used. Likewise, although there is no jurisdiction encompassing the Internet, when disputes regarding trade marks appear, national trade mark laws are still heavily relied upon by trade mark owners. These laws vary according to jurisdiction, circumstances, and the authority responsible. For example, in civil law countries such as France trade marks on the Internet are principally protected by a code of laws. However, in common law countries such as the US and UK protections are found in both legislation and judicial decisions. However, although the legal system of the US is, on one level, an amalgamation of the common law of each and every state the US is a federal country in which each state’s own law cannot conflict with federal law, which is supreme. This part will introduce only the US Federal Laws that relate to the problems associated with trade marks on the Internet. On the other hand, since the European Union has come into existence, the UK has had to adopt policies concerning trade marks in order to comply with EC Directives and Regulations, resulting in increased legislation. The next section considers the national provisions used in the US and the UK regarding problems with trade marks on the Internet.

1. United States Law

Since Internet technology was created in the US, problems regarding trade marks on the Internet have long been present there. Both federal and state laws have been developed to be effectively deal with Internet disputes. The provisions regarding trade marks on the Internet in the US have even advanced to the point where there are *sui generis* laws in this area, such as the Anti-cybersquatting Consumer Protection Act (ACPA). District courts may use state laws or case law to decide a case, while federal law is only required when state laws are either not applicable to the case or where other necessities dictate. For disputes involving trade marks on the Internet, the federal Lanham Act and the law of unfair competition are used most.
a. The Lanham Act 1946

The Lanham Act is title 15, chapter 22, of the US Code. It was passed in 1946 and is still in use today. The Act was drafted very broadly. Consequently, its provisions have extended to include the doctrine of dilution and also to relate to the use of trade marks on the Internet. Many court decisions have applied the Act to disputes involving trade marks on the Internet where the issues presented involve initial interest confusion and dilution. Section 32 of the Act is concerned with remedies and infringements. It outlines the requirements for the claim of trade mark infringement regarding confusion. Many US courts also adjudicate cases involving trade marks on the Internet based on this section. Moreover, this section contains provisions specifically applicable to the registration of domain names, including, inter alia, a provision for the situation when a domain name registrar or registry fails to comply with a court order. The domain name registrant’s rights are also acknowledged.\(^{196}\) As a result, a domain name receives two protections from the Act: (1) a provision for a trade mark infringement and (2) an imposed duty on the domain name registration authority.

Section 43 protects trade marks from dilution as an unfair competition method. It forbids a false designation of origin and a false or misleading description of fact which is used in commerce and that may cause dilution to the distinctive character of trade marks.

b. The Anticybersquatting Consumer Protection Act of 1999 (ACPA)

The ACPA\(^{197}\) is issued under the broad provisions of the Lanham Act for solving cybersquatting problems. It was enacted at approximately the same time as the UDRP, after President Clinton requested recommendations from WIPO.\(^{198}\) It is a federal law that aims to protect the rights of trade mark owners who have been harmed by cybersquatters.\(^{199}\) The Act also provides a plaintiff the right to damages caused by online confusion resulting from trade mark-domain name problems. Section (d)(1)(A) prohibits: (1) actions by domain name registrants in bad faith to profit from a trade mark

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196 Section 1114(2)(D)(v).
198 ICANN and the UDRP.
199 Abby R. Michaels, 'Domain Name Disputes: Deciding What Law to Apply'Entertainment Law Review.
or a personal name; (2) the registration, use, or trading of a domain name that is identical with, or confusingly similar to, a mark for the purpose of financial interest or to dilute a well known mark.

Moreover, it is emphasised in Section 1125 (d)(2)(A) that a trade mark or service mark owner has rights according to the ACPA. This section provides a trade mark owner with a civil remedy against cybersquatters. The rightful owner of a trade mark or personal name can bring actions against anyone who has acted with the malicious intent to profit from the registration of a domain name that is identical with, or confusingly similar to the trade mark or personal name. However, since the ACPA grants many rights to trade mark owners, it is perceived as a tool of trade mark owners used to acquire the domain names of registrants.

c. The Trade mark Dilution Revision Act of 2005

In 2005, the US Congress passed the Trade Mark Dilution Revision Act of 2005. The Act was passed after the decision of the Supreme Court in the *Victoria's Secret* case. The major difference between the current Act and the Federal Trademark Dilution Act (FTDA) is that the former is concerned less with competition or the actual economic injury of claimants but concern more about the association in mind of customers. An such, allegation for dilution can easily be proven since only the association is required without the need to prove of economic injury. The Act also provides a clear definition of blurring and tarnishing, which the FTDA does not. For instance, “dilution by blurring” is “an association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark”. Moreover, Section 2(2)(c) gives a definition of “dilution by tarnishment” as “an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark”. Nevertheless, the Act has only recently been passed. Therefore, no major case has yet been decided under it.

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200 Nominet, 'nominet Dispute Resolution Service Procedure'.
204 Ibid.
d. The US Unfair Competition Law

The US Unfair Competition Law emerged from a common law doctrine. Both state and federal organs of law have provisions concerning unfair competition. The law is in Section 43 of the Lanham Act. This section forbids the misrepresentation and false description of goods or services bearing marks that cause confusion. It also prohibits any act that is not fair and just, such as the importation of forbidden marks or the unfair use of advertisements.

This law also applies to the infringement of trade marks on the Internet, including infringements by domain names and metatags. Many cases regarding confusion, likelihood of confusion, and initial interest confusion are integrated into the provisions of this law, such as in WhenU.com and Victoria’s Secret. The Act aims to protect an honest business trader from any unfair business practice in the US.

There are also unfair competition laws in every state of the US. For example, the states of Colorado, Delaware, and Georgia have adopted versions of the Uniform Trade Practices Act of 1964 (1966 Revision) in order to address unfair trade practices.

2. United Kingdom provisions

As mentioned, the UK is a common law country wherein later courts generally follow the decisions made by previous courts, when faced with similar facts. However, the UK occasionally enacts legislation such as the Trade mark Act 1994, and must also adopt the provisions of EC Directives and Regulations to harmonise its national trade mark legislation harmonise with the Directive. The UK’s problems involving trade marks on the Internet are mainly solved by the provisions of the Trade mark Act 1994 and the common law doctrine of passing off and unfair competition.

a. The Trade Mark Act 1994

The TMA is harmonised with the EC Directive No. 40/94 on Community trade marks. Although a principle of this act is to protect registered trade marks, it also acknowledges that non-registered trade marks may receive protection from the doctrine of passing off.

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205 Section 43 of the Lanham Act.
207 The European Trade Mark Harmonization Regulation on the Community Trade Mark Council Regulation 40/94.
Section 2 implies the protection of non-registered trade marks under the passing off doctrine while Section 9 confirms the exclusive rights of registered trade marks owners. Registered trade marks used on the Internet are also protected by this section, as an in rem right.

Section 10 of the Act provides four different forms of trade mark infringement. Section 5(3) protects trade marks from dilution by prohibiting the registration of any sign that is identical with, or similar to, a registered trade mark that has a reputation. Infringements of registered trade marks on the Internet are considered under the same criteria as those in the brick and mortar world. A failure to follow Section 10 of the Act infringes on a UK registered trade mark. The mark owners can file a complaint with the national courts and if the case involves an interpretation of European law, the national courts refer the case to the ECJ.

b. The Doctrine of passing off and unfair competition

To pass off trade marks or goods of others under the marks of one’s own, or vice versa, is unfair competition, which is prohibited by the doctrine of passing off under UK law. The doctrine of unfair competition and passing off can be found in many judicial decisions. In Jif Lemon, Lord Oliver gave a classic trinity doctrine to establish a passing off action. Firstly, it must be established that there is goodwill or a reputation attaching to goods or services under a trade mark. Secondly, it must be shown that a misrepresentation to the public has been made, suggesting the goods or services of one’s own are the goods or services of the trade mark owner. Thirdly, the mark’s owner must have been damaged by that act. The doctrine was restated another way in the remarkable case of Advocaat, decided by Lord Diplock and Lord Fraser. In that case the judges held the criteria for passing off to be: (1) a misrepresentation; (2) made by a trader in the course of trade; (3) to prospective customers of his, or ultimate consumers of goods or services supplied by him; (4) which injures the business or goodwill of another; and (5) which causes actual damage to a business or goodwill of a trader.

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209 Reckitt and Colman Products Ltd v Borden Inc and others All ER.
210 Spalding v. Gamage RPC.
211 Ibid; David Llewelyn David Kitchin Qc, Et Al., Kerly’s law of Trade Marks and Trade Names (14 edn, Thomson Sweet & Maxwell,), p. 432.
The doctrine of passing off has already been used in connection with trade marks on the Internet. In *One in A Million*,\(^{212}\) the defendant registered many well-known trade marks as domain names and attempted to sell them to the trade mark owners. The Court, referring to the doctrine as stated in *Advocaat* concluded that a domain name could be “an instrument of fraud” and injunctions were ultimately granted in favour of the plaintiffs. In Lord Justice Aldous’s view, “the domain names were registered to take advantage of the distinctive character and reputation of the marks. That is unfair and detrimental.”\(^{213}\)

Unfair business methods on the Internet include intrusive advertisements using adware, and even the use of a metatag to direct Internet users to another website, under UK unfair competition law.\(^{214}\) In the *Road Tech* case,\(^ {215}\) the defendant, Mandata, used a registered mark of the plaintiff, Road Tech, as a metatag, as well as in other hidden texts on the defendant’s web page, in order to divert search engine traffic. Although this was the first case to deal with metatags in the UK, the court granted an injunction in favour of Road Tech. Master Bowman of the High Court of Justice opined about unfair competition in this case: “Even if no sales had been diverted, the defendant’s brand awareness would have been improved as a result of its appropriation of the rights. . . .”\(^ {216}\) Thus, the doctrine of passing off is an effective tool to deal with trade mark infringement on the Internet,

**B. International provisions for the protection of trade marks used on the Internet**

Since the US government decided to internationalise the Internet in 1997, many countries have joined this communication technology, which has resulted in the rapid growth of netizens, servers, emails, websites, etc. As the Internet has boomed, so have Internet related problems, including Internet trade mark disputes. Trade mark related problems have spread to almost every jurisdiction around the world. The most common problem is the abuse of domain names by cybersquatters. Therefore, ICANN, which is an organisation that manages DNS, requested that WIPO draft a uniform resolution to

\(^{212}\) See British Telecommunications Plc, Virgin Enterprises Ltd, J.Sainsbury Plc, Marks & Spencer Plc, Ladbroke Group Plc v. One In a Million Ltd and Others Fleet Street Reports.


\(^{216}\) Ibid, p. 975.
solve these problems quickly and inexpensively. WIPO proposed the UDRP, which was finally approved on 24th October 1999 and still in use today.

In 2001, due to a concern the concern over the abuse of trade marks and signs on the Internet, a set of provisions was released for use among member countries of the International Union for the Protection of Industrial Property (Paris Union), so called the Paris Union and WIPO Joint Recommendation Concerning Provisions on the Protection of Marks and Other Industrial Property Rights in Signs on the Internet. However, these provisions are not restricted to members of the Paris Union. Anyone who foresees the benefits of these recommendations can raise them in a dispute settlement proceeding. Accordingly, when .eu was adopted for use as a regional top-level domain name for European society, the European Commission issued public policy rules for solving disputes that may arise in the future.\(^{217}\) The Czech Arbitration Court (CAC) is the default dispute resolution provider for .eu TLDs. The registration of .eu domain names is regulated and monitored by the European Registry of Internet domain names (EURid). The regulations were drafted by examining the weaknesses of the UDRP. These regulations are an interesting provision that should not be overlooked and will be discussed more in Chapter 3 of this thesis.

This part will discuss the international provisions currently in use to solve problems arising from the use of trade marks on the Internet. In the section on the UDRP, some information concerning the WIPO Arbitration and Mediation Centre (the Centre) is provided. The next section includes the Paris Union and WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks 1999, as well as the Paris Convention for the Protection of Industrial Property 1883. These provisions are used directly to solve problems, especially those pertaining to the international use of trade marks on the Internet. Information about the Paris Convention, EURid, and the CAC will be further discussed in subsequent sections.

1. The Uniform Dispute Resolution Policy (UDRP)

A giant leap for commercial interests on the Internet occurred when the NSF and Network Solution Inc (NSI) agreed to charge for address registration. This resulted in a dramatic increase in domain name registrations, especially under .com top-level domain names, which led to problems such as domain name-land rushes, cybersquating, trade

mark-domain name conflicts. In response, ICANN adopted the UDRP pursuant to the recommendations of the World Intellectual Property Organization (WIPO).

The UDRP’s purpose was the reduction of cybersquatting and other domain name abuse. It aims to solve disputes regarding trade marks between trade mark owners and non-trade mark owners by leaving disputes about geographical indications, personal, pharmaceutical and governmental names to normal courts, since the laws governing these terms vary from jurisdiction to jurisdiction.218 The UDRP is also recognised as a quick and efficient way to resolve domain name disputes because decisions under the UDRP must be passed to courts or other higher authorities within ten days or the decision is final. As a result, disputes under UDRP are resolved in only forty-two to forty-nine.

ICANN has mandated that its accredited registrars adopt the UDRP as the official policy for domain name disputes. However, not only dispute resolution providers use the UDRP, and the Rules, but some countries also use them as model policies for their own alternative dispute resolution policies, such as the country of Malaysia.219 Currently, WIPO Centre is the largest dispute resolution provider for cross-jurisdictional claims. Trade mark owners frequently choose the Centre to be a resolution provider because, according to the records of the WIPO,220 they tend to win there more often. The Centre sees more cases regarding domain name disputes than other resolution providers, such as National Arbitration Forum (NAF), because it has been widely recognised internationally. It also renders decisions more quickly and cheaply than the courts.

The Centre opened in October 1994 as an international forum offering nine types of services, including arbitration and mediation for solving international commercial disputes involving intellectual property between private parties.221 Leading experts on international dispute settlement developed the Centre’s arbitration rules. Two important rules are, (1) the general WIPO Arbitration Rule, and (2) the WIPO Expedited Arbitration Rule; which are used in addition to the laws of agreed jurisdiction. The

Centre accepts disputes from every jurisdiction in the world and its procedures can be carried out via the Internet from a party’s chosen country, in a chosen language. Impartial and independent mediators and arbitrators are selected from a list of candidates from more than one hundred countries, who specialise in intellectual property rights.

Decisions under the UDRP are limited to disputes involving domain names to be transferred or cancelled, or the complaint will be dismissed. It cannot impose fines or custodial sentences, unlike a court judgment. However, if any party is not satisfied with the decision, the dispute can be brought to a court within the prescribed period. For the UDRP to be applicable, it prescribes that the following criteria must be met: (1) a domain name is identical with, or confusingly similar to, a trade mark or service mark; and (2) a respondent has no right to use a domain name; and (3) a domain name has been used in bad faith. When deciding whether a domain name is identical with, or similar to, the claimant’s trade mark, the panel requires that the claimant produce sufficient evidence concerning its rights in the trade mark and that the respondent has no rights or legitimate interest in the domain name. As to the requirement of bad faith, Section 4(b) of the UDRP offers examples of circumstances constituting bad faith. If a claimant can meet their burden of proof, that these requirements have been satisfied, they will succeed in the dispute.

The US enacted its own law, the ACPA; just a few months after the UDRP had been adopted by ICANN. Although both provisions have similar approaches, the ACPA, being a national law applied by courts, gives plaintiffs the full ability to seek damages. National courts, being unencumbered by the time constraints mandated by the UDRP, are generally more careful and deliberative when reaching a decision. As a consequence, their decisions are generally more reasonable. There is much controversy surrounding the UDRP; such as whether it provides too much protection for a trade mark owner, or whether the bad faith provisions are overly-concerned with trade mark rights. These issues will be examined throughout the thesis, for comparison with alternative legislative approaches.

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The first part of this provision was adopted from a text of provisions by the Standing Committee on the Law of Trade marks, Industrial designs and Geographical Indications (SCT); its second part was adopted at the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO. The purpose of this provision is to protect a well-known mark from unfair use by those who have no right to do so. It is not a treaty or an international law. On the other hand, it is a provision which is recommended to member states of either the Paris Union or WIPO, or any nation, as supplemental guidelines to their national law, or as a potential provision for the protection of well-known marks.

Article 1 of the provision is self-explanatory; it contains a definition for a domain name. Article 1 (v) states: “a domain name” means an alphanumeric string that corresponds to a numerical address on the Internet.” It can be concluded from this section that a global organisation could envision that a feature of a domain name can be confusingly similar to, or endanger the distinctive character of, a well-known mark. In addition, Article 2 describes the criteria for considering a well-known mark. Nevertheless, it restricts the relevant fame of a well-known trade mark to that which exists in a member state, and the well-known feature depends on the circumstances of each case. In considering a domain name’s similarity to a well-known trade mark in a particular member state, it is also necessary to investigate the degree of knowledge of the domain name registrant. A definition of bad faith is provided in Article 3.

Article 6 is a provision designed to ensure that a domain name is not in conflict with a well-known trade mark. It provides: “A domain name shall be deemed to be in conflict with a well-known mark at least where that domain name, or an essential part thereof, constitutes a reproduction, an imitation, or a transliteration of the well-known mark, and the domain name has been registered or used in bad faith.” Thus, the bad faith provision in Article 3 must be considered together with other circumstances, such as the degree of similarity between a domain name and a well-known trade mark. Many cases refer to this recommendation; for example, this provision has been referenced in a UK
trade mark application decision,\textsuperscript{223} a decision of the Supreme Court of Korea,\textsuperscript{224} and by the WIPO Arbitration and Mediation Centre.\textsuperscript{225}


This provision includes a text adopted by SCT, at its sixth session, and by a joint session of the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO, at the thirty-sixth series of meetings. It aims to provide unambiguous guidelines for trade mark owners who use their marks on the Internet, such as when engaging in e-commerce. The provision supplements the existing framework on laws relating to trade marks and other industrial property rights regarding signs on the Internet, and defines unfair competition in relation to the Paris Convention. Moreover, it attempts to enable “owners of conflicting rights in identical or similar signs to use these signs concurrently on the Internet. . . .”\textsuperscript{226}

As state above, this provision is neither confined to intellectual property law for the Internet, nor a treaty that a signatory would be obliged to follow. It is only a guideline for a member state for use in adopting its own legislation concerning whether a sign on the Internet infringes a right subsisting in the sign. Nonetheless, each state must recognise that this provision relates to the dynamic nature of the Internet, which challenges the territoriality of national law. In selecting a competent authority, the national or regional legal system of a member state chooses determines the suitable organisation. This competent authority, in its discretion, determines whether this provision is to be applied directly or by analogy.

\textsuperscript{223} UK Trade Mark Application No. 16003 for a declaration of invalidity in respect of International registration No. 659592 in the name of J.J. Darboven Holding AG & Co. (The provision was used to refer to criteria for a well-known mark).
\textsuperscript{224} Prefel SA v. Jae Ik Choi (This case was sent to the International Trade mark Association to assist in the issue of well-known mark registration and protection).
\textsuperscript{226} Joint Recommendation Concerning Provisions on the Protection of Marks and Other Industrial Property Rights in Signs on the Internet, Preface.
Article 1 of the provision defines general terms\textsuperscript{227} but does not offer a definition of a “sign”, nonetheless, a sign must be “\textit{a distinctive sign that can be considered in the context of determining whether an industrial property right in that sign has been acquired, maintained, or infringed, or whether such use constitutes an act of unfair competition. . . .}”\textsuperscript{228} Otherwise, a right subsisting in a non-distinctive sign cannot be protected because it cannot be acquired, maintained or infringed by any person. Article 2 contains the rule that the use of a sign on the Internet is a use “in a member state” if the use creates “a commercial effect” within that state. Therefore, it cannot be assumed that every use of a sign on the Internet is a use in a member state. Article 3 describes activities that may have commercial repercussions in a member state. Doing business, a plan to do such business, or even no plan to do any business in a member state, can create a commercial effect. For instance, hypothetical goods attached to a brand that have not yet been sold or promoted in Member State A, but which have already achieved a reputation in State A, via the Internet, will have some commercial effect.

Bad faith use of a sign on the Internet is covered by Article 4 of this provision. This requires the competent authority to consider all relevant circumstances and applicable laws in any finding of bad faith. It must be noted that the mere use of a sign on the Internet cannot be considered the infringement of a right in that sign. However, a member state is free to adopt different standards in determining bad faith. Article 8 and 9 are the exceptions to the infringement of a sign. In addition, the remedies available for those harmed by the bad faith use of a sign on the Internet vary in each member state according to the applicable law.

4. The Paris Convention for the Protection of Industrial Property 1883

The Paris Convention is a multi-regime measure for the international protection of industrial property rights. It is a treaty that many nations in the world have ratified, including the UK and the US. The result of ratification is that a union country must apply the provisions of this treaty as its national law. Article 6\textit{bis} (1) of the treaty is designed to protect well-known marks, and so requires that a “\textit{country of the union}...
undertake... to cancel the registration, and to prohibit the use, of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark... to be well-known. . . .” Furthermore, Article 6bis (3) provides that “[n]o time limit shall be fixed for requesting... the prohibition of the use of marks registered or used in bad faith. . . .” Therefore, a well-known mark will have protection in a ratifying country, including the protection of the use of the well-known mark on the Internet.

In addition, Article 10bis has a provision concerning unfair competition: “any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. . . .” Some of the uses of trade marks on the Internet are unfair, such as unsolicited email or pop-up advertisements on a competitor’s website. These activities are not merely unfair to a mark owner, but also create confusion among Internet users as a whole. Therefore, a member country that adopts the Paris Treaty must apply or enforce its national law in compliance with the treaty and its provisions. For example, the use of a mark on the Internet should be scrutinized in the same way as the use of a traditional mark under more traditional circumstances.


Building on the continuing harmonisation of law and trade among European countries, in 1999 the European Council began discussion of the possibility of a European regional top-level domain name, with the aim being to accelerate electronic commerce in Europe. The project took shape on 22 April 2002 when the European parliament and the council of the European Union adopted EC Regulation No. 733/2002, on the implementation of the .eu top-level domain,. This regulation provided a broad framework for appointing a .eu registry and at-start provisions for the .eu top-level domain name. In responding to this regulation, the European Commission assigned EURid as the sole registry for the .eu TLD in 2003. EURid is a not-for-profit organisation that was established in Belgium in April 2003, just one month before it was selected for this duty. EURid was created through a partnership of registry operators for the country code domain names of Belgium, Italy, and Sweden. The EURid principle office is located in Brussels, Belgium.

In 2004, the commission of the European communities issued EC regulation no. 874/2004 concerning public policy on the implementation and functions of the .eu TLD and principles governing registration. This regulation mandates general policies of .eu TLD registration including dispute resolution. One of the rules specifies that the registry
must select dispute resolution providers and publish a list of providers on the registry website. Therefore in 2005, the Czech Arbitration Court (CAC) was appointed to be an alternative dispute resolution provider for .eu alternative dispute resolution.

In May 2005, EURid appointed Price Waterhouse Cooper (PWC) of Belgium to validate domain name applications. There was to be a sunrise period, during which PWC would work as a filtering agent, determining the existence of any prior rights in names or marks of domain name applications, in order to prevent any mistakes that might occur due to a hurried registration. Thereafter, in December 2005, when .eu domain name registration was opened for the sunrise period, persons and authorities having prior rights to names, such as trade mark owners, registered their .eu domain names before the public registration. This lessened the possibility of cybersquatting, domain name speculation, and future trade mark-domain name disputes. Currently, .eu domain names can be registered by anyone in the EU or any business operator who has a connection with the EU. Nevertheless, it must be noted that there are still restrictions concerned with reserved and quarantined domain names, such as country names and domain names in dispute.

In detail, EC regulation 874/2004 the provisions regarding domain name dispute resolution contains certain subtleties. It could be claimed that this regulation has been designed to improve upon the UDRP in many respects. For example, it has provisions for country names, geopolitical names and geographical indications in Chapter III. Its policy concerning abusive registration, in Article 21, is broader than the UDRP, since it requires only the showing of bad faith in the registration or use of the domain name, whereas the UDRP requires a showing as to both. The first dispute over a .eu domain name was settled on 18 April 2006. It was about the attribution of the domain name pst.eu, during the sunrise period. It was claimed that EURid should not attribute the domain name to the holder unless the CAC also agreed about the attribution. Further discussion concerning the .eu domain name will be given in the Chapter 3.

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229 Article 23 (1) of EC Regulations 874/2004.
Concluding Substance

From this chapter, one’s first realisation might be that developments in many fields of technology affect trade mark rights. Internet technology has been intentionally developed to facilitate certain human wants, such as the use of email and the existence of websites; however, once commerce entered the realm of the Internet, many things changed. One of the changes was that trade marks and other terms, such as geographical indications or personal names, were used for e-commerce, in several ways; domain names and banner advertisements are good examples. Conflicts between these innovations and the use of traditional trade marks in the brick and mortar world are unavoidable and, consequently, many disputes have been brought for resolution to both national courts and international dispute resolution providers.

Although many countries and international organisations are eager to solve these problems, available provisions are somehow too rigid for the disputes. International provisions such as the UDRP have been drafted for the limited problems of cybersquatting and trade mark-domain name conflicts and there is still no provision for, *inter alia*, trade names, personal names, or geographical indications in the UDRP. These types of mistakes require correction.

The history of innovation given in this chapter, the current problems that exist, and the introduction to the corresponding solutions that are currently available, provide the basic information required to understand the remainder of this thesis.
Chapter 2

The Cases of Nominet UK Alternative Dispute
Resolution: More Nuanced Approaches

1 Introduction

As Nominet aims to keep the Dispute Resolution Service (DRS) as quick, simple, fair
and approachable as possible, the continuous improvement of the DRS policy and
procedure to suit the current state of domain name disputes is necessary.\textsuperscript{231} Version 3
of the DRS has been reviewed and commented by the public in open consultations and
by members of the Policy Advisory Body (PAB) many times since 17\textsuperscript{th} November
2006. Finally, Nominet DRS version 3 was released and came into effect on 29\textsuperscript{th} July
2008. Any dispute received on or after that date must be considered under version 3.
However, any dispute filed before that date, and is still pending, will proceed under
version 2 until the dispute is settled or a decision ordered by an independent expert.

Version 3 of the DRS has many good characteristics. The modifications adapted from
the comments and proposals of the public consultations contributed great value to both
the policy and procedure. As reviewed below, it is not an exaggeration to say that
Version 3 of the DRS is the best domain name dispute resolution policy at the moment.
Also, it is sensible and practical to suggest some characteristics of the DRS’s version 3
for adaptation to and amendment of the UDRP.

In the first part of this update to Chapter 2 the special characteristics of Version 3 of the
DRS will be discussed. There will be comparisons and analysis of versions 2 and 3, as
to why the latest version is better than the former and as to whether the UDRP should
adopt similar provisions. The second part will reiterate the suggestions for an
amendment to the UDRP. The final part consists of some concluding remarks of the
update.

\textsuperscript{231} Nominet, \textit{Nominet Dispute Resolution Service: Changes to Policy and Procedure}
(3/12/2008).
2 Special features of Nominet DRS Version 3

The special features of version 3 consist of provisions that have just been added to the DRS and did not exist in version 2. Some provisions in version 2 were removed to make the DRS more concise. Therefore, the discussion, comments, and analysis in this part will include a comparison between versions 3 and 2. In addition, there are certain changes in version 3 that improve the dispute resolution process. The procedure is obviously more accepted by the parties and easier to use. The policy is more detailed in some parts, yet more concise in others. The procedure, on the other hand, seems to have more changes than the policy. In this part, the discussion will be divided to the policy and the procedure. Each category will have sub-categories examining the improved provisions of the DRS.

A. The Policy

The policy shows principles of rules for .uk dispute resolution system. Version 3 of the DRS was introduced 27th June 2008, but took effect a month after that. The new version of the DRS policy has many interesting facets, as stated above. Some categories of the policy are changed in version 3. This part will discuss the changes made in the new version, comparing them with the previous version according to each amended categories.

1. Definition

The definitions section of version 3 is more concise than in the second version of the policy, as it abandons some terms. The terms that no longer exist in version 3 are “contract” and “ISP”. The omissions may be because those terms are redundant and they are mutually understandable. However, other noticeable changes in the definitions section include the revision of some terms. First of all, the definition of “decision” specifically includes the summary decision as one of the decisions reached by an Expert. The reason for specifically including the summary decision is that Nominet DRS has just introduced a new system where, for £200 excluding VAT, a complainant can ask for a summary decision if there is no response from a respondent. This is to make the DRS fairer to a complainant by not requiring them to pay the whole cost of £750, excluding VAT, in order to receive a decision in the face of a non-response. More details about the summary decision will be discussed in its own section.
The second definition that has been adjusted is “domain name”. The new definition of “domain name” in version 3 of the DRS includes the language “is the subject of dispute between the parties according to this policy and the procedure.”. This is just to emphasize that the domain name referred to is the subject of the dispute unlike the definition provided in the former version of the DRS. The third edited term is “expert”. Actually, the definition in version 3 is still more or less same as it was in version 2. It is only that version 3 omits the assignment of an expert according to para. 18 of the procedure, which concerns the appeals process. Version 3 of the DRS does not include an expert appointed for an appeal process because in the new version of the DRS three members of an appeal panel will be chosen from the Expert Review Group, which is a newly created group to control the quality of expert decisions. The group has just been introduced in version 3 of the DRS. More discussion on the Expert Review Group follows in its own section.

Fourthly, the definition of the term “informal mediation” is almost unchanged from the previous version except the replacement of “an acceptable resolution to the dispute” in the second version with “a resolution acceptable to both parties” in the third version of the DRS. The reason for the replacement may be that Nominet wants to make the term more understandable to everyone, not just English speaking people, and to be “acceptable to both parties” seems to be more reasonable than “to the dispute”. Fifthly, the term “respondent” in version 3 is taken out the phrase “and against whom the complainant makes a complaint” in version 2 because it is redundant. Also, the former sentence, “respondent means the person (including a legal person) in whose name or on whose behalf a domain name registered”, already defines the meaning of the term. Therefore, this shortened version of “respondent” is more concise than its definition in version 2 of the DRS. It is possible that the current definition of “respondent” follows the same definition in the UDRP.

The sixth term is “rights”, which has been totally redefined in the third version of the DRS. First of all; the definition of “rights” in version 2 included the language, “include, but are not limited to”, while version 3 abandons the phrase. As such, “rights” in version 3 are limited to only what is described in the definition. Moreover, version 3 also provides that “rights” can include “any rights enforceable by the complainant under English law or otherwise, while version 2 accepts only rights enforceable under English

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law”. Version 3 also conceives of “rights in descriptive terms which have acquired a secondary meaning” as acceptable, while version 2 does not even approve of “rights in a name or term which is wholly descriptive of the complainant’s business”. The new definition of rights shows improvement and that the DRS can be more practicable and complainant-friendly, as the range of acceptable rights are wider. However, a respondent can view the policy as biased in favour of a complainant, but this depends on whether the wider definition of rights can settle more disputes brought to the DRS. If it can, the policy can be understood as the success of the public consultations in drafting the new definition.

The definition section of version 3 is overall more concise, consistent, and superior to version 2. The attempt of Nominet to improve the DRS policy is paid off after many public consultations to bring out the best possible policies. Although the definition of terms in the UDRP is already concise and consistent, it would not be a bad idea if the UDRP were to arrange public consultations to improve the policy.

2. Dispute Resolution Service

Para. 2 – the Dispute Resolution Service of version 3 of the DRS is almost no different than version 2. A complainant still must to show that (1) it has rights in name or mark which is identical or similar to the domain name, and (2) the domain name of the respondent is an abusive registration. The complainant is still required to prove the elements to the expert on a balance of probabilities. Version 3 of the DRS only adds the term “strongly” in para. 2(c) to emphasize that Nominet strongly recommends the parties to use guidance and help information on its website.

Nominet has provided a lot of useful information on its website. It is not so surprising to know that Nominet wants the parties to benefit from the information given there. In contrast, the website of ICANN has very little useful information for the use of the UDRP. Besides, the website of the UDRP has not been updated at all since it was first published. ICANN could argue that it wants helpful information published on websites of dispute resolution providers, rather than posting them on its. Nonetheless, if ICANN does not start providing guidance and helpful information on its own official website first, how can the providers acknowledge parties of disputes in the same way?

3. Evidence of Abusive Registration
Evidence of abusive registration in version 3 of the DRS is still a non-exhaustive list, as it was in version 2, except para 3(a)(ii). The language “or threatening” is added pertaining to the situation where a respondent is using or threatening to use the domain name in a way that could mislead people to believe that the domain name is connected with a complainant. Originally, version 2 of the DRS did not have these additional words. The incorporation of “threatening” must be because several domain name registrants have threatened to use domain names in abusive way to get the attention of the trade mark owners or persons who have rights in the name. Once the attention is paid, it is likely that the owners will buy the domain names from the registrants at the offered price. Otherwise, in many cases, the threat is the cause of the dispute brought to Nominet DRS. However, the UDRP does not have a provision concerning threatening constituting bad faith circumstances, but it still copes fine with the pattern of threatening from domain name registrants without needing to specify it in its policy. The addition of “threatening” will be too details if include in an amendment of the UDRP.

4. How the Respondent may demonstrate in its response that the Domain Name is not an Abusive Registration

Para. 4 of version 3 of the DRS shows a very interesting change from version 2. Paras. 4(d) and (e) in the third version of the DRS are entirely new, with no corresponding provisions in the second version. Para. 4(d) emphasizes that trading in domain names for profit and holding a large portfolio of domain names are of themselves lawful activities, and the expert will review each case on its merits. The incorporation of the subsection simply legalizes the trading of domain names for profit as another means of doing business. This is because domain names are being bought and sold freely like other intangible property. There is nothing wrong with trading of domain names for profit, but the difficulty is as to how to determine that the trading is for a business purpose rather than an act of abusive domain name registration. This is the reason the second sentence of the subparagraph specifies that the expert will review each case on its merits. As such, the UDRP should add the provision in para. 4(c) to specifically indicate that trading on domain name is legitimate unless there are other malicious circumstances.
Secondly, there is a newly included provision in para. 4(e) of version 3 to make the sale of traffic acceptable if an expert approves. Basically, the sale of traffic is refers to, for example, connecting domain names to parking pages and earning pay-per-click revenue. The parking site is common nowadays and can be found all over the Internet. It is also another means for domain name registrants to earn revenue when Internet users access to the website unintentionally. Therefore, to specify that such activity is not objectionable under the policy is to ensure domain name registrants that their domain names are not an abusive registration, if there is any dispute arising from the use of the sale of traffic. Nonetheless, in the case where the sale-of-traffic domain names are brought to the DRS, the policy provides elements in para. 4(e)(i) – (iii) that an expert will take into his account. Those elements are (1) the nature of the domain names, (2) the nature of the advertising links on any parking site, and (3) the ultimate responsibility of a respondent for the use of the domain names. The listing of these elements is to ensure that an expert will consider the dispute on its factual background and that the decision will be fair to both parties. Accordingly, it is strongly suggested that the UDRP state the provision explicitly, as the sale of traffic becomes a new norm of the Internet. This will also eliminate criticism against the UDRP that it favours trade mark owners.

5. Appointment of Experts and Summary Decisions

The provision regarding the appointment of experts and summary decisions changes dramatically in version 3 of the DRS. Generally, the provision still describes the process of appointing an expert to resolve a dispute. Nevertheless, the new provision also incorporates the concept of a summary decision, which can be requested by a complainant in the case where there is no response from the respondent. As a consequence, the paragraph specifies how to appoint an independent expert to reach such a summary decision.

In detail, para. 7(a) explains that in case were a respondent submits a response, if the mediation fails and the fee for an arbitration are settled, an expert will be appointed for a written decision in the time specified in para. 21(d) of the procedure. In addition, para. 7(b) suggests that if by the time an expert has been appointed there is still no submission of a response by the respondent, a complainant can apply for a summary decision under para. 5(e) of the procedure.

Para. 7(c) involves the grant of a request for a summary decision by an expert. The request will be granted only when the expert is satisfied that (1) the complaint has been
sent to the respondent, (2) the complainant has shown that it has rights in a name or mark which is identical or similar to a domain name and the domain name is an abusive registration, and (3) no other factors apply which make a summary decision unconscionable under the circumstances.

A provision for a summary decision should be proposed as an amendment to the UDRP, as it is fairer to a complainant who, at the moment, has to pay the same fee for dispute resolution procedure regardless whether a response is submitted. As mentioned above, under the new version of the DRS, a complainant only has to pay £200, excluding VAT, for a summary decision when there is no response from a respondent; but, if there is a response, the whole process of the DRS, including a full decision, will be made with the fee £750, excluding VAT, paid by a complainant. The unnecessary £550 can be reduced for a complainant and that will make the DRS fairer to the complainant.

6. Appeal, repeat complaints and the availability of court proceedings

The only difference between version 3 and 2 of the DRS, regarding the appeal, is that para. 10(e) in version 3 replaces the term “its merits” in version 2 with “examining it”. Therefore, the last sentence of new para. 10(e) is read: “If the expert finds that the complaint is a resubmission of an earlier complaint he or she shall reject the complaint without examining it”. To analyse, it is not difficult to assume that Nominet does not want its experts to waste time on reading the resubmission of an earlier complaint. As such, it wants the expert to reject the complaint without needing to examine it. The new version also makes the provision clearer than version 2 because it demands a rejection, without consideration of the resubmitted complaint’s merit. Nonetheless, there is nothing new to suggest for the UDRP since there is no an appeal process in the UDRP.

7. Transfers during a dispute

The provision for the transfer during a dispute in version 3 is obviously more concise than version 2. This is because version 3 takes out para. 13(a)(i) of the second version, which prohibits the transfer of a domain name when there is a submission of a complaint in electronic form and the hard copy of the complaint is still pending. The provision has been deleted because version 3 does not require the submission of a hard copy anymore. The provision is superior because hard copy of materials is rarely used
nowadays. This will be more convenient to the parties. More discussion about the new procedure is found in the related section concerning procedure.

B. The Procedure

The procedure is a set of rules used to govern the proceedings of the DRS. Version 3 of the DRS has many changes from the past version regarding the procedure. Many interesting features have been added to the new version of the DRS. For example, the DRS does not require a complainant to submit a hard copy of the complaint anymore; and, word limits for the complaint and response have been increased to 5,000 words. Discussions about each changed category of the DRS procedure are shown below with comments and analysis.

1. The complaint

Starting with para. 3(a) of the DRS procedure version 3, there is a new sentence added at the end of the paragraph: "The procedure set out in this paragraph 3 for filing a complaint shall be subject to our e-filing procedure as set out in paragraph 24." This is to emphasize that a complaint made to the DRS shall be filed in electronic form according to the e-filing procedure in para. 24, which is a new provision and will be discussed later in its own section. The next change of the complaint provision is the deletion of a phrase, “which are the subject of the complaint” in paras. 3(b)(iii), 3(c)(iv), and 3(c)(vii) of version 2. The reason is simply because the phrase is redundant. Any person would understand that each domain name(s) is definitely a subject of the complaint without needing such emphasis. The cut of phrase makes the sub-paragraphs more concise.

One provision regarding the complaint that is completely changed is in para. 3(c). It is concerns the method of submission of a complaint. It has been mentioned in the previously that Nominet does not require that a complainant submit a complaint in hard copy anymore. Version 2 explicitly specifies that the complainant must send the complaint in hard copy and electronic form. Para. 3(c) of version 3 changes the requirement: “[T]he complainant must send the complaint to us using the online electronic forms on our web site (except to the extent not available for attachments or if other exceptional circumstances apply, in which case hard copies may be sent as an alternative).” Version 3 does not favour the submission by a complaint in a hard copy. As such, a hard copy form of a complaint becomes an alternative of submission,
although version 2 requires both hard copy and electronic form. Moreover, Nominet aids a complainant by providing a service on its website for the filing a complaint by creating an account and logging into the account and filling out the online complaint form.233

Another noticeable change of DRS version 3 is an increase in the word limit for a complaint. Version 2 strictly prohibits a complaint from exceeding 2,000 words, while version 3 allows a complainant to write up to 5,000 words, excluding text set out in para. 3(c)(ix) and annexes. The increase in word limits simply facilitates a complainant in better describing the situation and the claims. This seems to increase the burden on an expert, to read more despite his fee remaining the same.

The modified provision for the complaint in the DRS can definitely be recommended for an amendment to the UDRP. The UDRP has no problem with being concise. Nevertheless, the provision for the compulsory submission of a complaint in electronic form is an interesting recommendation for an amendment to the Rules for the UDRP, because currently every complaint under the UDRP must be submitted in both hard copy and electronic form. The submission of a complaint in only electronic form would be more convenient to a complainant under the UDRP. Also, the increase in word limits should be added to an amendment to the UDRP since the facts and claims of the dispute would be better described.

2. The response

The provision governing the response has also dramatically changed in version 3 of the DRS. Beginning with the method of submission; Nominet requires that a respondent use the service on its website to make online electronic responses. Just like a complainant, a respondent must create an account and log into the account in order to access the service. Therefore, an electronic response is compulsory, except to the extent it is not available for attachments, or in other exceptional circumstances. Also, the procedure for submission is subject to the e-filing procedures outlined in para. 24 of the procedure, which is an absolutely new provision and will be discussed below.

Version 3 of the DRS also increases the word limit for a response to 5,000 words, excluding the text set out in para. 5(c)(v) and annexes. If a respondent responds to a complaint the increase in word limits is beneficial since the respondent can explain in more detail his rights in a domain name and why the registration is not abusive. However, in case there is no response from a respondent, para. 5(e) of the new procedure allows a complainant to apply for a summary decision, after paying the fee set out in para. 21(c). If a complainant does not pay for fee within the time stipulated the complaint will be withdrawn, however a complainant still can file a new complaint. Subsequently, in case an application for a summary decision is allowed, and granted, it will result in a transfer of the domain name to the complainant and the normal procedures will apply as set out in para. 5(f), just as in any other dispute.

To analyse, Nominet greatly improves the procedure regarding the response, especially the provisions pertaining to a non-response dispute. It could be pointed out that in more than half of domain name disputes, worldwide, a respondent does not respond to a complainant. This includes disputes under Nominet DRS, WIPO, .eu ADR, and all other dispute resolution providers. The provisions for non-response complaints and summary decisions make it much easier for the complainant and an expert than it was in the previous version of the DRS. This is because a complainant can have a domain name transferred without going through the entire process and an expert does not have to write a full decision. This is the so-called win-win situation. Once a respondent chooses not to respond, he runs the risk of losing his domain name without first defending himself. As a consequence, the provisions for the non-response complaint, summary decision, and increase of word limits are strongly recommended for incorporation into an amendment to the UDRP.

3. The Complainant’s Reply

Nominet has a characteristic that is different from the UDRP in that it provides that a complainant may reply to the respondent. The word limit for the reply is still 2,000 words. Nonetheless, version 3 of the DRS adds a new sub-paragraph 6(b). Sub-paragraph 6(b) strictly mandates that any reply by a complainant is restricted to only matters that have never been raised in the complaint. If the reply extends to other matters an expert can declare that reply inadmissible. In addition, if an expert intends to take notice of any new material in the reply, the provision also provides an opportunity
for the respondent to submit a further submission, though it should not exceed 2,000 words, excluding annexes.

The provisions governing the reply, including the raising of only new matters therein, should be considered for an amendment to the UDRP. This is because the complainant has a right to defend itself after the respondent raises new matters, which will not make the dispute repeats only on the old issues found in the complaint. Also, a further submission is a newly added provision. It will make the DRS fairer since the respondent has a chance to respond to the reply to newly raised issues. The only downside of the provision is that if an expert does not take note of the new issue it will not be counted as a further submission. As a result, there would be a bias in favour of the complainant, who would have twice the chances to submit complaints, while the respondent has only one chance to submit a response.

4. **Appointment of the expert and the timing of a decision**

This is another procedure that exhibits a remarkable change in the new version of the DRS. Basically, if a complainant fails to pay the applicable fee for the appointment of an expert within 10 days of receipt of the complaint by the DRS, the procedure gives the respondent a chance to pay the fee and initiate the DRS procedure. Otherwise, if no one pays the fee, the complaint will be withdrawn; however, this does not prevent a resubmission by the complainant.

This provision is new for any domain name dispute policy. It has never been the case anywhere before that a respondent can defend itself and claim that a complainant is a Reverse Domain Name Hijacker. Nonetheless, the provision surely could reduce the criticism that bias exists against a respondent under the UDRP if it were added to the Rules of the UDRP.

5. **General power of Nominet and the expert**

Generally, Nominet will implement its quality control measures from time to time and it will publish the details of it, as it pertains to the DRS and expert decision on its website. There may exist exceptional circumstances, subject to Nominet’s discretion. Accordingly, Nominet has just introduced an Expert Review Group in version 3 of the DRS. It is a group whose members are selected from an existing panel of independent
experts. It reviews the decisions of panels of experts who decide the disputes of parties that have not solved their differences amicably. Therefore, under normal circumstances the group will not undertake to make decisions, but will provide peer review of decisions prior to their publication. The members of the group may also form panels for appeal hearings. Like other experts, members of the group will not represent parties in DRS proceedings. Additionally, it is not a bad idea to set up a group of specialists to control the quality of decisions under the UDRP. The only problem is that the specialists must be specially appointed, considering their ability to perform the task and their neutrality towards the parties and the provider.

6. Further statement

Version 3 of the DRS procedure adds a new provision for a “further statement” in para. 13(c). Generally, Nominet will only copy the first paragraph of the explanation to the parties, except when an expert requests the full submission. This provision can reduce the time spent by an expert in making a decision, because not every detail will be sent to the expert. The problem is that if the expert does not request more statements, will the decision be made correctly? This provision has both good and bad aspects. The UDRP should not implement this provision until the DRS has proven its benefits outweigh its costs.

7. Expert decision

Para. 16(a) dictates how an expert should come to their decision. Originally, the expert only had to decide a complaint on the basis of the parties’ submissions, the policy, and the procedure; however, the new version specifies more criteria for on which a decision may be based. The expert can look to any websites referred to in the submissions; and if he has any information apart from the submissions, he can look at it also, by inviting the parties to make further submissions. Moreover, para. 16(b) of the new procedure increases the period of time in which an expert should forward his decision to Nominet from 10 days to 15 days of from his appointment. This way, the expert will have more time to consider all submissions and make good quality decision. However, the extension of time may prolong the period of the whole proceeding. In addition, the last sentence of para. 16(c) specifies that a summary decision will not provide an expert’s reasoning in full.
To analyse, these provisions make the paragraph more detailed than the previous version of the procedure. Such detail will help the expert make either a full decision or a summary decision. Nonetheless, it would be too redundant for adaptation to the UDRP, as the text of the UDRP needs to remain broad. Then, providers and their panellists can use the UDRP according to the supplemental policies of each provider. In any case, the provision for the extension of time for an expert to render his decision would be an interesting amendment to the UDRP because decisions under the UDRP would be carefully made, lessening the criticism of bad or biased decisions. Currently, a UDRP panel has to submit its decision within 14 days from its appointment. Therefore, if there is any extension of the period, it should be at least 20 days after the appointment of the panel.

8. Fees

The provision governing fees is written more clearly, although the amount is still the same. The second version of the procedure prescribes that the fee for an expert decision is £750 + VAT, while, as mentioned, the latest version of the procedure specifies that the applicable fees under the DRS are £750, excluding VAT, for disputes involving 1 – 5 domain names. There is also a new provision concerning fees for a summary decision, which is £200, excluding VAT. Except the summary decision, there is nothing to recommend for the UDRP because the fees under the UDRP procedure are varied according to the provider’s rules.

9. E-filing

E-filing is a newly added provision under the latest version of the procedure. Basically, the paragraph specifies that all forms, documents and annexes can be sent in an electronic form without hard copies, subject to sole discretion of Nominet. However, this is notwithstanding other provisions of both the policy and procedure which require hard copies of documents and any annexes to be filed together with the original signatures of the parties. The provision is really up-to-date because electronic forms of documents are used widely these days because they are more convenient to store and organize than the hard copy versions. The e-filing provision is supposed to be in the UDRP by all means.
II  Suggestions for the amendment of the UDRP

The third version of the DRS provides many good recommendations for an amending the UDRP. The suggestions are reiterated below.

1. The UDRP should utilise public consultation for its amendment; so, every party using the UDRP can propose ideas that may be beneficial. This would eliminate the criticism of the UDRP as being biased.

2. ICANN should provide the public with more useful information concerning the UDRP and its Rules, such as guidance and helpful information.

3. The UDRP should specify that domain name trading and sale of traffic are another means of doing business and do not constitute not a bad faith.

4. There should be a provision for a summary decision, in case where there is no response from a respondent; the benefit being a cheaper fee than the full UDRP process.

5. There should also be a provision that the submissions under the UDRP are only required in electronic form, except for special circumstances where the hard copy will be allowed as an alternative.

6. The UDRP should increase the word limits for a complaint and response; the proper limit being arrived at through public consultation.

7. Although there is no provision for a reply to the response in the UDRP, perhaps public consultation could suggest this provision with the raise-only-new-matters stipulation.

8. The UDRP already has a provision that a respondent can pay for the panel fee in the case of a three-member panel. However, it should include a provision that the respondent has the right to pay a panel fee for considering Reverse Domain Name Hijacking if a panel denies to decide on that matter.

9. There should be a group of specialists controlling the quality of decisions under the UDRP, so long as they are chosen carefully based on their abilities and neutrality.
10. There should be a consideration concerning the extension of time for a panel to make a decision. The period should be at least 20 days after the appointment of the panel.

11. The UDRP should have a provision concerning an e-filing system. It should be written clearly into the Rules for the UDRP and all forms, documents and annexes should be acceptable in electronic form, except in special circumstances where hard copies should be allowed.
3 Concluding remarks

The latest version of Nominet DRS has many interesting new provisions to suggest to the UDRP. To summarize, substantial changes of version 3 of the DRS are: firstly, the definition of rights includes descriptive terms that have acquired a secondary meaning; secondly, the introduction of a summary decision which a complainant can request for with much cheaper fee compared to the full decision. It is £200 excluding VAT for a summary decision and £750 excluding VAT for a full decision. This is provided that there is no response and the complainant can prove all requirements in the Dispute Resolution Service paragraph in the policy. Thirdly, threatening to use a domain name is an evidence of abusive registration. Fourthly, domain name trading and sale of traffic are not of themselves abusive registration of domain name. Fifthly, word limits of a complaint and a response are increased to 5,000 words excluding compulsory sentences and annexes. Sixthly, a complainant can reply to a response with only new matters that have not yet been raised in the complaint. Seventhly, a respondent can also pay for an expert decision; but, in case that a complainant does not pay. This is a chance for a respondent to ask an expert to consider for such matter as Reverse Domain Name Hijacking. Eighthly, Expert Review Group is created to review expert decisions in case a party does not satisfy with the decisions. It also controls the quality of decision and forms a panel for appeal hearing. Ninthly, Nominet will only copy the explanatory first paragraph of further statement to the party except that an expert requests sight of full submissions. Lastly and the most importantly, there is an introduction of e-filing system where hard copies of submissions will only be submitted when there are requirements specifically for the hard copies; otherwise, every document must be submitted in electronic forms. Also, both complaint and response must be submitted in electronic form by accessing to the service in Nominet website only except that there are other acceptable circumstances; hard copy version will be permitted.
Chapter 3

Legislative Approaches for .eu Domain Dispute Resolution:

Comparison and Analysis with the UDRP

*The future for .eu looks bright, even though there may be a few clouds on the horizon.*

David Taylor,

*World Internet Law Report*

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Introduction

A new regional Top Level Domain Name (TLD) has arrived. The “.eu” TLD was introduced in 2005 as another means of harmonization among European countries in the digital world. It has its own policies and rules for .eu domain name dispute resolution, adopted after the Regulation (EC) No. 874/2004, known as the Alternative Dispute Resolution (ADR) for .eu. The sole dispute resolution provider for .eu domain names is the Czech Republic and Agricultural Chamber of the Czech Republic (the Czech Arbitration Court or the CAC) which was just approved to be one of the UDRP dispute resolution providers in January, 2008.234 Although the CAC has not yet decided a domain name dispute under the UDRP, its decisions under the ADR are abundant. Also, the policies and rules of the ADR are quite unique, despite the fact that their model policy is the UDRP. There are many policies of the ADR that differ from the UDRP, such as the use of word “or” instead of “and” in the policy applicable to disputes. The ADR’s Rules are designed to correct the errors of the UDRP and is believed to be a better policy than the UDRP.

Therefore, this chapter aims to study the .eu ADR and its Rules for administrative proceedings under the CAC to find potential rules to propose for amendment of the UDRP. Part I is the background of the .eu TLD, the TLD history, and the general procedure. Part II recounts the prominent features of the ADR. The policy and proceeding of .eu ADR will be discussed and analysed with examples of .eu decisions in each category. Part III includes charts comparing the ADR and the UDRP, and the ADR Rules to the Rules for the UDRP. Part IV is a summary of the suggestions found in this research, for the proposal of amendments to the UDRP. The final part is the conclusion.

I  Background of the .eu Top Level Domain Name

For the harmonisation of the countries of the European Union, the regional TLD .eu was formalised in 1999 in the treaty establishing the European Union. Now that the idea has been established, the European Commission needs to put its efforts on things such as issuing regulations, negotiations with ICANN, the appointment of a registry operator, and finding a neutral and experienced organisation to handle the domain name disputes that arise. After settling their many difficulties, .eu domains have served qualified EU applicants from 2006.

Statistics show there were more than 345,000 applications during the sunrise period, beginning in December 2005.235 Given its immense popularity during the sunrise period, no-one knows whether the .eu domains will replace existing country code TLDs, or if it will be another TLD that forces brand owners to rush to reserve their brand-reflected domain names. Yet, its provisions are absolutely worth study since there may be new and valuable provisions that are suitable for adaptation to amendments to the UDRP.

This section will provide some basic information about the .eu TLD, beginning with its inception and leading to the attention it has received among domainers and brand owners. This is a historical and factual background; therefore, neither comments nor analysis will be provided in the Introduction to this chapter. However, the author hopes that this introduction will lead to an understanding of the general concepts of .eu TLD.

A. History of .eu regional Top Level Domain Name

The treaty establishing the European Community has a provision accelerating electronic commerce in the EU. For that purpose, a regional TLD for use by legal and natural persons in the European Community has been created. On July 4, 2001, the European Parliament deputies voted to approve a proposal relating to the establishment of .eu as the TLD of the European Union. On April 22, 2002, Regulation (EC) No. 733/2002 on the implementation of the .eu TLD was issued.

The operation of the TLD requires the participation of many entities; one of them surely is ICANN, since it is the administrator of all root servers.236 The European Commission had a quasi-political negotiation with ICANN over certain matters, including supporting technology for ICANN staffs and Internet communities.237 Then, ICANN required that the Commission appoint a registry operator to manage the TLD. The European Commission, therefore, opened a competition for the registry operator.

In May 2003, the Commission appointed the European Internet Registry of the Internet Domain Names (EURid) to act as the registry operator of the .eu TLD.238 However, it took a year and a half for the EURid to enter into a service concession contract with the European Commission; occurring on October, 2004. In March 2005, as a fully appointed registry of .eu domains, EURid signed an agreement with ICANN to delegate .eu TLD in ICANN root servers and .eu was put into the root in May, 2005.239

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236 The idea of having .eu TLD had initially received a good response from ICANN, as Vinton Cerf, a Chairman of the Board of ICANN looked forward to receiving further details regarding .eu proposals, including the contract of the TLD registry operator. See The Bureau of National Affairs Inc., 'Parliament Approves 'eu' Domain; EC Seeks to Prevent Abusive Registration '1 (7) World E Commerce & Intellectual Property Report 25.

237 There is considerable political pressure to operate the .eu domains and to launch a system of public policy rules, especially in the large system of the European Union. See David Taylor, 'Expecting .euphoria?'(169) Trademark World 39.

238 EURid is a not-for-profit organisation which emerged from the partnership of three registry operators of country code Top Level Domain Names: be (Belgium); .it (Italy); .se (Sweden); .si (Slovenia); and .cz (Czech Republic). It has an office headquartered in Diegem, Belgium and a regional office in Stockholm. It is also in the process of establishing regional offices in Prague and Italy to support four geographical regions, which will make it easier to provide services in local languages for .eu registrars and registrants. Therefore, one of the reasons that it has been selected might be because it has registered offices in four European countries, which is very convenient in terms of communicating to registrars and registrants in their preferred languages.

239 The .eu TLD has been delegated by the ICANN Board as a ccTLD but it has special regional registration features which can be registered by applicants in European countries. This is because the Commission has made a special request to the ICANN. The request also went through political
Nevertheless, the appointment of the registry is just the beginning of forthcoming tasks in order to allocate, manage and control the TLD. The Commission also had a duty to draft public policy regulations which would assign several matters concerning procedures of registration and domain name dispute settlement. It must be noted that the primary concern of the Commission was the abusive registration of domain names, as it feared that .eu would be a new venue for cybersquatters to inhabit.240

After two years of drafting, the European Commission announced Regulation (EC) No.874/2004 (the Regulation) on April 28, 2004. The Regulation contains the rules of public policy for the implementation and function of.eu domain names,241 which have provisions for the qualifications of registrants, domain name registration, the revocation and settlement of disputes and for the appointment of a registry, a registrar, a resolution provider and a phased registration.

A phased registration (sunrise period) was opened for the registration of domain names by the holders of prior rights recognised by national laws and/or Community law.242 To comply with the provision, EURid appointed Price Waterhouse Coopers (PWC) as a validation agent on March 22, 2005. Generally, PWC has to validate 'prior right' claims of applicants during the sunrise period. Every applicant that registers a.eu domain name has to submit it via an accredited registrar. PWC is considered an appropriate agent for this task since it has offices all over Europe.243

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240 In the draft, the Commission prepared to put forward strong policies to prevent speculation and abusive registration of.eu domain names, including a method for granting a prior registration right to the holders of rights recognised within the EU. This was to ensure that they could register domain names reflecting their rights. The policy of first-come-first-served registration would still be in use.

241 There are prominent features of its dispute resolution policies which recognise very broad types of rights. In addition, its dispute settlement policies have some very peculiar criteria, despite the fact it is considered a follower of the UDRP. This will be fully discussed in the second part of this chapter.

242 The sunrise period actually began on December 7, 2005 and ended on April 6, 2006. Accordingly, Article 10 of the EC Regulation No.874/2004 explains prior rights as:

> 'Prior rights’ shall be understood to include, inter alia, registered national and community trademarks, geographical indications or designations of origin, and, in as far as they are protected under national law in the Member-State where they are held: unregistered trademarks, trade names, business identifiers, company names, family names, and distinctive titles of protected literary and artistic works.

243 There were many problems found during the validation procedure in the first phase of the sunrise period. Some errors were very serious and some were minor. If PWC chose to reject all those with errors, there would be about one million applications that could not be verified. Therefore, PWC chose to be lenient towards minor errors and overlook them during the period of validation. For example, some
Accordingly, EURid also has to appoint a provider of alternative dispute resolution that “shall be reputable bodies with appropriate expertise in an objective transparent and non-discriminatory manner”, as directed by Article 23 of the Regulation. The CAC was appointed to provide alternative dispute resolution for .eu domain name disputes on April 12, 2005. The CAC issues the ADR Rules in compliance with Chapter VI of the Regulation, which involves the settlement of domain name conflicts, the details of which will be discussed in the second part of this chapter.

The history of issuing .eu TLDs is shown as a timeline in the graphic below.

B. General ADR Procedure

The ADR provisions for .eu domain names were adopted following the provisions of the UDRP. Both of them feature a special type of ADR that differs from more classical types. To specify, firstly, .eu ADR is not a traditional arbitration procedure in which the parties are bound by the decision and prohibited from bringing the same dispute to a competent court. On the contrary, it is an amalgamation of the

applicants ticked a box indicating an international trade mark in the application for .eu domains though the mark was registered under the Benelux trade mark system which was considered as a national trade mark. The same mistake also occurred in reverse.

Article 23(1) of the EC Regulation No.784/2004.

Nevertheless, .eu policy has some provisions that differ from the UDRP. Fundamentally, its drafters might think that the change would help improve the performance of the UDRP in the .eu policy. The results of these changes can be evaluated via many channels such as the criticism of scholars or the number of disputes. It must be emphasised again that this research tries to achieve the pros and cons of .eu policy, in order to compare it to the UDRP and make suggestions to the UDRP as appropriate.
administrative procedure for domain name registration and a registration agreement of which the parties avail themselves with the rules. As a consequence, the parties in the .eu ADR can bring the same dispute to a competent court if they do not agree with the decision. Secondly, .eu ADR has a restriction on the resolution procedure; the amount of evidence presented to the arbitrator is also limited; and there is no in person hearing unless requested by a panel.

In addition, although a domain name can only be registered by qualified persons, domain name disputes can be initiated by anyone, regardless of jurisdiction or nationality. For example, a complainant may be an entity with a principal office in Guatemala. If so, a panel cannot grant a decision for transferring the domain name to the complainant since it is ineligible. The best the panel can do is to give a decision for a revocation of the domain name. In any circumstance, the domain name can be subject to revocation if the panel agrees that the registration is against the rules or registration agreement according to paragraph (15), Article 20 or 21(1) of the Regulation depending on the situation.

The ADR also has another interesting facet. Article 22 of the Regulation allows the ADR proceedings to be initiated against either the owner of a domain name who commits an abusive registration or the registry of a domain name which may violates the Regulation or EC Regulation No.733/2002. A claim against the registry includes a claim against a decision of a validation agent during the sunrise period and a claim against a decision of the registry concerning the registration of domain names. However a claim against a holder of a domain name must be established according to Article 21(1) of the Regulation, which will be discussed later.

Article 22 of the Regulation mandates that the holder of a domain name and the registry must participate in the ADR proceedings.\textsuperscript{246} In addition, a complainant must pay a fee; otherwise, the ADR will not proceed.

\textsuperscript{246} Although, in reality, many domain name holders seem to absent themselves from submitting a response or, occasionally, EURid will be late in submitting its response. In the ADR Supplemental Rules, paragraph B4(c) provides that the proceeding can continue even if the respondent does not submit a response in time, or at all.

\textbf{Respondent Default.} Where the Respondent does not submit a Response or does not submit the payment provided for in Paragraph B3(c) of the ADR Rules by the deadline specified by the Provider, the Provider shall proceed to appoint the Panel.

The respondent did not reply to the complainant’s contentions, for example, in this case. See acompliaoriginal.eu Czech Arbitration Court, 'SANOFI-AVENTIS, Mrs. Carole TRICOIRE v. DE
Once a proper complaint is filed and the fee is paid, the provider will start the ADR proceedings and the disputed domain name will be halted until a decision or a subsequent decision is declared to the registry. The provider must subsequently forward the complaint to the respondent within five working days after receiving the fees paid by the complainant. The respondent has to submit a response to the provider within thirty working days of the date of a receipt of the complaint. Thereafter, the panel will consider the dispute from all submissions and make a decision within one month from the date of receipt of the response.

In a case where a respondent is a registry, a panel shall decide as to whether or not a decision of the registry conflicts with EC Regulation No.733/2002 or 874/2004. If there is any conflict and the complainant has eligibilities to register the domain name, the panel shall annul that decision and provide an appropriate decision as to transfer, revoke or attribute the domain name.

On the other hand, if a respondent is a domain name holder, a panel has to consider the criteria in article 21 of the Regulation, in which there are three factors for a complainant to choose to prove in order to succeed. These three factors are (1) the domain name is identical or confusingly similar to a name in which a complainant has rights and the domain name has been registered by its holder without rights or legitimate interest in that name, (2) the domain name is identical or confusingly similar to a name in which a complainant has rights and the domain name has been registered in bad faith, or (3) the domain name is identical or confusingly similar to a name in which a complainant has rights and the domain name is being used in bad faith.

There are three possible types of decision which are made against a domain name holder: revocation, transfer or deny the complaint. If a complaint is successful and the complainant has applied to transfer the domain name to himself, the panel may decide to transfer the domain name to the complainant provided that the complainant has eligibilities to register the domain name under the .eu TLD. In case the complainant

JONG M. ' (2007b) adreu.eurid.eu
<http://www.adreu.eurid.eu/adr/decisions/decision.php?dispute_id=4132> (20/6/2007) and tse-systems.eu
lacks eligibilities, the panel will opt for a revocation of the domain name. However, if the complaint fails to convince the panel, the panel may decide to deny a complaint.

After the decision has been made, the provider must notify a full text of the decision to each party, registrar and the registry, either by registered post or electronic means within three working days after receiving the decision from the panel. If any party is not satisfied with the decision, that party must initiate court proceedings within thirty calendar days of the notification of the result of the ADR; otherwise, the result of the ADR will be binding upon the parties and the registry.

The next section will describe prominent characteristics of provisions used for .eu domain name dispute resolutions under the Regulations and the ADR Rules. The first part will focus on the ADR principle provision used for deciding domain name disputes; whilst the second part will focus on the ADR proceeding. Relevant panel decisions will be provided. There will also be comments and analysis for each provision along with discussion about decisions of the ADR.

II Prominent Features of .eu ADR Policies and Rules

The ADR rules were implemented following EC Regulation No.874/2004 in that the former provides more interpretations and descriptions of provisions than the latter.247 The rules are used for administering the ADR, while the ADR policies which follow provisions in the Regulation provide the important core criteria for considering speculative and abusive registrations under the .eu TLD. However, both legislative approaches must be used together for the initiation of ADR proceedings. Therefore, the policies and the rules cannot be studied separately but must be understood together.

Accordingly, although the provisions in .eu ADR policies, and the rules, have obviously been developed addressing the flaws of the UDRP, with some additional features. Its additions are challenging to study as they are completely new. Moreover, the provisions

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247 The CAC .eu Alternative Dispute Resolution Rules were issued strictly following EC Regulation No.874/2004, considered to be a law of the European Union. Therefore, these regulations are not much different and are equal to one another in terms of their positives and negatives.
show small improvements over the UDRP; on the other hand, there is criticism that the policies and rules are worse than the UDRP and its Rules. For example, the Regulation provides no consistency as to the timing of the proceedings. The timing provisions mandate that the respondent submit a response within thirty working days, the panel must give a decision within one month and the party must initiate the dispute in a competent court within thirty calendar days. These parameters create a totally different procedural time-frame which the drafters of the Regulation should consider more thoroughly, from a consistency point of view. The Regulation provides a longer period for the respondent to respond to a complaint. This feature was adopted to address a flaw of the UDRP, namely the respondent’s short turnaround time. Therefore, provisions in the Regulation were fashioned with both the positive and negative aspects of .eu ADR policies and rules in mind. This study will emphasise the positive aspects in order to make recommendations for amending the UDRP.

A. ADR Policies

As mentioned previously, the Regulation lays down public policies regarding the implementation and functions of .eu, as well as the principles governing the registration. With such a broad framework, the Regulation has provisions for all of the .eu TLD, including provisions of .eu ADR policies. In addition, the provisions applicable to domain name conflicts are accompanied by policies regarding the sunrise period, WHOIS database, dispute settlement and the selection of an arbitration provider and panellists.

In addition, the ADR allows a complainant to file a complaint against either a domain name holder or the registry. If a complaint chooses to file a complaint against a registry

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249 The UDRP has been heavily criticised for favouring a complainant over a respondent because the complainant unlimited time in which to make a complaint while the respondent must submit a response within twenty days of receiving notice of a complaint.

250 WHOIS database contains information concerning registered domain names, including names and details of domain name registrants. Prospective applicants may check in the WHOIS database first as to whether the desired domain name is taken. The database is also beneficial to owners of intellectual property rights, as they can look in the database for any infringement of their rights.
the complainant must have sufficient evidence to show the panel that EURid awarded a
domain name registration in contravention with the provisions in both the Regulation
and EC Regulation No.733/2002. However, if a complainant wants to initiate ADR
proceedings against a domain name holder, the proceeding must comply with article 21
of the Regulation, which is the main provision for the ADR.

Article 21 of the Regulation lays down the substantive provisions which are the core of
the ADR policies used for deciding .eu domain name disputes regarding speculative and
abusive registration. The ADR policies are not only used by the CAC but the provisions
are also used by the national courts of the Member States.

The principle provision of Article 21 is Article 21(1), which identifies the
characteristics of .eu domain names necessary to subject them to revocation,
cancellation, or transfer. Article 21(2) explains the term legitimate interest and Article
21(3) enumerates eight bad faith circumstances of Article 21(1). Accordingly, as
demonstrated by paragraphs B11(e) and (f) of the ADR Rules, the situations provided in
Article 21(2) and (3) are non-exclusive, as indicated by the language, “in particular but
without limitation”. This basically means that there may be other circumstances which
do not appear in the article but which demonstrate either a legitimate interest or bad
faith, depending on the opinion of a panel.

Practically, when a panel of the CAC considers any dispute the panel must follow the
provisions of the ADR Rules, which strictly implement provisions of the Regulation.
However the Rules provide more detail than the Regulation, including some subtle
terms and procedures. Therefore, the provision concerning speculative and abusive
registrations in the Regulation must be applied in conjunction with the Rules, especially
for the purposes of this study.

Some policies of the Regulation and the Rules are considered to be new and unique
approaches for the ADR. Like a coin that has two sides, some scholars deem these
policies as advantageous while, undeniably, some hold the opposite view. Nevertheless,
before any further comments, the ADR needs to be studied thoroughly first.

251 Bettinger, 'Alternative Dispute Resolution for ".EU"'.
In short, Article 21 of the Regulation can be used by a competent national court which will apply
applicable domestic laws, such as national trade mark law, competition law and tort law, to decide the
case together with the provision of the Article. The rights recognised by the member state must also be
supported by national or community laws.
In this section, there will be a discussion of the ADR policies which are the principle provisions used for determining whether a domain name in question is a speculative and abusive registration and therefore subject to revocation, cancellation or transfer according to Article 21 of the Regulation. The first section will generally discuss and comment on Article 21(1), while the second and third sections will analyse the situations provided in Article 21(2) and (3) respectively.

1. Principle Provisions of the ADR

In order to establish a claim, a complainant must initiate a dispute in compliance with Article 21(1). Article 21(1) of the Regulation is the principle provision applied to every .eu dispute with a domain name holder under the CAC. It must be emphasised that the provision is used to resolve conflicts between a complainant and the holder of a domain name, not the registry. It is also possible that the provision be used by national courts of member states since the Regulation is counted as Community legislation. However, national courts have no obligation to use the article to decide .eu domain name disputes domestically; on the other hand, it is subject to consideration by national courts as to whether to use the article together with other national laws.

Article 21(1) is as follows:

A registered domain name shall be subject to revocation, using an appropriate extra-judicial or judicial procedure, where that name is identical or confusingly similar to a name in respect of which a right is recognised or established by national and/or Community law, such as the rights mentioned in Article 10(1), and where it:

(a) has been registered by its holder without rights or legitimate interest in the name; or

(b) has been registered or is being used in bad faith.

In addition, the CAC, as the ADR service provider, has a duty to implement ADR Rules in accordance with the Regulation, according to paragraph (17) of the Regulation. The CAC issued the ADR Rules, which contain provisions of the ADR proceedings and procedures following Chapter VI of the Regulation. The Rules are intended to be of practical use to parties and panels. Therefore, the Rules provide additional explanation of its provisions, more so than does the Regulation. Paragraph B11(d) of the Rules provides a simplified version of Article 21(a). The paragraph is as follows:
The Panel shall issue a decision granting the remedies requested under the Procedural Rules in the event that the complainant proves

(1) In ADR proceedings where the respondent is the holder of a .eu domain name registration in respect of which the complaint was initiated that

(i) The domain name is identical or confusingly similar to a name in respect of which a right is recognised or established by the national law of a Member State and/or Community law and; either

(ii) The domain name has been registered by the respondent without rights or legitimate interest in the name; or

(iii) The domain name has been registered or is being used in bad faith.

(2) In ADR proceedings where the respondent is the Registry that the decision taken by the Registry conflicts with the European Union Regulations.

Comparatively, the Rules try to make Article 21(1) more approachable for the parties and the panel. Rather than being too concise, paragraph B11(d) expands the criteria of Article 21(1) into three options and divides a complaint into two groups. As a consequence, the criteria of the ADR policies in the Rules are easier to interpret than those in the Regulation.

Firstly, the Rules mandate that if a complainant wants to initiate ADR proceedings against a registry, the complainant must prove that the decision of that registry conflicts with European Union Regulations—either with the Regulation or EC Regulation No.733/2002, or both. Otherwise, secondly, the Rules provide that if a complainant wants to initiate ADR proceedings against the holder of a domain name the complainant must establish and prove one of the three circumstances below:

(1) the domain name in question is identical or confusingly similar to a name in which a right is recognised or established by the national law of a Member State and/or Community law and the respondent who has registered the domain name has no rights or legitimate interest in the name;

(2) the domain name in question is identical or confusingly similar to a name in which a right is recognised or established by the national law of a Member State and/or Community law and the domain name has been registered in bad faith; or
(3) the domain name in question is identical or confusingly similar to a name in which a right is recognised or established by the national law of a Member State and/or Community law and the domain name is being used in bad faith.

From the criteria above, it is first apparent that every option requires that a complainant first have rights in the name, and second, the domain name must be either identical or confusingly similar to the name. This is the first of the criteria which a complainant must demonstrate before the appropriate judicial provider or the CAC. However, the requirement of the first principle is ambiguous as there are some terms that need clarification, namely “rights” and “confusingly similar”.252

a. Rights

In Article 21(1) and paragraph B11(d), a “name” is specified as “a name in respect of which a right is recognised or established by the national law of a Member State and/or Community law”. Article 21(1) refers to Article 10(1) for examples of the rights, as it is provided that “such as the rights mentioned in Article 10(1)”. Article 10(1) of the Regulation gives examples of “prior rights” for the procedure of phased registration. There are eight kinds of rights. Under Article 10(1), rights include, inter alia, (1) registered national and community trade marks, (2) geographical indications or designations of origin, (3) unregistered trade marks protected under national laws of Member States, (4) trade names protected under national laws of Member States, (5) business identifiers protected under national laws of Member States, (6) company names protected under national laws of Member States, (7) family names protected under national laws of Member States, and (8) distinctive titles of protected literary and artistic works protected under national laws of Member States. Accordingly, Public bodies include (1) institutions and bodies of the Community, (2) national and local governments, (3) governmental bodies, (4) authorities, (5) organisations and bodies governed by public law, and (6) international and intergovernmental organisations.

Hence, it must be emphasised that these rights are only examples, meaning other rights may exist in terms and therefore also be prohibited from being registered as a domain name under the CAC decisions. Moreover, although a complainant may be anyone, if his right is not recognised or established by national law and/or Community law, the

252 Other ambiguous terms, namely “legitimate interest” and “bad faith”, will be discussed in below.
complainant cannot state a valid claim under the Regulation. The only remedy remaining would be a lawsuit in a national court.

Despite claims of respecting a minimum of the UDRP, the ADR Rules for .eu domain names are sort of a revolution compared to the UDRP, because the UDRP protects only trade marks and service marks while provisions of the ADR rely on a broader range of industrial intellectual property rights. Although sometimes applying the UDRP may over-extend the scope of common law trade mark to, for example, personal names, there is no way that it will over-carry the definition of trade marks and service marks as much as .eu ADR policies. Accordingly, it would be overzealous to grant a protection to every industrial property right recognised or established by a national law and/or Community law. Such action would become a burden for the panel since the laws for marks and signs of some member states have not yet been harmonised. The panel would have difficulty determining how rights in one member state are protected under the national laws of another member state.

For example, in carrier.eu the complainant was a distributor of products supplied by a parent company in the US, which owned the right to the name. The complainant proved its registered Community trade mark right and finally got the domain name transferred, although the respondent also held a registered Benelux trade mark in the same mark by an expedited method. This case is an example of a conflict in which both rights are recognised by the national and Community laws. Otherwise, a complaint will be denied if it does not establish a right in its name in the first place, as in Stockholm.eu. In that dispute, the complainant could not prove a right to the name recognised or established by national or Community law, because any such right had expired before the ADR proceedings. Therefore, the panel had no choice but to deny the


The Registry should select service providers that have appropriate expertise on the basis of objective, transparent and non-discriminatory criteria. ADR should respect a minimum of uniform procedural rules, similar to the ones set out in the Uniform Dispute Resolution Policy adopted by the Internet Corporation of Assigned Names and Numbers (ICANN).


complaint, although there was evidence showing bad faith on the part of the respondent’s. In addition, the dispute also involved the rights of licensees, as assigned from an owner, and the difficulty of demonstrating such a right.

Different member states recognise different types of rights, and the same name can be used by different persons in different member states. Therefore, the conflicts will continue so long as the rights protected under .eu ADR are very broad. The provision concerning these rights will be discussed again in the section on legitimate interests.

b. Confusingly Similar

The text of the Regulation requires, “where that name is identical or confusingly similar to a name in respect of which a right is recognised or established by national and/or Community law”. Considering the text, there is a question as to what standard is used for determining that a domain name is confusingly similar to a name. This principle is accompanied by Paragraph B1(b)(10)(i)A of the ADR Rules regarding the complaint. This paragraph requires that, when a complaint is made against a domain name holder, the complaint must include, inter alia, “why the domain name is identical or confusingly similar to the name or names in respect of which a right or rights are recognised or established by national and/or Community law (as specified and described in accordance with Paragraph B 1 (b)(9). However, no further explanation of the term “confusingly similar” is found in other sections of the Rules or the Supplemental Rules.

Certainly, the meaning of “confusingly similar” in a domain name dispute is different from the meaning of the same term in trademark law. The confusing similarity of domain names are not required to cause confusion as to the source, origin, or designation of a website or any other thing; on the other hand, confusing similarity in domain name disputes involves a literal comparison between alphabets used in the alphanumeric string of the domain name and the name or mark.

Strangely, it is stated that the ADR provision bears a certain amount of a provision of an applicable dispute of the UDRP. However, ridiculously, neither have an explanation of the term “confusingly similar”. They seem to leave the interpretation to the panel, each having their own, differing opinions of the term’s meaning. Therefore, the only way to understand the term is to look at panel decisions. Unsurprisingly, some of the

CAC’s panel decisions quote panel decisions under the UDRP to, *inter alia*, strengthen the reasoning of their own decisions, claiming that decisions under the UDRP can be cited by the CAC because both provisions have the “confusingly similar” requirement.

For example, in globetcasino.eu and globetvip.eu, the panel agreed that the domain names were confusingly similar to the complainant’s UK registered trade mark “globet” because after taking out the suffix .eu, the domain names consisted of the trade mark. The panel found that it was very distinctive and that adding generic words, such as casino or vip, did not clearly distinguish the domain names from the trade mark. On the other hand, since the words related to the business of the complainant they tended to further associate the domain name with the complainant. Similarly, in dvd-quelle.eu, moebel-quelle.eu, moebelquelle.eu and quelle-sammelbesteller.eu, the complainant held the German registered trade mark quelle for household mail order purposes and wanted the domain name to be transferred to it. In its decision the panel concluded that “[T]he addition of such purely descriptive elements does not have a relevant influence on the similarity of signs or on the distinctiveness of the main element ‘quelle’ which clearly carries the weight of the designation in the domain names”.

The case of palmscocoabutter.eu involved a complainant who claimed to own a license, though it could provide no evidence of this, for a variety of UK and Community registered trade marks, such as Palmer’s and cocoa butter formula. However, none of the registered trade marks contained the whole name, “palmers cocoa butter”, as it was found in the disputed domain name. However, the panel commented as follows:

Even if the Complainant did not have such unregistered rights, the panel is persuaded that the use (in the domain name) of the Complainant’s registered trade mark PALMER’S, together with a well

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260 dvd, moebel and sammelbesteller are German words descriptive for digital versatile discs, furniture and accumulative orderer. In addition, the panel agreed to transfer the domain names also due to the increase of the trade mark famousness in Germany and the confusion that may arise in minds of Internet users.

known product of the complainant, namely Cocoa Butter, means that the domain name is confusingly similar to the registered trade marks.

It can be assumed from the decisions above that where a complainant has rights in a protected name that contains a part of a domain name, the trend under the CAC is to favour a complainant. The panel may order the revocation, cancellation or transfer of the domain name, subject to a request by a complainant. Nevertheless, before deciding to do so, the panel must conclude that the domain name is confusingly similar to the name. It may also be presumed that this trend comes from the decisions under the UDRP, since the panel of the CAC has often quoted the UDRP’s decisions whose panels seem to be slightly favouring a complainant as well.262

c. General Comments

Overall, the ADR’s principle provision is substantially similar to the corresponding provision applicable under the UDRP. The provision for dispersing a holder of a domain name who lacks a right or legitimate interest can be assumed to prevent speculators of .eu domain names; whilst the provision concerning bad faith is used to eliminate abusive registrations.

However, the Commission has changed the criteria to distinguish itself from the UDRP. The most obvious point would be that the Commission uses the term “or” instead of “and” as in the UDRP. For example, after omitting the “identical or confusingly similar to the name” requirement, the domain name holder must either register the domain name without right or legitimate interest or with bad faith or he must be currently using the domain name in bad faith. On the other hand, the provision applicable to disputes under the UDRP requires that the domain name holder has no right or legitimate interest in the domain name and the domain name has been registered and it is being used in bad faith; it does not have the “identical or confusingly similar” requirement. Accordingly, mere registration of the domain name in bad faith is enough. This provision was created to eliminate non-use domain names.

262 It is not surprising that panels tend to favour the complainant since the ADR gives much consideration to the owners of rights which are recognised or established under national and/or community laws. Also, many provisions of the ADR give advantages to a complainant, such as the provision of bad faith where the domain name can either be registered or used in bad faith; the UDRP, by contrast, requires that the domain name has been registered and used in bad faith.
It can be stated, from the ADR’s principle provision, that a complainant has a greater chance to establish their claim. Even if a domain name holder can demonstrate his right or legitimate interest in the domain name, it does not mean that a complaint against him will be dismissed. To the contrary, under the ADR, if a complainant can prove that a domain name has been registered or is being used in bad faith a complainant can still win the dispute, regardless of a domain name holder’s right or legitimate interest in the domain name. If the holder of a domain name fails to prove his legitimate interest in the domain name, a complainant can get the domain name transferred without needing a panel to consider further the issue of bad faith. For instance, in \textit{rotary.eu},\textsuperscript{263} the panel refused to further consider the issue since the domain name holder clearly did not use the domain name in connection with the offering of goods or services. And only this satisfied the ADR proceeding because the legitimate interest requirement was only an alternative. Therefore, the domain name was transferred to the complainant without further consideration under the bad faith provision.

Unlike the UDRP, the UDRP appointed that all three requirements must be proven together. Despite that, the UDRP has still encountered criticism that it favours a complainant. Since the ADR has even more complainant-friendly provisions than the UDRP, it is foreseeable that the ADR will receive criticism that it favours a complainant as well.

The next section will discuss term “legitimate interest” and provides examples of circumstances provided by Article 21(2) of the Regulation. There are a total of three situations: (1) a domain name holder has used the name prior to the notice of the ADR; (2) a domain name holder has been commonly known by the domain name; and (3) the domain name is used for a non-commercial purpose or fair use.

\section{Legitimate Interest Criteria}

This provision requires that a holder of a domain name demonstrate his right or legitimate interest in a domain name, or name corresponding to the domain name, in order to prove that his registration of the domain name is not speculative or abusive. To do that, a domain name holder may take steps to avoid the domain name being taken by the complainant. Or in the same way, a complainant who wants to establish a claim for

a domain name, as an alternation of requirements, is required to prove to the panel that a
domain name holder has registered the domain name without a right or legitimate
interest.

Article 21(2) of the Regulation provides examples of legitimate interests. The Article is
as follows:

[L]egitimate interest within the meaning of point (a) of paragraph 1 may be
demonstrated where:

(a) prior to any notice of an alternative dispute resolution (ADR)
procedure, the holder of a domain name has used the domain name or a name
corresponding to the domain name in connection with the offering of goods or
services or has made demonstrable preparation to do so;

(b) the holder of a domain name, being an undertaking, organisation or
natural person, has been commonly known by the domain name, even in the
absence of a right recognised or established by national and/or Community law;

(c) the holder of a domain name is making a legitimate and non-
commercial or fair use of the domain name, without intent to mislead consumers
or harm the reputation of a name on which a right is recognised or established
by national and/or Community law.

Also, as a supporting legislative provision of the Regulation, Paragraph B11(e) of the
Rules clarifies the term “legitimate interest” as follows:

Any of the following circumstances, in particular but without limitation, if found
by the panel to be proved based on its evaluation of all evidence presented, shall
demonstrate the respondent’s rights or legitimate interests to the domain name
for purposes of Paragraph B11(d)(1)(ii):

(1) prior to any notice of the dispute, the respondent has used the domain
name or a name corresponding to the domain name in connection with the
offering of goods or services or has made demonstrable preparation to do so;

(2) the respondent, being an undertaking, organization or natural
person, has been commonly known by the domain name, even in the absence of a
right recognized or established by national and/or Community law;

(3) the respondent is making a legitimate and non-commercial or fair use
of the domain name, without intent to mislead consumers or harm the reputation
of a name in which a right is recognized or established by national law and/or Community law.

The main purpose of this provision is to show that the registration by a holder of a domain name is not speculative. This is because if an individual has a legitimate interest in a domain name, it is assumed that that person would not want to sell it for profit.\textsuperscript{264}

In addition, the circumstances outlined in Article 21(2) of the Regulation and Paragraph B11(e) of the ADR Rules are merely examples of situations wherein a domain name holder may demonstrate to the panel his legitimate interest in the domain name. As written in the Rules, the requirement of demonstrating a legitimate interest in a domain name or name is without limitation, which means that there are other situations that may indicate the legitimate interest in a domain name. If the domain name registration was not in bad faith or the domain name is not being used in bad faith, the demonstration of one’s right or legitimate interest in a domain name is certainly a guarantee that the domain name will not be subject to revocation, cancellation or transfer.

However, the circumstances constituting a legitimate interest, as provided in the Regulation and the Rules, still require further interpretation since there are some ambiguities in each provision. The interpretation can be found in the opinions of panel decisions of the CAC. Since both the UDRP and the ADR have provisions concerning a legitimate interest and three similar sets of non-exhaustive circumstances, the panel of the CAC usually presumes that the explanations of rights or legitimate interests found in decisions under the UDRP can be adjusted to disputes under the ADR. As a consequence, it is no surprise that, as mentioned in a prior section, decisions under the UDRP are referred to in many decisions by the CAC.

\subsection*{a. Use of a Name Prior to Notice of the ADR Procedure}

Article 21(2)(a) of the Regulations, which is accompanied by Paragraph B11(e)(1), implies that a domain name holder has a legitimate interest in the domain name if the holder uses or prepares to use the domain name, or a name corresponding to the domain name, to offer goods or services before the holder receives a notice of the ADR.

\textsuperscript{264} Unless there are special circumstances, such as a generous offer where the domain name owner might consider selling the domain name for commercial purpose.
proceedings. Nevertheless, if the provision is written this simply there is little included in the provision to explain further. However, it is not that simple since the provision contains some complexities.

First of all, the phrase, “prior to any notice of an alternative dispute resolution (ADR) procedure”, provides a loophole for speculators. On its face, the phrase allows a domain name holder to show a legitimate interest in the domain name if he starts offering or preparing to offer goods or services in connection with the domain name, or the name, before the holder receives any notice of the ADR proceeding. However, this provision can be interpreted in another way. The holder of the domain name can still have legitimate interest in the domain name if he knows about the possibility of a dispute in the future and is then prepared to offer goods or services in connection with the domain name, or name, provided that everything is demonstrably arranged before the holder receives any notice of the ADR proceeding.

Basically, this loophole helps the malicious holder of a domain name avoid having the domain name taken away since the holder is able to demonstrate a legitimate interest. This provision is almost identical to the UDRP. The difference is that under the ADR provision, the demonstration of legitimate interest is only an alternative, although a holder can prove the legitimate interest in the domain name. If there is evidence of bad faith, the domain name is undeniably subject to a revocation or transfer anyway; whilst, under the UDRP, a respondent must show both legitimate interest in the domain name and an absence of bad faith circumstances. There are some examples of panel decisions of the CAC regarding the requirement of legitimate interest.

For example, in 

worldsbk.eu,\textsuperscript{265} the respondent did not have a legitimate interest in the disputed domain name since he did not present any evidence of his offering of goods or services in connection with the domain name, or that he was in preparation to do so. Similarly, in sazka.eu,\textsuperscript{266} although the respondent declared his intention to use the domain name in the response, the fact that he possessed the domain name for about four months and did nothing with it led the panel to decide that his declaration of intention was not sufficient under the term, “has made demonstrable preparation to do so”. In


oxado.com, the panel gave an impressive opinion which proved the theory of “prior to any notice” that although the respondent had known and received a letter from the complainant notifying its rights in the trademark, it could not be stated that the respondent did not offer goods or services in connection with the domain name prior to the receipt of notice of the dispute resolution proceeding.

The second loophole of this provision is that there is no requirement that the offering of goods or services be “bona fide”, as under the UDRP. The Article and the Paragraph specify that “the holder of a domain name (must) has used the domain name or a name corresponding to the domain name in connection with the offering of goods or services”; while the corresponding provision of the UDRP requires that “[one’s] use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services”. The reason that the Regulation omits bona fide requirement is still unclear. As such, this provision of the ADR might face the kind of disputes wherein the holder of a domain name makes a fraudulent demonstration of their offering of, or preparation to offer, goods or services; and the absence of a bona fide requirement might cause the holder of the domain name to feel that it is much more convenient to demonstrate his legitimate interest in the domain name. On this point, it can be said that omitting such a provision is a serious error by the drafters of this ADR provision.

There are many decisions under the UDRP that provide interesting criteria as to what is considered “bona fide”. The criteria demonstrate what the .eu ADR provision has

268 There was a mention in the decision of the CAC [Czech Arbitration Court, 'Enterprise Rent-a-Car UK Limited, David R Haarz v. Domain Active Europe Ltd., Domain Hostmaster ' (2007) <http://www.adreu.eurid.eu/adr/decisions/decision.php?dispute_id=4213> (20/10/2008)] about the omission of bona fide requirement. The panel in the case opined that:

Again, why has the draftsman omitted this from the Regulation? Again, I do not know. However, I am not convinced that this omission means that the Respondent can take the benefit of this provision. Ultimately, Article 21(2)(a) is just one example of a series of activities whereby in the words of Article 21(2) a legitimate interest MAY be demonstrated. I accept that the Respondent may have a very real interest in continuing to operate a website such as this which seeks to take advantage of the goodwill associated with a name in which the Complainant has rights with a view to financial gain. However, in the absence of argument to the contrary from the Respondent, I do not believe that this is an interest that is “legitimate”.

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missed. For example, in bunsandnoble.com,\textsuperscript{269} although the evidence showed that the respondent used its domain name in connection with the offering of goods or services, such as adult novelties, before any notice of the instant dispute; however, such an offering was not \emph{bona fide} as it was essential considering \emph{bona fides} of the use as well as the offer for sale. In this case, there was no \emph{bona fide} use of the domain name despite there being some evidence of a \emph{bona fide} offering of goods. Moreover, it seemed to be that the use of the domain name was motivated by the fame of the complainant trade mark. Therefore, the respondent could not be found to have used the domain name in connection with a \emph{bona fide} offering of goods or services. In another case, interactivebrokers.mobi,\textsuperscript{270} the panel first viewed the domain name as a descriptive name and, second, no evidence was offered of the complainant’s reputation and goodwill in the trade mark. Moreover, the single-person panel suggested that the lack of a \emph{bona fide} offering, or \emph{bona fide} preparation, could establish \emph{bad faith}:

\begin{quote}
For those familiar with the complainant and its business [online gambling], it may seem obvious that a registrant who registers such a name as the domain name in the \textit{<.mobi>} domain in circumstances where the registrant has failed to produce demonstrable evidence of a \emph{bona fide} offering (actual or planned) of goods or services under or by reference to the domain name, must have registered the domain name in \emph{bad faith}.
\end{quote}

However, in indofil.com,\textsuperscript{271} the panel found a \emph{bona fide} use of the domain name in the offering of goods and services, before any notice of the dispute. The respondent had successfully established that it had a right or legitimate interest in the domain name. The complaint was therefore denied. The demonstration of a \emph{bona fide} intention to use a domain name can aid an honest domain name registrant against the powerful trade mark owner.

It can be said that the omission of the \emph{bona fide} provision not only assists speculators of .\textit{eu} domain names demonstrate their legitimate interest without proving much, but also


shows that the ADR has far departed from the UDRP in a disastrous fashion. It is not wrong to say that this provision is a problem for the European Commission.

b. Has been commonly known by the domain name

The legitimate interest criterion of Paragraph B11(e)(2) of the Rules corresponds to Article 21(2)(b) of the Regulation. It mandates that the holder of a domain name, which must be either an undertaking, organisation or a natural person eligible to register a domain name under .eu TLD, have a legitimate interest in the domain name if the holder has been commonly known by the domain name. This is so despite the fact that the holder does not have a right recognised or established by national and/or Community law.

This requirement is very similar to the second criterion regarding rights or legitimate interests under the UDRP. Even the list of the holder of a domain name is same. The only difference is that the ADR regards every type of right to be recognised or established by national and/or Community law, while the UDRP mentions only rights in trade marks or service marks. This difference must originate from a consistency of the provision since the first requirement of the ADR requires a domain name to be identical or confusingly similar to rights recognised or established by national and/or Community law. Therefore, it is more appropriate to mention the rights again in this criterion. In addition, an absence of these rights does not affect the legitimate interest that the holder may acquire by demonstrating that he is commonly known by the domain name. Methods of demonstrating that one has been commonly known by a domain name are varied. Panel decisions both under the CAC and the UDRP provide a number of different circumstances. For example, in gail.com, the respondent argued that “gail” was a common female name and he registered the domain name after his wife’s name. Although the complainant had a registered trade mark right in the word in association with the sale of non-metalic construction materials, the respondent was commonly known by the name. As a consequence, the complaint was denied.

The decisions rendered under the UDRP provide some opinions regarding legitimate interests arising from commonly being known by a domain name. For example, in

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Sixnet.com and six.net, the well-known decision for the rights or legitimate interest criterion, the panel was convinced by evidence from the respondent that it had been using the domain name six.net as its website, as well as other internet locations, since it was registered. As such, the respondent was commonly known by the domain name six.net. The problem was the domain name sixnet.com, which the respondent had agreed to cease using, because the status of the domain name was pending in the outcome of the dispute. As a consequence, the panel had to decide whether the respondent was also commonly known by the domain name six.net. In order to decide, the panel viewed that the positions of both domain names were the same. Sixnet was the distinguishing feature of the domain names, whereas .com was just an additional meaning of the commercial institution and more like a specified purpose that sixnet.com was used. Moreover, although the respondent possessed no right in the trade mark or service mark, the respondent was also commonly known by sixnet.com. Therefore, the panel agreed that the respondent deserved protection under the provision for legitimate interests since it was able to provide sufficient evidence of being commonly known by the domain name. Finally, the complaint was denied as it did not fit into an applicable dispute.

c. Non-commercial or Fair Use of the Domain Name

Both Article 21(2)(c) of the Regulation and Paragraph B11(e)(3) of the Rules require the holder of a domain name, in order to demonstrate his legitimate interest in the domain name, to have used the domain name in a non-commercial or fair use manner. Such use must have been without any intent to mislead consumers or harm the reputation of a name in which a right is recognised or established by national law and/or Community law. This criterion is reliant on the fair use doctrine, which allows the holder to have a domain name even if he has no right in the name corresponding to the domain name, provided that the use is not misleading to consumers or harms the reputation of a name in which a right is recognised. However, there are some questions arising from the text of the provision.

Firstly, the provision mandates that “the holder of a domain name is making a legitimate and non-commercial or fair use of the domain name”. The ADR uses “or” instead of “and”. As such, a legitimate interest may be demonstrated by either a legitimate and

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non-commercial use or a legitimate and fair use of the domain name. Accordingly, it is understandable that a legitimate and non-commercial use constitutes a legitimate interest. Nevertheless, given the use of “or”, the text can be interpreted in a different manner. Might it mean that the legitimate interest of the holder can be established by a legitimate and fair use of the domain name, even if the use may involve commercial use, as long as the use is not misleading to consumers or harms the reputation of the protected name? An example of fair commercial use is a criticism website which has some online advertisements.

Secondly, no matter whether the legitimate interest stems from a non-commercial use or a fair use, there must be an absence of “intent to mislead consumers or harm the reputation of a name on which a right is recognised or established by national and/or Community law”. The sentence speaks for itself. However, it must be noted that this provision, despite corresponding with Paragraph 4(c)(iii) of the UDRP, has far departed from the UDRP; since Paragraph 4(c)(iii) provides that “without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue”. The ADR uses the term “harm the reputation” instead of “to tarnish the trade mark or service mark”.

To analyse, the meaning of “harm the reputation” should be wider than “to tarnish the trade mark or service mark” since, according to Section 2(2)(c) of the US Trade Mark Dilution Revision Act of 2006, “tarnishment” refers to an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark”. In addition, many decisions under the UDRP, restrict “tarnishment” to only an actual disparagement taking place without commercial gain, as does the ICANN Second Staff Report. As a result, a criticism website or fan site is not included in the meaning of “tarnishment”; while, the ADR may view a criticism website as damaging to the reputation of a name that is recognised or established within national and/or Community law.

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274 Trademark Dilution Revision Act of 2006.
There was a panel decision decided under the category of non-commercial legitimate purpose or fair use. In mediation.eu, although the panel agreed that the complainant had a right in the business name “mediation”, the respondent did use the website to provide information about mediation. Therefore, the use of the domain name was legitimate, non-commercial use or fair use and the complaint was ultimately denied. There are also several decisions where a respondent has claimed that its use of a domain names is fair use. For example, in placement.eu and emprunt.eu, the respondent claimed that its use was a legitimate non-commercial use while the panel found that domain names were parked at a pay-per-click website.

Some decisions under the UDRP provide criteria for non-commercial or fair use websites too. For example, in estelauder.com and estelauder.net, although the respondent claimed that it put disclaimers on its websites, the panel drew a distinction between the domain names and the contents of the website and found that the use of the domain name at issue was to criticise the complainant and its products. The free speech and fair use doctrine did not apply to this dispute since the domain name and the complainant’s trade mark created numerous initial interest confusions and illegitimate diversions. Moreover, the panel opined further that the respondent should have chosen a domain name that was not confusingly similar to the complainant trade mark and ought to have described more succinctly the nature of the criticism website.

Also, in bridgestone-firestone.net, the panel agreed that the respondent used the domain name for free speech purposes, criticising the products of the complainant. Fair use and free speech were defenses to the transfer of the domain name to the complainant since free speech in the form of criticism and commentary also demonstrate rights or legitimate interests in the domain name. Although it was not provided for in the UDRP, this could be another example of [ ] since the list is not exhaustive. The panel also

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added that the registration and use of the domain name had not harmed the complainant commercially and they did not prevent the complainant from making its commercial presence known on the Internet. Therefore, the complaint deserved to be denied.

To sum up, the European Commission should have been more careful when drafting the ADR; specifically, to be more neutral to the parties and to recognise the human right of free speech, even if it is just for the European Community. The ADR should not only favour a complainant whose rights are abundantly concerned under this provision. Moreover, it does not seem right that when the Regulation suggested consulting specialised organisations such as the World Intellectual Property Organisation in order to draft dispute resolution policy, the Commission and the ADR provider did not follow. As a result, the ADR provision turned to be as weird as a provision can be especially without mentioning criticism and commentary website as a mean to demonstrate legitimate interest.

d. Other Circumstances

As mentioned, the circumstances listed in Article 21(2) are non-exhaustive. There are more situations than may demonstrate that the holder of a domain name has a legitimate interest in the domain name. In addition, there are also circumstances implying that a holder of a domain name may have no right or legitimate interest in the domain name as well. Both the former and the latter situations are varied since they are decided by a panel for reasons that may be unique to each dispute. However, there are some decisions of the CAC that demonstrate a legitimate interest in the domain name of its holder.

For example, the panel may determine from the surrounding circumstances of the dispute that the legitimate interest of the respondent has been established, such as in yoga.eu. In that case, the panel denied the complaint since (1) the respondent was a proprietor doing business with a valid trademark right in the word “yoga”, (2) the fact that the mark was still able to be opposed during the sunrise period did not affect the validity of the mark to use prior right for registration a domain name, (3) there was no

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Paragraph 16 of the EC Regulation No. 874/2004:

_The Registry should provide for an ADR procedure which takes into account the international best practices in this area and in particular the relevant World Intellectual Property Organization (WIPO) recommendations, to ensure that speculative and abusive registrations are avoided as far as possible._

indication of a registration or use of the domain name in bad faith, and (4) the domain name had a generic character. For all the foregoing reasons, it could be assumed that the holder of a domain name had a legitimate interest in the domain name.

It is also possible for a panel to find other circumstances indicating the respondent has no legitimate interest in the domain name. For instance, in aolireland.eu, the panel deduced from the fact that the holder of the domain name failed to respond to both the letter of the complainant, which was sent to the holder prior to the commencement of the ADR proceedings, and the complaint, that the holder had no legitimate interest in the domain name. Therefore, there was no need to consider whether the complainant, who was a licensee of a parent company in the US, had common law unregistered rights in the mark since the respondent held no right to the disputed domain name. Or the fact that a respondent submitted either no evidence or insufficient evidence of its claim, such as that it was commonly known under the domain name or had registered trade marks corresponding to the disputed domain name, also led the panel to conclude that the respondent had no legitimate interest in the domain name as in rotary.eu.

3. Bad Faith Circumstances

That the domain name has been registered or is being used in bad faith is an alternative criterion of the ADR principle provision. In order to establish a successful claim under the ADR, where no legitimate interest of a domain name holder is found, the domain name must first, have either been registered in or been used in bad faith, and second, the domain name must be identical or confusingly similar to a name in which the complainant has a right in which is recognised or established under the national or Community law. In addition, bad faith can be demonstrated by circumstances listed in Article 21(3) of the Regulation.

As usual, this provision is also accompanied by Paragraph B11(f) of the ADR Rules, which goes into more detail and is of practical use in the proceedings. Obviously, the provisions of the ADR Rules try very hard to simplify the corresponding provision to make them user friendly. The prominent characteristics would be that (1) the circumstances listed are non-exclusive and (2) the circumstances must be found by the

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283 Court, 'Rotary International v. Mas erich auer, Erich Auer '.

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panel through the evidence presented, in order to have any effect in the ADR process. Apart from these two additions, there is no difference between Article 21(3) and Paragraph B11(f). However, it must be noted that the Rules cannot exceed the boundaries of the Regulation since the latter is supreme. All the Rules can do is to provide further explanation of the provisions in the Regulation for the benefit of the panel and the parties.

To analyse, the first landmark point that needs to be mentioned is the “or” provision. This provision of the ADR requires that the domain name has either been registered or is being used in bad faith; although, the precedent provision of the UDRP deliberately requires that both the domain name has been registered and that it is being used in bad faith. However, the abandonment of the UDRP provision seems to be reasonable since many domain name disputes emerge from registration as inaccessible, diversions to parking websites, pay-per-click websites, or the use of domain names abusively without bad faith registration initially. Therefore, the “or” provision seems to be a sensible recommendation for the UDRP.

Moreover, in general, the Article demonstrates seven examples of circumstances in which the complainant can demonstrate that the domain name has been registered or is being used in bad faith. As Paragraph B11(f) of the Rules suggested, these circumstances are not exhaustive, which means other circumstances that are not mentioned in this Article can also be used to demonstrate as that the domain name has been registered or is being used in bad faith. The examples of circumstances are:

(1) circumstances indicating that the domain name was registered primarily for the purpose of selling, renting, or otherwise transferring the domain name to an owner of a name which its right is recognised or established by national and/or Community law or to a public body; or

(2) circumstances indicating that the domain name has been registered in order to prevent an owner of a protected name from reflecting the name in a domain name and a respondent has engaged in the above conduct; or

(3) circumstances indicating that the domain name has been registered in order to prevent an owner of a protected name from reflecting the name in a domain name and the domain name has not been used in a relevant way for at least two years from the date of registration; or
(4) circumstances indicating that the domain name has been registered in order to prevent an owner of a protected name from reflecting the name in a domain name and the holder of a domain name has declared its intention to use the domain name at the time the ADR proceeding was initiated but failed to do so within six months of the day that the ADR proceeding was initiated; or

(5) circumstances indicating that the domain name was registered primarily for the purpose of disrupting the professional activities of a competitor; or

(6) circumstances indicating that the domain name was intentionally used to attract Internet users for commercial gain to the website of the registrant or other online locations by creating a likelihood of confusion with the protected name of the complainant or a public body and the confusion is relating to the source, sponsorship, affiliation, or endorsement of the website of a product or service on the respondent’s website; or

(7) circumstances indicating that the domain name is a personal name with which the holder has no demonstrable link.

Compared to the UDRP, instances of the *bad faith* circumstances under the ADR provisions have far departed from the UDRP. The comments are not to be concerned with a provision of a right in a trade mark or service mark which are recognised under the UDRP and a provision of a name in which a right is recognised or established by a national and/or Community law of a member state under the provision of the ADR. This is because both policies have made it clear that since the provision of an applicable dispute that the Regulation is willing to recognise an array of rights that is broader than that recognised by the UDRP, which is limited only to the rights of trade mark and service mark.

From their texts, the *bad faith* provision of the Regulation differs from the UDRP in four major aspects. Firstly, there are no circumstances under the UDRP requiring the domain name to not be in use in a relevant way for at least two years from the date of registration in order to prevent the holder of a trade mark from registering the disputed domain name. Secondly, under the UDRP, there are no circumstances in which *bad faith* can be demonstrated when the holder of a domain name has declared its intention to use the domain name at the time of initiating the ADR proceeding, but failed to do so
within six months since the ADR proceeding was initiated in order to prevent the owner of a trade mark from registering the domain name. Thirdly, the UDRP would have a panel find bad faith where a respondent primarily registered the domain name for the purpose of disrupting the business of a competitor; whereas Article 21(3) of the Regulation indicates that bad faith can be found when the domain name was registered primarily for the purpose of disrupting “the professional activities” of a competitor. Lastly, the provision of the ADR regards the registration of a personal name, to which the holder of the domain name has no demonstrable link, as bad faith, while the UDRP provides for no such finding under similar circumstances. Each of these differences will be discussed below in detail.

a. Registered or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring it to the holder of a name or to a public body

Article 21(3)(a) of the Regulation provides that bad faith can be found in circumstances indicating that the domain name was registered or acquired primarily for the purpose of selling, renting or otherwise transferring the domain name to the holder of a name in which a right is recognised or established by national and/or Community law, or other public body. This provision can be examined by interpretation of its wording.

Firstly, bad faith is shown if it is obvious that the domain name was registered or acquired for being sold, rented or otherwise transferred to the holder of a name in respect of which a right is recognised or established by national and/or Community law, or to a public body. This is because the Article uses the word “primarily”. Therefore, it should be explicit for the claimant or in general that the respondent has done so. There are some decisions interpreting the word “primarily”. For example, in 4711.eu, the complainant’s association with the registered trade mark 4711 was widely known and the insertion of Domain Handler (domain dealer) by the respondent when registering the domain name implied that the domain name could be sold by the respondent as an owner of the domain name. Therefore, without a doubt, the registration of the domain name was primarily for the purpose of selling it later on. Or the fact that the website had

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no content of its own but contained a series of links to other websites could have indicated that the sole reason for the registration of the domain name was to offer it for sale, as in koeln2010.eu.285

Secondly, bad faith is shown if the domain name is offered for sale, rent or otherwise transferred to the holder of the protected name; however, such transfer need not only be to the complainant as required under the UDRP. As a consequence, the complainant tends to have a greater potential to succeed in its claim rather than under the UDRP. This is because an offer can be made to more than one person, as a name may have more than one holder and rights subsisted under it and may also be possessed by more than one holder. This includes the case of a public body, which may have many stakeholders.

Finally, compared to the corresponding provision of the UDRP, this provision is very concise since it omits an offer to sell, rent or otherwise transfer to “a competitor of a complainant” and the phrase, for “valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name”. On the first point, it can be commented that the omission lessens the chance of a successful complaint when compared to the UDRP. Yet, one can argued that the Article has increases the opportunity for complainant to make a complaint by this provision, regarding such offers for selling, renting, or otherwise transferring to the holder of a domain name which can be more than one person, not just a complainant or its competitor. Nevertheless, the definite answer to this question may never be justified as both requirements offer different advantages and they are very hard to compare. However, it seems more reasonable if the offer to a competitor still exists under this requirement because, in general, offers are made to the competitor of a right holder as well.

In addition, the second point that can be made is that the Article abandons the provision regarding the selling of a domain name for an out-of-pocket price. This is much different than the UDRP, since most of the disputes under the UDRP concern a respondent trying to make profit by unfairly selling a domain name. As a result, the complainant under the ADR can succeed more easily than the claimant under the UDRP because there is no requirement to establish that the domain name is offered for an  

excessive cost. For example, in winamp.eu, the fact that the respondent demanded the refund of his cost for €700, while the registration fee was as less as €15, did not make any difference to the decision since the panel was already satisfied that the domain name, without TLD, was identical to the complainant’s well-known trade mark. Or in enterprisecarrental.eu, it was so easy for the complainant to have the domain name transferred that it did not seem fair to a holder of the domain name. This was because, as the panel stated, the domain name was registered primarily for selling; as was evidenced by the mere fact that the domain name was similar to the complainant’s trade mark plus some additional descriptive words that were unfortunately similar to the business of the complainant.

b. Respondent Registered the Domain Name in Order to Prevent the Holder of a Name from Registering It

Article 21(3)(b)(i) of the Regulation mandates that:

[T]he domain name has been registered in order to prevent the holder of such a name in respect of which a right is recognised or established by national and/or Community law, or a public body, from reflecting this name in a corresponding domain name, provided that a pattern of such conduct by the registrant can be demonstrated.

The Article requires the holder of a domain name to register the domain name that corresponds to a name in which a right is recognised or established by national and/or Community law, or a public body. The motive of the holder must only be for preventing the owner of such a name from reflecting its name in the corresponding domain name, for which there must be explicit evidence.

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287 Court, 'Enterprise Rent-a-Car UK Limited, David R Haarz v. Domain Active Europe Ltd., Domain Hostmaster '.
288 However, the author disagrees with the decision if the panel relied solely on Article 21(3) (a) because there was no evidence that the respondent had known the complainant before the dispute. Furthermore, it is hard to believe that the respondent registered the domain name primarily to sell it to the owner. The panel should only have relied on the lack of legitimate interest of the respondent, which is enough to revoke a domain name. As the decision considered both legitimate interest and bad faith, it is evidence that the panels have developed a habit of considering every requirement, as in the UDRP.
To analyse, the Article is generally identical to Paragraph 4(b)(ii) of the UDRP except that the Article recognises a right under the EC law, and has a wider perspective than the UDRP, which is restricted to only trade mark and service marks. It can be said that this provision reproduced Paragraph 4(b)(ii) of the UDRP, but expands the type of rights to be protected.

In general, this provision is effective since many panel decisions under both the UDRP and the CAC usually found bad faith from this conduct. However, it is not quite certain why the respondent must have such a motive and how it is to be shown that the respondent engaged in such conduct. There is, however, some explanation found in certain panel decisions. For example, in acompliaooriginal.eu\(^{289}\), the panel decided that the holder of the domain names had registered them in order to prevent the owner of the rights in the corresponding name from reflecting its name in the domain names. The respondent, who knew that the complainant would launch a new drug, registered the contentious domain names containing the complainant’s trade mark and a name of the drug just prior to the launch. Accordingly, the panel explained their criteria, namely that the respondent had known or was aware of engaging in such a conduct when the previous conducts of the respondent showed that it had registered domain names associated with other well-known or commonly known trade mark in large volume as in memorex.eu\(^{290}\).

The next section will discuss the bad faith circumstances where the holder of a domain name has registered it in order to prevent an owner of the rights to the name, as recognised or established by national and/or Community law, from reflecting that name in the correspondent trade mark and where such a domain name has not been in use in a relevant way for at least two years from the date of its registration. This provision does not exist under the UDRP and it therefore needs to be examined why this doctrine has been established. Comments and relevant panel decisions will be included where appropriate.

c. Registered the domain name in order to prevent the holder of a name and the domain


name has not been used in a relevant way for at least two years from the date of registration

As mentioned in the section above, Article 21(3)(b)(ii) contains a new provision concerning the finding of bad faith in the following circumstances:

[T]he domain name has been registered in order to prevent the holder of such a name in respect of which a right is recognised or established by national and/or Community law, or a public body, from reflecting this name in a corresponding domain name, provided that the domain name has not been used in a relevant way for at least two years from the date of registration.

Basically, the Article suggests a finding of bad faith where (1) the domain name has been registered to prevent an owner of a protected right or a public body from reflecting the name in a corresponding domain name, and (2) the domain name has not been in use for at least two years since the date of registration. No such provision exists in the bad faith policy of the UDRP. Then, there is a question as to why the Commission drafted this provision unexpectedly. The most likely answer would be that the drafters of the Regulation had no prior experience with domain name disputes before, and that they did not receive any recommendations from WIPO. As a result, this provision is, at best, only an attempt by the Commission to prevent the speculative and abusive registration of .eu domain names. Unfortunately, the attempt resulted in a bizarre provision, as examined below.

The first peculiarity of this provision is that the revocation or transfer of the domain name will only happen after a period of two years from the date of registration. So what if a cybersquatter registers a domain name in advance and leaves the domain name, for instance, for a year and a half before initiating activity with the domain name? Then no-one can do anything with it since the period of two years has not yet been satisfied.

Secondly, what if someone has registered a domain name for more than two years but has been activating it? How is anyone supposed to know what the language “in a relevant way” is supposed to mean? There is no explanation provided; neither in the Rules nor in the Supplemental Rules. Also, no decision has yet explained the term at the time of the writing of this paper. Should not the CAC or the Commission clarify the term or provide a definition somewhere?
The third peculiarity is that it is unclear when the domain name has been registered in order to prevent the owner of a name from reflecting its name in the domain name. Why should anyone need to wait for the passage of two years, rather than acting immediately under Article 21(3)(b)(i) of the Regulation? From the point of view of the author, this provision is just a bad embellishment of the ADR provision, which is not helpful, nor practical.

Lastly, it is difficult to understand why a revocation or transfer of the domain name does not arise earlier under the legitimate interest doctrine. The prevention of the rightful owner of a name implies that the holder of the domain name must lack a legitimate interest in the domain name to begin with. Thus, when it is clear that the registration by the holder of the domain name is without right or legitimate interest, why should a complainant not bring the action under Article 21(2) as lacking a legitimate interest in the domain name? Why should the complainant wait for the passage of two years under this regulation? Again, this analysis shows that the Article 21(3)(b)(ii) is just a mistake by the drafters.

Unfortunately, since .eu TLDs have been in service recently and it is a bit unusual for someone to register a domain name more than two years to block any person, the author cannot find a panel decision regarding this provision. Perhaps no official interpretation or use of the provision has been available until now. Also, such a provision is not found in the UDRP, so there are no panel decisions under the UDRP to reference either. If there were, there would be more data to study regarding how to use the provision effectively.
d. Registered the domain name in order to prevent the holder of a name and at the time of initiating the ADR proceeding, the respondent has declared its intention to use the domain name in a relevant way but failed to do so within six months

Article 21(3)(b)(ii), which is corresponded to Paragraph B11(f)(2)(iii) of the ADR Rules, generally establishes bad faith when (1) the domain name has been registered to prevent the owner of a name in which a right is recognised or established by national and/or Community law or a public body from reflecting the name in a corresponding domain name, (2) the holder of the domain name has used the domain name in a relevant way by the time the ADR procedure was initiated, and (3) the holder of the domain name failed to do so within six months of the day on which the ADR procedure was initiated. However, as mentioned, this provision has never existed in the UDRP; therefore, having created a new provision without studying domain name problems thoroughly, the provision is unnecessarily complicated and illogical. This is examined below.

It is not logical that the situation is not considered bad faith immediately after the declaration was made by the respondent at the time the ADR procedure was initiated. This is because a declaration that the respondent will use the domain name after

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(T)he domain name has been registered in order to prevent the holder of such a name in respect of which a right is recognised or established by national and/or Community law, or a public body, from reflecting this name in a corresponding domain name, provided that:

(iii) in circumstances where, at the time the ADR procedure was initiated, the holder of a domain name in respect of which a right is recognised or established by national and/or Community law or the holder of a domain name of a public body has declared his/its intention to use the domain name in a relevant way but fails to do so within six months of the day on which the ADR procedure was initiated.


(T)he domain name has been registered in order to prevent the holder of such a name in respect of which a right is recognized or established by national and/or Community law, or a public body, from reflecting this name in a corresponding domain name, provided that:

(iii) there are circumstances where, at the time the ADR Proceeding was initiated, the Respondent has declared its intention to use the domain name, in respect of which a right is recognized or established by national and/or Community law or which corresponds to the name of a public body, in a relevant way but failed to do so within six months of the day on which the ADR Proceeding was initiated;
acknowledging the ADR procedure is tantamount to a six month deferral of the dispute by the respondent. No complainant would want to claim bad faith under this article. Because the period is so long, no right owner would want to risk its rights under such a provision, unless there was no other option available.

However, if thinking positively, it may be that the Article generously wants to give a chance to a domain name holder to prove its intention. It is also possible that the article wants to prolong the timescale for a complainant who fails to prove that the registration is without legitimate interest but against whom no bad faith is found under other provisions. The Article gives all hopeless complainants a chance to win the dispute, provided that these complainants have succeeded in establishing that the domain name and the name are confusingly similar. Anyway, no matter why this provision is used, it is still too obscure for lay people to understand its rationale, since it may not help to resolve the abusive registration of domain names and only extends the length of the ADR proceeding.

Actually, Paragraph B12(g) of the ADR Rules facilitates the provision regarding the proceeding of the Article. Under the paragraph, there is special treatment for a complainant who is able to prove that the domain name is similar to a name in which he has right. This is despite the fact that he has failed to prove that the domain name has been registered without a right or legitimate interest, and has not succeeded in proving bad faith in all circumstances except this six months provision.

The Paragraph mandates that the panel issue an interim decision and suspend the proceeding for a period of six months after filing passes. However, if the respondent still does not submit evidence of relevant use by the postponed date and the complainant has finished proving the elements required by the article, the panel must decide whether an award of the domain name should be granted to the complainant or whether it should be revoked. On the other hand, if the respondent submits the required evidence, accompanied by a declaration of completeness and accuracy to the complainant, the complainant needs to submit a response within fifteen days of the date of receipt of such evidence.

To analyse, as stated, the provision is absurd and there is no reason why the respondent should spend time worrying about the domain name or be forced to make a declaration at the day on which the ADR procedure was initiated after everything was clear that the registration was accompanied by a legitimate interest and no other bad faith could be
found. In addition, it is not difficult to understand why the respondent would not have done anything with the domain name in a relevant way after he registered the domain name. It could be because the respondent was busy with other things or there was a problem in launching a website. However, it is very difficult to understand why the panel does not just simply deny the complaint instead of making the respondent, who tends to be an innocent registrant, suffer this provision, knowing that his domain name might be a subject of a revocation or transfer.\(^{293}\)

To sum up, the Article is biased in favour of the complainant and very unfair to the respondent. This is because the complaint should be denied when the complainant can not prove that the registration has been done without legitimate interest and no other bad faith circumstances are found. Having to wait six months to prove the use of the domain name by the respondent weighs in favour of a complainant who has not yet felt like losing the dispute. This causes suffering to the respondent from the point of view that it results in pressure to launch a website in time.

Since there is no such provision in the UDRP and there was found no decision of the CAC regarding the article is found,\(^{294}\) there will be no demonstration of relevant decisions in this section. Nevertheless, it can be concluded from the analysis above that the provision should not exist in the Regulation, or in any other domain name dispute resolution policy.

e. Registered the domain name primarily for the purpose of disrupting the professional activities of a competitor

Article 21(3)(c) of the Regulation requires that bad faith circumstances be found where “the domain name was registered primarily for the purpose of disrupting the professional activities of a competitor”. This provision corresponds almost identically

\(^{293}\) Otherwise, regardless of whether legitimate interest and no bad faith are indicated, this provision might be a loophole for a talented cybersquatter who could prove of legitimate interest and passed all the complaint regarding bad faith which finally would sell, rent or otherwise transfer the domain name before the domain name is officially revoked or transfer because the gap between realising the ADR procedures and the freeze of the domain name by the registry can be long enough to do all the transfers although it is not logical as to why such a cybersquatter has to sell the domain name during that period if he is smart enough to pass all the test.

\(^{294}\) Most respondents registering a domain name to prevent a holder of a name from having the domain name do not file a response. In no decision yet has a domain name registrant declared an intention to use the domain name at the time of registration, but failed to do so within six months.
with Paragraph 4(b)(iii) of the UDRP, which mandates that evidence of registration and use of the domain name in *bad faith* can be found if the respondent “registered the domain name primarily for the purpose of disrupting the business of a competitor”. The difference is only the use of the language “professional activities of a competitor” in the Regulation, instead of “business of a competitor”, as in the UDRP.

To analyse, the provision requires only two elements: (1) the respondent has registered the domain name, and (2) it was registered primarily for the purpose of disrupting the professional activities of the competitor. However, there is a question as to why the Regulation does not use the phrase “the business of competitor”, like the UDRP, and how to define “professional activities of a competitor”. The answers to these questions are not easily found, except by reading from panel decisions of the CAC.

According to the decision in *energylinx.eu*,


where the panel reviewed evidence attached to the complaint and presumed the respondent was a competitor and the respondent did not rebut this allegation, the registration of the domain name by acknowledging trade mark rights of the complainant was very likely to disrupt or otherwise harm the business interests of the complainant. In *alterian.eu*,


the panel found, that on the balance of probabilities, the domain name was registered primarily for the purpose of disrupting the professional activities of the complainant. This was because the respondent was clearly a competitor of the complainant and for ten months or so used the complainant’s trade mark in the domain name to divert web traffic from the complainant’s website to the respondent’s website. This cost the complainant to lose valuable web traffic and was nothing less than a disruption to the complainant’s business. In another case, *atlasprofilax.eu*,


the panel concluded from the fact that the respondent had no right or legitimate interest in the disputed domain name that the registration of the domain name was likely to offend the complainant. This was because the domain name was pointing at the respondent’s website and the respondent engaged in activities similar to that of the complainant after acknowledging the complainant to the official website.

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In conclusion, the decisions above lay the foundation for a doctrine for finding a disruption of the complainant’s professional activities where, (1) the parties are competitors, and (2) the respondent has registered the domain name with prior knowledge of the complainant and its rights and cost valuable losses to the complainant’s interest. The losses could be a diversion of web traffic or any other thing, depending on the circumstances of the dispute. This interpretation is more or less similar to decisions decided under the UDRP because the Regulation closely corresponds to the similar provision of the UDRP. Nothing new has been added in this provision except for the substitution of the phrase “professional activities”, the meaning of which is still a mystery. It could possibly be that the term “professional activities” is broader than “the business”, making it easier for the complainant to establish a claim.

f. Used the domain name to attract Internet users for commercial gain by creating a likelihood of confusion with a name

Article 21(3)(d)\(^{298}\) of the Regulation provides that bad faith circumstances are found if (1) the domain name is used intentionally to attract Internet users to the website of the domain name holder or other online location, (2) for commercial gain, (3) by creating a likelihood of confusion between the domain name and a name to which a right is recognised or established by national and/or Community law or a name of a public body, and (4) the likelihood of confusion involves the source, sponsorship, affiliation or endorsement of the website or location, or of a product or service on the website or location of the holder of a domain name.

Again, this provision largely corresponds to paragraph 4(b)(iv) of the UDRP.\(^{299}\) The difference is only that the Regulation recognises every right under national and/or

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\(^{298}\) **Article 21(3)(d) of the EC Regulation No. 874/2004:**

> The domain name was intentionally used to attract Internet users, for commercial gain, to the holder of a domain name website or other on-line location, by creating a likelihood of confusion with a name on which a right is recognised or established by national and/or Community law or a name of a public body, such likelihood arising as to the source, sponsorship, affiliation or endorsement of the website or location or of a product or service on the website or location of the holder of a domain name.

\(^{299}\) **Paragraph 4(b)(iv) of the Uniform Dispute Resolution Policy:**

> By using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.
Community law, unlike the UDRP which limits the right to a mark only. Also, only an intentional use of the domain name to attract Internet users for commercial gain to the respondent’s website, by creating a likelihood of confusion, will fulfil the provision. No registration with such intention is required. As a consequence, bad faith under the article can be demonstrated only by use bad faith, without the need to demonstrate that the respondent also registered the domain name for such a purpose. This helps the complainant demonstrate bad faith under the Regulation just by showing a use under this article, since the Regulation requires only a domain name to either have been registered or be used in bad faith.

However, there is a question regarding the demonstration of a likelihood of confusion, namely as to what will satisfy the panel that there is such a likelihood between a domain name and a name in which a right is protected under national and/or Community law. Certainly, a likelihood of confusion as used in trade mark law is inapplicable as between a domain name and a name. This is because the likelihood of confusion under trade mark law has specific requirements. For example, under Section 10(2) of the UK Trade Mark Act 1994, the likelihood of confusion when there is a use in the course of trade of a sign that is identical or similar with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered.300 Similarly, the European Court of Justice also provides the test for global appreciation; in order to find a likelihood of confusion that it must consider all relevant factors in the case, including the similarity of the marks, the goods, and the likelihood of association.301

However, there were some decisions under the UDRP that used a test for likelihood of confusion under trade mark law. For instance, in broadecom.com,302 the panel of the National Arbitration Forum (NAF) applied the likelihood of confusion test from a 1938

300 Section 10(2) of the UK Trade Mark Act 1994.

A person infringes a registered trade mark if he uses in the course of trade a sign where because

(a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

There exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.


US Federal Court decision to a domain name dispute. The panel quoted the opinion of the judge: “[T]he test for likelihood of confusion is whether a ‘reasonably prudent consumer’ in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks.” The panel then added eight factors of the test from the Sleekcraft case: “(1) the strength of the mark; (2) the proximity or relatedness of the goods; (3) the similarity of sight, sound and meaning; (4) evidence of actual confusion; (5) marketing channels; (6) the type of goods and purchaser care; (7) intent; and (8) likelihood of expansion. Finally, the panel concluded that the mark was strong, but the goods and services of the parties were not related. Moreover, there was no evidence of actual confusion, the marketing channels of the parties were different, and the types of goods and services marketed by the parties were not the same or very related. Furthermore, with an assertion by the respondent that it had no intention of harming the complainant, there was found to be no evidence of a likelihood of confusion between the trade mark and the domain name.

Nevertheless, panels deciding domain name disputes do not normally use a test for trade mark infringement to find a likelihood of confusion. This is because a domain name does not provide any goods or services, nor does it function by identifying an origin of goods or services like a trade mark. On the other hand, panels have developed doctrines for use in the determination of whether a likelihood of confusion is present in a domain name dispute. In general, the opinions of panel decisions do not discuss the likelihood of confusion outright. Rather, many panel decisions tend to give greater weight to the attraction of Internet users by creating confusion for one’s financial gain.

For example, in pernod.com, the panel concluded that it was undoubtedly dangerous to the reputation of the complainant’s famous trade mark, as the domain name attracted
and misled Internet users to an inactive website. In addition, in *alterain.eu*, the panel found that initial interest confusion occurred where “the respondent still materially or financially gains by trading in on the value of complainant’s alterian mark to initially attract customers to his website, even if once they arrived at ‘minotaur.eu’, they then realised it did not belong to the complainant”. Moreover, in *tarkett-commercial*, the panel was convinced by the evidence that “the domain name was being used to attract internet users to a website that is essentially a directory of websites related mainly with flooring services; while, the respondent was receiving pay-per-click fees when consumers follow the links proposed on the website”. Finally, in *bormiolirocco.eu*, the panel found that the domain name was pointing to a sponsored pay-per-click website aimed at directing visitors to competing third-party commercial websites and that the respondent’s website also provided links to porn websites. Therefore, it was clear that the respondent used the contested domain name to attract Internet users by creating a likelihood of confusion with a name in which a right was protected under national and/or Community law.

As a whole, this provision generates nothing new over the UDRP, except that the rights protected under the Regulation are recognised as wider than those protected by the UDRP. As a consequence, the provision presents no interesting features relevant to amending the UDRP.

g. The domain name is a personal name and the registrant has no demonstrable link with the domain name

As mentioned, the Regulation provided a new provision defining *bad faith* for .eu domain names, which has never existed under the UDRP. Article 21(3)(v) of the Regulation provides that *bad faith* may be demonstrated by a showing that “the domain name registered is a personal name for which no demonstrable link exists between the domain name holder and the domain name registered”. This provision is truly absurd because there is no reason why the registration of a personal name should constitute *bad*
Moreover, there is no explanation as to what is meant by the term “demonstrable link”.

To analyse, the provision requires, (1) that the respondent is a holder of the domain name, (2) the domain name is a personal name, and (3) the respondent has no demonstrable link to the domain name. As to the second factor, it should specify that, without the prefix www. and suffix .eu, the domain name is identical to a personal name. As to the third factor, to the author’s understanding, it should mean that the respondent has no relation or any demonstrable evidence of rights to use such a personal name. However, in any case, this should not be considered bad faith, because merely registering a personal name as a domain name cannot demonstrate that the registrant has bad faith. There are many reasons why a personal name could be registered as a domain name, by non-related individuals, where there would be no evidence of bad faith. For example, the registrant might be a secret admirer of such a person, wanting to make a tribute website; or, the respondent might register a common personal name which happens to be concurrently identical with such a person. Therefore, rather than inserting this criteria in the section discussing bad faith, it would be more appropriate if added to the discussion of one’s legitimate interest.

At the time of writing this paper, there is no relevant decision under the CAC. However, there are many panel decisions under the UDRP regarding the use of personal name as a domain name. For instance, in lana.com, the respondent registered lana, which is a common English female name. The complainant had a registered trade mark in the term for furniture and the panel simply denied the complainant’s claim since registered trade marks in common names did not result in a right to prohibit others from using such names as a domain name. Accordingly, in jerryfalwell.com, the complainant was the reverend Dr. Jerry Falwell, claiming a common law trade mark in his name. However, he failed to provide the panel with evidence of his fame under the name as a trade mark and the respondent did not use the website in a commercial way. Regardless of whether the website was in good taste, satirically funny, or a parody or

commentary website, the majority of the panel found no bad faith in the use of such a personal name as a domain name. Therefore, the complaint was denied.\footnote{However, the panel mentioned the final report on the second WIPO domain name process, which provided some comments on a decision regarding a personal name: WIPO carefully considered to what degree protection should be extended to personal names. In its recommendations, WIPO clearly indicated that the Policy should be limited to personal names that had been commercially exploited. “Persons who have gained eminence and respect, but who have not profited from their reputation in commerce, may not avail themselves of the UDRP to protect their personal names against parasitic registrations. The UDRP is thus perceived by some as implementing an excessively materialistic conception of contribution to society.”}

In summary, the provision regarding the use of a personal name as a domain name to be bad faith is inappropriate. First of all, this provision is more relevant to the demonstration of a right or legitimate interest. Secondly, the provision is unfair to the respondent since anyone who happens to use such a name, or may change a name before the initiation of the ADR proceedings, can claim bad faith under this provision and can have the domain name transferred without much effort. Thirdly, the UDRP does not have this provision and many panels do not grant those contesting personal names an exclusive right to register a domain name containing them, provided that the use is non-commercial.

\subsection*{h. Other Bad Faith Circumstances}

There are many bad faith circumstances, besides those written in Article 21(3) of the Regulation, that can be found in the panel decisions of the CAC, such as in salomonsports.eu.\footnote{Czech Arbitration Court, 'SALOMON S.A. v. Vinitisia Ltd ' (2007) <http://www.adreu.eurid.eu/adr/decisions/decision.php?dispute_id=4269> (20/10/2008)} In that case, the panel found evidence that the respondent had registered the domain name with knowledge of the fame of the complainant’s trade mark. Furthermore, the domain name was used to offer Internet users links to many sport-related websites, considered to be competitors of the complainant, through a pay-per-click system. The panel finally summarised that the respondent had registered a domain name which could just as well have been the perfect official webpage for the complainant, in order to divert users to the web pages of potential competitors, and that this conduct constituted bad faith.
The second example of *bad faith* circumstances is the demonstration that the respondent provided a wrong address. In *tarkett-commercial.eu*,\(^{314}\) apart from *bad faith* conduct of attracting Internet users to the respondent’s website by creating confusion for a commercial gain, the panel also concluded that the respondent’s use of a false address in registering the domain name could be an indication of *bad faith*. Moreover, providing a false address can also be a cause for revocation of the domain name according to Article 20(c) of the Regulation. It specifically states that the registry may revoke a domain name on its own initiative, without submitting the dispute to any extrajudicial settlement of conflicts, if a holder breaches of the terms of registration under Article 3 of the Regulation. Article 3(a) mandates that the request for a domain name registration shall include the name and address of the requesting party.

The third example of *bad faith* circumstances is the situation where a respondent has registered multiple domain names leading to no active website. In *acompliaoriginal.eu*,\(^{315}\) the panel opined that “the mere holding of a domain name that was identical or confusingly similar to a trade mark belonging to a third party, in itself, could be considered disrupting the business of the right owner”. In addition, “the registration of multiple domain names including the complainant trade marks was also evidence of *bad faith*.”\(^{316}\) Furthermore, the panel also concluded that “the fact that the contentious domain names did not lead to any active web site also supported the bad faith of the respondent”.

The fourth instance is that non-submission of a response implies that a respondent accepts a complaint as true, including a claim of *bad faith*. In *aolmail.eu* and *aolspain.eu*,\(^{317}\) the panel had no reason to consider *bad faith* further, since the complainant had satisfied the panel that the respondent had no legitimate interest in the domain name. However, the panel opined that since the domain names were not in use and the respondent did not respond to the complaint, the absence of a response from the respondent implied that the respondent accepted the complainant’s assertion of a registration in *bad faith*.

\(^{314}\) Court, 'TARKETT SAS v. REZEPT LTD, Janusch KURT'.  
\(^{315}\) Court, 'SANOFI-AVENTIS, Mrs. Carole TRICOIRE v. DE JONG M.'.  
\(^{316}\) In the decision, the panel quoted that this sentence was deducted from WIPO Case No D2000-0351 and WIPO Case No D2001-0108.  
The fifth type of *bad faith* circumstances is the demonstration that the respondent has no *bona fide* right to use the domain name. For example, in *memorex.eu*, the respondent had registered 140 expedited Benelux trade marks, of which 132 registered trade marks were used for registration of *.eu* domain names during the Sunrise period. However, one aim of the Regulation and EC Regulation No. 733/2002 is to disallow speculative and abusive domain name registrations based on trade mark rights that are not based on a genuine and *bona fide* need for an exclusive right. Therefore, since the respondent applied and possessed registered trade marks with no evidence of an intention to use them, or the domain name, for any product or service, the panel concluded the respondent had registered the domain name in *bad faith*.

The last example of *bad faith* circumstances is the non-use of the domain name. In *aolireland.eu*, the panel concluded that “the fact that the respondent did not appear to use or had used the disputed domain name, or of a name corresponding to it, for goods and services, and the respondent’s failure to respond both to the letter sent by the complainant’s representatives prior to the commencement of these proceedings, and to the complaint in these proceedings, were indicative of the existence of bad faith”.

The next section will discuss the interesting features of ADR proceedings. For example, there are the phased registration, the use of different languages in the proceedings, and the method of appointing of the panel. These procedures are designed to be of practical use and do not directly relate to the provisions of the ADR. The discussion will cover both the Regulation and the ADR Rules, since both are required to resolve a dispute. If there is a relevant decision it will be commented on. Analysis and comments will be included as appropriate.

**B. ADR Proceedings**

The ADR has special procedures for resolving *.eu* domain name disputes. The Regulation must be strictly followed, which makes the proceedings very rigid. There is no adaptation, although there is an abundance of comments regarding some of the ridiculous provisions of the Regulation. This is because EC Regulations No.733/2002 and No. 874/2004 are considered Community law and only the European Parliament

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318 Court, 'Memorex Products Europe Limited v. Goallover Limited, Robin Caller.
319 Court, 'AOL UK, Mr Nity Raj v. World Online Endeavours Limited '.

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can change the provisions of EC Regulations. Mere registries cannot issue rules that conflict with EC Regulations. As a consequence, the ADR Rules are only created to follow and support provisions the Regulation, which makes both the Regulation and the Rules equally bizarre for domain name dispute resolution policies.

Starting with the phased registration, which can make the registry a respondent to the ADR proceedings, it is difficult enough for the registry and the validation agents to view all the applications and publish domain name registrations in all of the official languages of the European Union during the sunrise period. Moreover, the registry and the validation agents need to consider prior rights, which possibly mean every right recognised or established under national and/or Community law, in order to allocate any registration. Then, there is also the problem concerning some trade mark registration systems, such as the Benelux trade mark registration system, which provide trade mark registration and may pre-empt any legitimate holder of prior rights.

Furthermore, since every dispute with the registry must be conducted in English, there is a problem concerning disputes over the holder of a domain name. That the language used for conducting the ADR proceedings must be the language of the registration agreement is the first problem of the proceedings, because a language can be any official languages of the European Union. This requires the ADR provider to have the capability to conduct the proceeding in any language of the European Union. Also, it includes a problem made by a holder of a domain name who may be a cybersquatter. Those with bad intentions may use the trick of choosing an unfamiliar language as the language of a registration agreement so that a credible complainant will encounter difficulty in the ADR proceedings, since every document used for the proceedings must be translated into the language of the registration agreement, including a certification of trade mark registration.

Another peculiarity of the provision stems from the timing for the proceedings. As mentioned, the ADR proceedings are not consistent in the time given for each stage. The response has to be submitted within thirty working days, while a decision must given within one month of the date of the submission of the response, not the date of selection of the panel like under the UDRP. Moreover, if any party wants to bring the dispute to a competent court, it must be done within thirty calendar days. The periods of working days, one month and calendar days are not consistent, which is very unprofessional for the level of EC Regulations. Then, there is a question as to where the
competent court should be. It might be assumed that the competent court should be any national court of the member states of the European Community. However, no such specification is found either in either the Regulation or the Rules. It is very peculiar that Community law, like the Regulation, does not contain such important information.

This section tries to show the distinctive provisions of the ADR proceedings, including the provisions of the Regulation that have distorted the policies of the UDRP. Although the drafters of the Regulation want to bear a minimum of the UDRP and improve some policies in the UDRP, the Regulation turns out to be inferior to the UDRP. These problems must be studied so that any future amendment to the UDRP will not repeat the same flaws. Also, some of its newly added provisions have interesting features which may be worth recommending for addition to the UDRP. As such, this section will discuss the ADR proceedings in five major areas: the phased registration; the language of the proceedings; the timing of the proceedings; the appointment of the panel; and the settlement of the dispute. Comments and analysis will be added as appropriate. In some sections, panel decisions may be added for completeness.

1. Phased Registration

The phased registration of .eu domains is worth a study because it is a policy created to reduce the problems of speculative and abusive registration of domain names. Although the phased registration is not in the ADR proceedings as such, it is one of the prominent features that have tremendous effects on the proceedings. This is because the phased registration causes a rise in the number of domain name disputes against the registry, primarily resulting from a conflict over prior rights.

A phased registration is generally called a sunrise period. It is a period which allows an owner of prior rights, especially a trade mark owner, to register a domain name that corresponds to a name in which it has right established or recognised under national and/or Community law first. Since the registration of .eu domain names uses the first-come-first-served rule, the reason behind a phased registration is to prevent a speculator or cybersquatter from registering the domain name before a right owner has the opportunity to do so.  

320 In the early days, there were no provisions for prior rights or phased registration because a domain name at that time was very new and only a few people could have imagined its extension to the uses of the present. Also, no one at that time would expect such things as cybersquatters or speculators to have
The sunrise period was divided into two phases. The first four months were for the registration of .eu domain names by prior right holders, such as registered trade mark holders and public bodies. The second phase of the sunrise period was open to the holders of other prior rights, such as owners of company names, trade names and licensees of trade marks. Nevertheless, applications during both phrases were handled on a first-come-first-serve basis, according to paragraph (12) of the EC Regulation No. 874/2004.

Applicants have 40 days to submit documentary evidence of their prior rights. If PWC, the validation agent, agree with the documents demonstrating a prior right, it will validate the application. However, if the applicant failed to submit valid documents, the second applicant in line, for the same domain name, would be considered, and so on. Accordingly, although an application during the sunrise period was validated and accepted, the applicant was required to wait for 40 days before the domain name would be activated for any challenge of the PWC validated decision. This challenge would be considered a dispute that needed to be decided by an approved dispute resolution provider. If no one was able to sufficiently prove a prior right in a domain name during the sunrise period, such a name would again be free for registration in the market. According to EURid, there were more than 100,000 names available again due to the insufficiency of prior rights.

Below is a chart of .eu domains registration procedure during the sunrise period

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321 Eurid, 'Year In Review for 2006'.

321 According to Pinkard Alan Brand and Pinkard Alan Brand, Internet Made Mobile 2006 and Domain Name Summit .tel Presentation 2006, new TLDs issued by ICANN, such as .biz, .info, .mobi and .tel, have this provision to prevent cybersquatting and speculative registration. See Pinkard Alan Brand, .mobi: Internet Made Mobile 2006 and Domain Name Summit .tel Presentation 2006.
However, despite restrictions on only those who had prior rights, the registration during the sunrise period created a number of disputes. Most of the disputes arose due to the coexistence of registered trade marks and the first-come-first-served rule. As was evident in many disputes, most of names and marks had more than two applications, including names such as sex.eu, hotel.eu and jobs.eu.

The most prominent dispute during the sunrise period was eurostar.eu. In this case, Eurostar Ltd., who had a registered trade mark for eurostar in the UK for rail service, failed to register eurostar.eu. The Belgian company who had the same registered trade mark in Belgium, for diamond retailers, prevailed. Eurostar UK later filed a complaint against EURid but could not have the domain name transferred because Eurostar Belgium had a legitimate prior right in the mark and had submitted an application for the domain name first, albeit by a few seconds.

According to Article 10 of the Regulation, “prior rights” refers to, inter alia, registered national and Community trade marks, geographical indications or designations of origin. Prior rights are used to give priority in the order of registration during the phased registration. However, the priority generates a pitfall: it tries to give equal

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323 At the same time, the ADR proceedings regard them as rights established or recognised within national and/or Community law.
treatment to prior rights for every member state but each national law recognises rights differently. For example, an unregistered trade mark has protection as a trade mark under UK national trade mark law if it passes certain criteria, while an unregistered trade mark under French law is not recognised. Or, a family name has a protection under German law while no such right is recognised under UK law.324

Additionally, during the phased registration, every application must be validated by a validation agent in order to be registered as a domain name. The domain name, disregarding the prefix and suffix, must be exactly the same with the name in which an applicant has rights. As a consequence, it is not easy to apply rights to get the .eu domain names. However, like every law, there is always a loophole. For the Regulation, people with a malicious purpose can register .eu domain names by claiming a forged right using a variety of methods. For example, since the provision concerning prior rights is very broad, and is not clearly defined, a forger may claim rights which are not specified in Article 10, as the rights in the article are only examples. Alternatively, a forger may register any name as a Benelux trade mark for the purpose of submitting an application during the sunrise period, since the Benelux has an expedited trade mark registration procedure normally taking less than one week if one pays additional costs.325 Otherwise, an applicant may apply for a trade mark license from its owner and then apply in the second sunrise period as a licensee together with a trade mark license declaration form. As a licensee, an applicant will have a prior right, which is really good for the owner of a trade mark using outside the Commission and has no principal office in the EU.

Accordingly, there were many disputes arising during this period, mostly concerning the decisions of the registry or the validation agent. One reason is because there were massive applications submitted during the period. More than 345,000 applications were filed, with 76 applications per second in the first four hours.326 Another cause of disputes was the many concurrent applications applying for the same legitimate prior rights. One should admit that it is possible that the same names or marks may be used for the same or different products or services in different member states. According to

324 'IP Think Tank: Do we need .eu?'(183) Trademark World 33.
326 Eurid, 'Year In Reveiw for 2006'.

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Paragraph A1 of the Rules, an applicant who fails to register a domain name during the sunrise period still has a chance to get the domain name during the Sunrise Appeal Period \(^{327}\) by filing a complaint against the registry within the 40 day period after the decision. This complaint must be made in relation to the Sunrise Rules \(^{328}\) which are the terms and conditions issued by the registry for the registration during the sunrise period.

For example, in *pst.eu* \(^{329}\), the first decision during the *eu* domain name registration, PST B. V. filed a complaint against a decision of EURid attempting to register the domain name, which had been registered by PST Business Solutions B. V. only five minutes before the complainant’s application. Although the complainant claimed that its registered trade mark was older than the one belonging to PST Business Solutions, EURid did nothing wrong in accepting an application with evidence of prior rights and granting the domain name to PST Business Solutions according to the first-come-first-served rule. Therefore, the complaint of PST B.V. was denied. Similarly, in *lotto.eu* \(^{330}\), the complainant who held a registered trade mark in Germany for the word *lotto* could not convince the panel to cancel the domain name, which EURid had awarded to Mr Gyorgy Pintz of Budapest as the holder of a Danish registered trade mark in the same word. Both of them had prior rights but the latter was the first in rank for the registration the domain name. Therefore, according to the first-come-first-served rule, the EURid decision was not flawed and the complaint was denied.

Furthermore, the panel needed to decide a certain issue regarding the interpretation of the Regulation and the Sunrise Rules too. For instance, in *emi.eu* \(^{331}\), EMI objected to the decision of EURid, that the evidence of its prior rights was insufficient. However, the panel did not agree with EMI since, according to Section 8(3)(iv) of the Sunrise

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327 Paragraph A1 of the ADR Rules - Definition of Sunrise Appeal Period:

Sunrise Appeal Period means a 40 day period during which a Complaint against the Registry’s decision to register a domain name within the Sunrise period can be filed as specified in the Sunrise Rules.

328 Paragraph A1 of the ADR Rules - Definition of Sunrise Rules:

Sunrise Rules means the .eu Registration Policy and the Terms and Conditions for Domain Name Applications made during the Phased Registration Period issued by the Registry.


Rules, the documentary evidence supplied by EMI for registering the domain name at the time of validation was insufficient, as it was just a copy of the application for a registered trade mark. Although EMI could have acquired a registered trade mark later, it would not have made any difference. Therefore, the complaint was denied. Or in barcelona.eu, another premier decision of the ADR, the Barcelona City Council made a complaint to err a decision of EURid in order to award the domain name to the owner of Benelux registered trade mark Barc & Elona. This case is a good example of two legitimate prior rights conflicting because the complainant also held the Community trade mark for Barcelona. The panel decided to annul the decision of EURid because, according to an ambiguity of Article 11 of the Regulation, EURid could have registered the domain name as barcandelona.eu to avoid a dispute, since the word was a geographical indication.

To analyse, although the provisions of the phased registration bring about many domain name disputes against the registry, it must be admitted that the numbers of cybersquatters and speculators are actually less when compared to the launch of other TLDs. Accordingly, an owner of industrial property rights recognised under EC law can also reflect its name in a domain name without much difficulty, although it must be admitted that there are conflicts between right owners.

Although it is too late for the UDRP to have a phased registration for domain names like .com, .net or .org, it is still possible for the UDRP to have such a provision for

332 Section 8(3) of the Sunrise Rules:

The Applicant or its Document Handling Agent shall be required to:

(i) print out the Cover Letter generated on the web site of the Registry;

(ii) indicate on the Cover Letter the official language in which the Documentary Evidence is being submitted where such Documentary Evidence is submitted in another official language of the European Union than the language chosen in the Application. In the case that another official language is selected in the Cover Letter, any and all Documentary Evidence submitted must be in the language selected in the Cover Letter;

(iii) sign the Cover Letter;

(iv) enclose the relevant Documentary Evidence referred to in Chapter V; and

(v) initial the said Documentary Evidence.

Unless otherwise expressly provided herein, it is not permissible to modify the wording of the Cover Letter; Documentary Evidence submitted without a Cover Letter or with a modified Cover Letter or a Cover Letter that is not duly signed will be rejected, with the exception of Documentary Evidence submitted electronically by the Registrar (in which case no Cover Letter needs to be submitted to the Processing Agent).

disputes arising during the sunrise period of future top level domain names; especially when ICANN has just approved a customised TLD, which will be in effect in 2009.\footnote{Cade Metz in San Francisco, 'ICANN approves customized top-level domains: Don't like .com? How about .thispagerocks?' (2008) The Register <http://www.theregister.co.uk/2008/06/26/icann_approves_customized_top_level_domains/> (20/10/2008).} It is also possible to institute a dispute against ICANN as a registry for any unfair registration of a domain name. This could reduce the number of speculators and cybersquatters. However, any amendment of the UDRP must beware not to follow the same mistakes as in .eu TLD. For example, a provision for prior rights should be carefully considered because giving too many rights priority can cause lots of domain name disputes in the future, since each jurisdiction regards rights differently, especially when the UDRP will be used for almost every domain name dispute. In addition, any provision for the sunrise period should provide a clear explanation, so that there will be fewer disputes.

\section*{2. Language of the ADR Proceedings}

There are currently 23 official languages using in the European Union.\footnote{There are 23 official languages using within the European Union, two alphabets in blanket are an abbreviation of the language: (1) Bulgarian (BG) - български (Bălgarski), (2) Czech (CS) – Čeština, (3) Danish (DA) – Dansk, (4) German (DE) – Deutsch, (5) Estonian (ET) – Eesti, (6) Greek (EL) – Eλληνικα, (7) English (EN), (8) Spanish (ES) – Español, (9) French (FR) – Français, (10) Irish (GA) – Gaeilge, (11) Italian (IT) – Italiano, (12) Latvian (LV) – Latviešu valoda, (13) Lithuanian (LT) – Lietuvių kalba, (14) Hungarian (HU) – Magyar, (15) Maltese (MT) – Malti, (16) Dutch (NL) – Nederlands, (17) Polish (PL) – Polski, (18) Portuguese (PT) – Português, (19) Romanian (RO) – Română, (20) Slovak (SK) – Slovenčina, (21) Slovene (SL) – Slovenščina, (22) Finnish (FI) – Suomi, and (23) Swedish (SV) – Svenska.} Yet, .eu TLDs still need to be displayed only in the English alphabet since internationalised domain names for .eu TLD have not yet been activated.\footnote{However, the third paragraph of Article 6 of Regulation No. 874/2004 has a provision for internationalised domain names: when the technology is available, “the registry shall perform the registration of domain names in all the alphabetic characters of the official languages”.} The first paragraph of Article 6 of EC Regulation No. 784/2004 is written:

\begin{quote}
Registrations of .eu domain names shall start only after the registry has informed the Commission that the filing of applications for the registration of .eu domain names and communications of decisions concerning registration is
\end{quote}
possible in all official languages of the Community, hereinafter referred to as 'official languages'.

This means that an announcement of domain name registration must be made in 23 languages. Therefore, despite the fact that a domain name can only be registered in English, the Commission still foresees the significance of an official announcement in every official language of the European Union. This might be because EC Regulation No. 733/2002, involving the establishment of .eu TLD, envisions the importance of the languages used for .eu domain registration. Article 5(1) deliberately states that “[R]equesting a domain name should be possible through electronic means in a simple, speedy and efficient procedure, in all official languages of the Community, through accredited registrars.” As a consequence, a domain name registration shall be published in every official language, to make citizens of the European Union aware of it as much as possible.

Moreover, if it is a complaint against the registry the language of the ADR proceedings must be English. Yet, if the respondent is the holder of a domain name the ADR proceedings must be conducted in the language of the registration agreement according to the principle of equal treatment, under to Article 22(4) of EC Regulation No. 874/2004. This is unless the parties have agreed otherwise, or there is a specification in the registration agreement between registrar and domain name holder. Accordingly, any party can make a request to change the language of the ADR proceedings under Paragraph A3(b) of the Rules. The second sentence of Article 22(4) also provides the exception that, in spite of the former text, the panel still holds a right to determine which language is to be used for the administrative proceeding, which is depends on the circumstances of the case.

The ADR rules supply further explanations regarding the language of the proceeding in paragraph A3(c). The paragraph mandates that if a complainant requests in writing

338 The author would like to make a comment that although the idea of equal treatment of languages within the EU is good, it takes a lot of time to publish the registration in every official language. Would it be time consuming to register domain names under .eu TLD?
339 Article 22 (4) of the EC Regulation No. 874/2004:

Unless otherwise agreed by the parties, or specified otherwise in the registration agreement between registrar and domain name holder, the language of the administrative proceeding shall be the language of that agreement. This rule shall be subject to the authority of the panel to determine otherwise, having regard to the circumstances of the case.
before filing a complaint, and there is no agreement between parties regarding the language of the administrative proceeding, the panel has the discretion to choose a different language from the language of the domain name registration agreement.\(^{340}\) Moreover, the Supplemental ADR Rules specify further that the evidence and material used for the administrative proceeding must be submitted in the selected language of the proceedings. If any document is in another language, the parties must submit it together with a translation in the selected language.\(^{341}\)

In addition, since English is the language of all ADR Proceedings against the registry, including ADR proceedings related to the sunrise period, there are rules used for domain name applications made during the phased registration called the Sunrise Rules.\(^{342}\) The Sunrise Rules mandate that the ADR proceedings against the registry be filed within 40 days of a sunrise-related decision. Also, the decision made for the sunrise period can be appealed if the parties are not satisfied with the result. Accordingly, questions made to the CAC that do not involve the dispute should also be made in English. Moreover, since the CAC has an online platform, currently English is also the only language that can used during the dispute resolution proceeding online.\(^{343}\)

\(^{340}\) Article A3(c) of the .eu Alternative Dispute Resolution Rules:

The language of the ADR Proceedings must be one of the official EU languages. Unless otherwise agreed by the Parties, or specified otherwise in the Registration Agreement, the language of the ADR Proceeding shall be the language of the Registration Agreement for the disputed domain name. In the absence of an agreement between the parties, the Panel may in its sole discretion, having regard to the exceptional circumstances of the ADR Proceeding, decide on the written request of a Complainant, filed before initiating a Complaint, that the language of the ADR Proceeding will be different than the language of the Registration Agreement for the disputed domain name.

\(^{341}\) Article B1(d) of the Supplemental ADR Rules of the Arbitration Court.

Language of ADR Proceeding. In accordance with Paragraph A3(d) of the ADR Rules, all relevant parts of the documents submitted as part of the Complaint including any annexes and schedules submitted in languages other than the language of the ADR Proceeding must be accompanied by a translation into the language of the ADR Proceeding. Documents or their parts not submitted in the language of the ADR Proceeding shall not be taken into account by the Panel.

\(^{342}\) Eurid.eu Registration Policy and Terms and Conditions for Domain Name Applications made during the Phased Registration Period “Sunrise Rules” 2005.

\(^{343}\) The CAC has a plan to develop the service of the online platform in other official languages and it plans to have the service ready by February 7, 2006. However, as of the date of this paper (11/6/2007), English is still the only language for the online platform.
There are some examples of panel decisions regarding the language used for the ADR proceedings. In trigano.eu, since it was a dispute against EURid, the ADR proceeding was only to be conducted in English. However, the complainant who was one of joint owners of a registered trade mark in France submitted evidence in which only two out of three annexes were translated into English, contrary to Paragraph B1(d) of the Supplemental Rules. Therefore, the panel could not accept it as documentary evidence and had to reject the attachments.

On the other hand, in the case of aeris.eu, involving a dispute against the holder of a domain name, both the complainant and respondent were German, but the language of the ADR proceedings had to be English as the registration agreement directed. The complainant had a license to use the mark aeris, which was registered with the German Patent and Trade Mark Office, according to the submitted license agreement and an official certificate of trade mark registration, accompanied by English translations. However, the respondent failed to disclose the documentary evidence in English as requested by the CAC. The panel claimed that Paragraphs 3(c) and 3(d) of the ADR Rules provided some room for the panel to make decision as to whether to accept the documentary evidence, because the rules provided that the panel may disregard documents submitted in other languages than the language of the ADR Proceeding. Therefore, the panel chose to accept, at their discretion, the license agreement and the certificate of trade mark registration of the respondent, without the translations.

Thus, there is no certainty as to whether a panel will allow a submission in another language than the language of an administrative proceeding. Everything depends on the opinion of each panellist. Nevertheless, it can be concluded from the regulation and the rules that the language of the administrative proceeding can be either: (1) a language of a registration agreement, or (2) a language that the parties agree to use, or (3) a language officially specified by the registrar and a domain name holder, or (4) a language that a panel selects under a circumstance of the case.

Practically, although it might be hard for a complainant to conduct the procedure in any one of 23 languages that a respondent has chosen conclude the registration agreement,

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the complainant still has an opportunity to agree with the respondent on a language, persuade the panel to select his choice of language, or to file a request before commencing his complaint to proceed in another language. The problem is that, according to the statistics of UDRP decisions, a respondent tends to register in languages that are not used frequently; therefore, it is burdensome for a complainant to translation during the procedure. In addition, there are still inconsistencies in panel opinions as to whether trade mark certificates or licence agreements must be submitted in translation or not. Some panels agree that without translation these documents are inadmissible, while some decide otherwise. Moreover, the special circumstance that the panel might use in selecting a language for the administrative proceedings is still unclear.

As mentioned, a language is also another problem of the ADR proceedings since there are many languages used in the European Union; however, the UDRP is also used worldwide and languages for the proceeding of the UDRP are various. Currently, the language used in the proceedings of the UDRP is also the language of the registration agreement, unless the parties want to choose another language. The UDRP proceedings can be conducted in any language depending on the parties, the panel and the provider. Many decisions under the UDRP are presented in languages other than English, such as French, Spanish or Chinese. Therefore, there is nothing new that can be recommended to the UDRP regarding the language problem. Even worse, it seems like the Commission needs to correct the Regulation regarding the issue of language, because the problems of conducting the proceedings are still occur and there is no certain rule as to, for example, how to submit evidence in the language of the proceedings. The decisions involving this issue are still inconsistent.

### 3. Timing of the ADR Proceedings

In order to conduct the ADR proceedings, there are many stages in the procedure to be done. In addition, each stage requires a certain amount of time for completion, before proceeding to the next stage. The Regulation, in conjunction with the Rules, imposes a certain time period for each stage. The failure to abide by the deadlines is a grounds for accepting the claims of the counterparty. Generally, the primary stages of the ADR.

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347 Article 22(10) of the EC Regulation No. 874/2004:
proceedings are the submission of the complaint, the notification of the complaint to the respondent, the submission of the response, the appointment of the panel, the period for making a decision, and the period for filing the dispute with a competent court. These stages have interesting time limits especially their measurements of time. The bolded sentences below outline the time limit at each stage.

The ADR proceeding starts when any person or entity files a complaint against either the registry or the holder of a domain name and submits the applicable fee. It is interesting that there is no time limits for making or submitting a complaint. On the other hand, there is always a time limit for other procedures. Since a complaint can be made against either the registry, regarding its decision, or the domain name holder, there are some formalities for such complaints. Firstly, if a complaint is made against the registry the domain name must be already registered and activated and the complainant must state the reason why the decision of the registry conflicts with the European Union Regulations. Secondly, if the complaint is made against the holder of the domain name, the rationale of the complaint has to be based on the principle provisions of the ADR. Accordingly, if the complainant requires the transfer of the domain name, the complainant must meet the eligibility criteria for a holder of a .eu domain name, according to Paragraph 4(2)(b) of the EC Regulation No. 733/2002.

After the complaint has been filed, Paragraph B1(e) of the Rules mandates that the dispute resolution provider request that the registry suspend the disputed domain name, from either cancellation or transfer, until the ADR proceedings or any subsequent legal proceedings are complete and the registry has been notified of the decision. The time limit for the notification to the registry is no later than five days after the filing of the complaint and before notifying the respondent of the dispute. Nevertheless, the reasoning behind the Regulation, as to why the notification of the ADR proceedings to the registry must be done no later than five days after the complaint has been filed, is illogical. It is illogical because while the provider shall immediately notify ICANN to

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Failure of any of the parties involved in an ADR procedure to respond within the given deadlines or appear to a panel hearing may be considered as grounds to accept the claims of the counterparty.

It must be noted that there is no mandatory rule about time frame within which the complaint should be filed. For example, a complaint should be filed after the complainant notices a domain name within two weeks or after the complainant has applied for the domain name no longer than one months or something like that. Therefore, it can be concluded that a complainant has no limit time to make a complaint.

This point demonstrates that a complainant can make a complaint and win the dispute but such a complainant can never have a domain name transfer after the decision.
the Administrative proceeding. In addition, there is no further explanation as to whether the five-day period is five calendar days or five business days. Such a lack of specificity can cause the parties uncertainty. This is true not only with the notification to the registry, but also with other provisions, such as those concerning the correction of a complaint. This inconsistency makes the provision problematic, as more timing issues will be discussed below.

In addition, the Regulation provides that if there are any other ADR proceedings against the domain name holder in respect to the same domain name, such proceedings must be suspended awaiting the decision of the current proceeding. If a panel agrees with the first complainant, the pending proceedings will be terminated and the fee for the latter proceedings will be reimbursed. However, if the panel does not agree with the first complaint, Paragraph B1(f) of the Rules provides a five day time limit from the date of the decision of the prior complaint for the provider to continue considering the pending proceedings.

The third stage of the proceedings is to notify the respondent of the complaint. After the provider reviews a complaint as to whether it is in compliance with the Rules and the complaint and the payment of the fee present no problem, the provider has to forward the complaint to the respondent within five working days, according to Article 22(7) of the Regulation and Paragraph B2(a) of the Rules. Nevertheless, if there is any deficiency in the complaint and such deficiency is capable of being corrected, the provider has to notify the complainant to correct the complaint within seven days before resubmitting the amended complaint to the provider. If the provider still deems that the complaint incomplete, Paragraph B2(b) of the Rules gives the provider the right to terminate the ADR proceeding without prejudice to the complainant, who may later submit a new complaint. The complainant still has a right to challenge the withdrawal decision by requesting of the challenge within five days after receiving information about the withdrawal of the complaint. The provider then has to appoint a single panel to decide the request of the complainant and the decision must be made within twelve days from the date of the appointment of the panel. The decision is final and must be communicated to the complainant without delay. Again, there is no mention as to whether these timeframes are measured in calendar days or working days.

Paragraph 4(d) of the Rules for the UDRP:
(d) The Provider shall immediately notify the Complainant, the Respondent, the concerned Registrar(s), and ICANN of the date of commencement of the administrative proceeding.
Subsequently, according to Article 22(8) of the Regulation, it is prescribed that the time limit for the respondent to submit a response is thirty working days from the date of delivery of the complaint.\textsuperscript{351} If the respondent submits any evidence with the response, such evidence must be accompanied by a declaration of completeness and accuracy. The evidence must also be submitted to the complainant and the complainant has the right to submit a response to the evidence of the respondent within fifteen days of receiving the evidence, according to Paragraph B12(g) of the Rules. If the provider found that the response does not comply with the rules of procedure in the Rules and the response is capable of being remedied, the provider has to inform the respondent of such deficiencies immediately so the respondent can correct such deficiencies within seven days and submit the amended response.\textsuperscript{352} Otherwise, the response will be deemed as having never been submitted.

Accordingly, the provider shall suspend the ADR proceedings until either the respondent submits an amended response or the period for submitting a response has expired. When the provider receives a response, it has to forward the response to the complainant without delay. However, if the respondent does not submit a response or an amended response is still deficient, the provider shall declare that the response is a default.\textsuperscript{353} The respondent has the right to challenge the default decision of the provider within five days of receiving the notification of the default decision. Subsequently, the provider has to notify the panel of the challenge within three days of its receipt.\textsuperscript{354}

\textsuperscript{351} The use of the term “from the date of delivery of the complaint”, as in Paragraph B(3)(a) of the Rules, is not clear as to whether the date is counted from the sending of complaint on the complainant’s side or the date that the respondent receives the notification. However, the response shall include every requirement found in Paragraph B3(b) of the Rules.

\textsuperscript{352} The complainant and the respondent have an equal seven days to resubmit the complaint or the response, respectively, in the Rules. Nevertheless, the period is longer than the time under the UDRP where the complainant has only five calendar days to correct the complaint and no correction of the response is mentioned.

\textsuperscript{353} Paragraph 12(10) of the ADR Rules, default refers to:

(a) In the event that a Party does not comply with any of the time periods established by these ADR Rules or the Panel, the Panel shall proceed to a decision on the Complaint and may consider this failure to comply as grounds to accept the claims of the other Party.

(b) Unless provided differently in these ADR Rules, if a Party does not comply with any provision of, or requirement under, these ADR Rules, the Supplemental ADR Rules or any request from the Panel, the Panel shall draw such inferences there from as it considers appropriate.

\textsuperscript{354} Paragraph B3(g) of the ADR Rules provide that:
It is very unclear as to when and where the panel is appointed since no statement in the Rules addresses this question. However, the website of the CAC has a provision concerning when the panel is appointed. In the document, *the provider has to appoint a single panel, according to its internal procedure, to consider the dispute, after receiving the response or after the expiration of the submission of the response period, if no party has selected a three-member panel.*

*In the case of a three-member panel, the complainant has to submit the names of preferred panellists within five days of communication of a response, which is the same length of time as in the UDRP. If any party does not submit its preferred panellist, the provider will choose an additional panellist from its list.*

The parties can challenge the appointment of a member of the panel on the grounds of a lack of impartiality or independence within two days of receiving the notice of the appointment or after becoming aware of the circumstances indicating that the panellist may not impartial or independent.

The next applicable time limit concerns the fact that the panel must reach a decision. Paragraph 4 of Article 22(11) of the Regulation, in conjunction with Paragraph B12(b) of the Rules, mandate that *the panel, regardless of one or three member panel, must reach and forward the decision within one month of the date of receipt of the response by the ADR provider or the lapse of the time period for its submission to the provider.*

To explain, the panel has to deliver its decision within one month of receiving the response or after the expiration of the submission period for a response, if there is no response.

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*The Respondent can challenge the Provider’s notification of the Respondent’s default in a written submission to the Provider filed within five (5) days from receiving the notification of Respondent’s default. The Provider shall acknowledge receiving the Respondent’s challenge and shall forward the Respondent’s challenge to the Panel within three (3) days from its receipt. The Respondent’s challenge shall be considered by the Panel in its sole discretion as part of its decision making. If the Panel confirms that the Response is administratively deficient, the Panel may decide the dispute based upon the Complaint only.*

From the text it is unclear to the author whether the panel who will consider the challenge of the respondent is the same panel who will consider the dispute. Moreover, it is confusing as to whether this panel is a single or three member panel. At least, it is understandable that the law will contain terms of art, however, the Rules should be easy to understand since domain name registrants are not lawyers.


*In addition, the provider must notify the parties of the appointment of the panel and a projected decision date. If any party does not agree with the appointment of the panel, the party can challenge the appointment of a panellist, the procedure for which can be found in Article 21 of the Regulation.*
Additionally, the next time limit is that the provider must deliver the full text of the decision to each party, the registrar and the registry within three working days of receiving the decision from the panel, according to Article 22(12) of the Regulation. In addition, according to Article 22(13) of the Regulation, the panel decision is binding on the parties and the registry. Furthermore, the decision must be implemented by the registry within 30 days of the parties’ notification of the decision, if the panel decides to revoke or transfer the domain name to the complainant. This is except where the respondent initiates a court proceeding after receiving the panel decision, within thirty calendar days of the notification of the result of the ADR procedures, according to Article 22(13) of the Regulation.

From the bold text above, one can see there is no consistency among deadlines and that they vary in type and time: working days, calendar days, days, and one month. As stated above, the inconsistency makes the Regulation and the Rules look poor and badly written. Moreover, the use of ordinary measurements of time, such as the period of “seven days”, needs more clarification as to how it should be calculated, since each party may stands to gain or lose in such calculation. 357 For example, a respondent may need to correct its response within seven days after the provider promptly notifies the respondent to the deficiencies but he will have no clue as to whether the provider will include the weekend in the seven-day period since the Rules have not mentioned that working or calendar days. If he decides by himself not to include the weekend but it turns out that the provider included the weekend, the response is therefore considered a deficiency, though the respondent could submit the corrected version later.

Compared to the UDRP, the time limits under the Regulation are more generous than those of the UDRP. For example, the Regulation allows a complainant to make a correction to a complaint within seven days while the UDRP prescribes five calendar days. The respondent under the ADR proceedings may have up to 30 working days from the receipt of the complaint while Paragraph 5(a) of the Rules of the UDRP allows a respondent only 20 days from the date of commencement of the administrative proceeding to submit a response to the provider; the UDRP’s time limit receives criticism as being biased in favour of a complainant. Furthermore, Article 22(13) of the Regulation provides 30 calendar days from the date of result of the ADR proceedings for the respondent to initiate a court proceeding while the UDRP gives the respondent

357 Although the Rules provide a definition of working days in its first section of definition, no other type of time measurement has been defined.
only ten business days for the same action. According to Paragraph 4(k) of the UDRP, which is very short and also criticised as being biased against the respondent.\(^{358}\) The inconsistency of time measurement can be learned from when crafting an amendment to the UDRP, namely that it would be beneficial to provide a respondent with a longer period to both submit a response and to initiate a claim in a competent court.

It must be noted here that the one-month period in which the panel must reach and forward its decision to the provider seems to be insufficient in the case of a three-member panel. This is because there is no specification of how long it should take for a panel to be appointed since it is appointed after the submission of the response or the expiration of the submission period for the response. Therefore, from the date that the respondent has submitted its response, or the expiration of the period for such response, the panel has one month (no specification as to calendar or working day) to forward its decision to the provider. What if the panellists take 20 days to check their availability, conflicts and impartiality it will be almost impossible for the panel to come to a decision within ten days if they are to carefully review all the facts. Unlike the UDRP itself, Paragraph 15(b) of its Rules dictates the period for making the decision after the appointment of the panel, which at least gives the panel an idea about how long it has to make a decision. Accordingly, the problem of a timely appointment procedure, regarding three-member panels, has affected proceedings under the UDRP. It is difficult to understand why drafters of the Regulation were so careless as to not study the policies of the UDRP, their effects and their problems, before issuing the Regulation.

There were decisions in which the complaint was deficient and the complainant had to resubmit it. For example, in esade.eu,\(^ {359}\) a first complaint was filed by the complainant on December 13, 2006 and it met with a notification of deficiencies. Thereafter, the complainant filed an amended complaint which was found to be admissible on December 27, 2006. However, there was no mention in the decision as to when the notification was filed. Yet, the second complaint was accepted; therefore, it should mean that the amended complaint was filed within the deadline, which was within seven

\(^{358}\) See Michael Geist, 'Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN’s UDRP' and Michale Geist, 'Fundamentally Fair.com?: An Update on Bias Allegations and the ICANN’s UDRP'.

days of the receipt of notification by the panel. Accordingly, there were many decisions where the respondent could not submit its response on time. For example, in carrier.eu, the decision stated that the respondent failed to provide a timely response to the complaint. Nevertheless, there was no explanation of the facts accompanying this issue. Or in deginvest.eu, the respondent did not comply with the deadline indicated in the notification of the commencement of ADR proceedings for the submission of his response, and another deadline mentioned in the notification of the respondent’s default. As a consequence, the respondent did not produce any argument or provide any evidence of its actual or contemplated right, legitimate interest or good faith use. The panel shall continue the dispute based on the submissions of the complainant.

4. Appointment of the Panel: Independence and Impartiality

As mentioned above, there is not much difference between the provisions concerning the appointment of the panel in the Regulation or the UDRP. According to Article 23(2) of the Regulation, accompanied by Paragraph B4 of the Rules, the provisions allow the parties to select either a one or three-member panel as does the UDRP Rules. In addition, if neither party has elected a three-member panel, the provider has to use its internal procedures to appoint a panelist to serve as a single-member panel. However, if any party chooses to have a three-member panel, the panellists will be selected from lists of appropriate panellists submitted by each party and the third panellist will be selected by the provider. The lists of panellists contain the names and contact details of three candidates to serve as one of the panelists. Such lists need to be published so that the parties will know the available panellists.

If any party does not submit a list of its preferred panellists, the provider will choose an additional panellist from its list. The Regulation entitles the parties to challenge the appointment of a member of the panel on the grounds of a lack of impartiality or independence.

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360 Court, 'Carrier SCS, Florian de Joannis v. Kurt Janusch'.
Article 23(2) of the Regulation explicitly states that the panellists shall have appropriate expertise and shall be selected in an objective, transparent and non-discriminatory manner. In the case of an appointment of an additional panellist by the provider, they must not have been involved in the last three years in a prior ADR proceeding where the complainant was a party. Moreover, the panellists must be impartial and independent. These statements are explained by Paragraph B5 of the Rules involving impartiality and independence. Basically, these terms mean, for example, that the panellist must have no personal or economic interest in the result of the dispute and will resolve the dispute in good faith, with fairness and due diligence. Furthermore, being a panelist requires an ability to keep confidential the details of the information disclosed during the ADR proceedings, according to Paragraph B5 (a) of the Rules.

The panellist has to disclose to the provider immediately if there are new circumstances affecting his impartiality and independence. If such circumstances arise, the provider has the sole right under Paragraph B5 (b) of the Rules to appoint a new panellist. As mentioned, the party can also challenge the appointment of a panelist on the grounds of impartiality and independence. When a panellist has been challenged by one of the parties, another party and/or the challenged panelist must submit a response to the challenge. The provider is the person who has to decide whether the panellist will remain on the panel or must leave. The decision of the provider is final.

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Paragraph B5 of the ADR Rules provides that:

(a) The Panelists shall have no personal or economic interests in the results of the dispute, and they undertake to resolve the dispute under the principles of good faith, fairness and due diligence. The Panelists shall maintain the confidential character of the information disclosed to them during the ADR Proceedings as far as such information is not included in the decision to be published.

(b) A Panelist shall be impartial and independent and shall have, before accepting appointment, disclosed to the Provider any circumstances giving rise to justifiable doubt as to the Panelist’s impartiality or independence. If, at any stage during the ADR Proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of a Panelist, that Panelist shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the sole discretion to appoint a substitute Panelist.

(c) Apart from the above, the Parties can also challenge the appointment of a Panelist. The Party that challenges a Panelist should explain to the Provider his reasons for the challenge. The challenge shall be filed within two (2) days from receiving the notice of the subject Panelist’s appointment, or after having become aware of the circumstances giving rise to justifiable doubt in regard to the impartiality or independence of the Panelist.

(d) When a Panelist has been challenged by one Party, the other Party and/or the challenged Panelist will be entitled to submit a response. This right will be exercised within two (2) days after receiving the communication to which the previous Paragraph refers.

(e) The Provider will decide on the challenge, and its decision will be final and not subject to appeal.
Compared to the UDRP, the appointment of the panel under the Regulation and the Rules is no different. Nevertheless, Paragraph B5 of the Rules has extended its provisions regarding the impartiality and independence of the panellist, compared to the UDRP Rules. This is obvious since the ADR Rules contain five paragraphs on impartiality and independence while the UDRP Rules has only one short paragraph. The most noticeable point is that there is no provision in the UDRP for the parties to challenge the appointment of a panellist based on impartiality and independence grounds. Therefore, the parties to a dispute decided under the UDRP cannot challenge the appointment of the panellist on such grounds. This is actually not so strange since the time limit under the UDRP is very tight and the whole proceeding needs to be concluded within 45 days. On the other hand, the parties under the ADR proceedings have almost 90 days until the decision is final and it is not impossible for the parties in the proceedings to challenge the appointment of a panellist. In conclusion, it must be admitted that the ADR procedures are better than those contained in the UDRP, in terms of its subtle detail, which the UDRP should take into consideration.

5. Settlement or Other Grounds for Termination the ADR proceedings

As mentioned, the domain name dispute resolution procedure is different from traditional ADR proceedings. It is a quasi-administrative procedure that binds domain name registrants to the registration agreement under the Regulation and the ADR Rules. In addition, the decisions of ADR proceedings have no serious effect when compared to national court decisions and no precedential value to later decisions; however, since a panel decision has a direct effect on the registry, the validity of the domain name that is the subject of the dispute will depend entirely on the decision of the panel. In theory, should any party in the dispute not be satisfied with the result, it may bring the same dispute to a national court within the period prescribed by the Regulation and the ADR Rules. Otherwise, the domain name will be revoked or transferred according to the panel’s decision. However, there is a way to settle the dispute before the panel reaches its conclusion.
According to Paragraph A4(a) of the Rules, the ADR proceedings can be concluded once the panel has received a confirmation that the parties have reached an agreement over the disputed domain name through negotiation and wish to end the proceedings. Pursuant to the paragraph, the complainant can make a request to the provider, or to the panel after an appointment, to suspend the ADR proceeding for a limited period of time. If there is another request by the complainant, the panel may extend the suspension period but this does not prevent the panel from forwarding its decision regarding the complaint to the provider. Otherwise, the panel has to terminate the ADR proceedings if it is apparent to the panel that the dispute has been decided by a court of competent jurisdiction or an alternative dispute resolution body.

However, if none of the above has happened, the panel must reach a decision within one month of the submission of the response or the expiration of the time for lapse, as mentioned above in the section on the timing of the ADR proceedings. If the notification of the decision has been sent to the parties and any party does not initiate a claim with a competent court within the time limit imposed, the provider will publish the decision on its website and the decision is final. There can be no appeal after this has happened. Yet, if any party brings the dispute to a competent court, the ADR proceeding will be suspended and the registry has to wait for its decision. In the meantime, no revocation or transfer will occur until the registry receives an official decision from the court.

Compared to the UDRP, these provisions of the ADR proceedings are similar to the corresponding provisions in the UDRP, except (1) the ADR Rules provide more subtle

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**Paragraph A4 of the ADR Rules—Settlement or Other Grounds for Termination:**

(a) The ADR Proceeding will be understood to be concluded once the Panel has received confirmation from both Parties that an agreement has been entered into by the Parties concerning the object of the dispute.

(b) If the Parties wish to negotiate a settlement, the Complainant may request that the Provider or, after its constitution, the Panel suspend the ADR Proceeding for a limited period. The suspension period may be extended by the Panel upon the Complainant’s request. Any such suspension shall be without prejudice to the obligation of the Panel to forward its decision on the Complaint to the Provider within the time period specified in Paragraph B12(b) below. Resumption of the ADR Proceeding shall take place automatically upon receipt of a request thereto from either the Respondent or the Complainant or upon the expiration of such limited and specified time period.

(c) The Panel shall terminate the ADR Proceeding if it becomes aware that the dispute that is the subject of the Complaint has been finally decided by a court of competent jurisdiction or an alternative dispute resolution body.

(d) The Panel shall suspend ADR Proceeding(s) pursuant to Paragraphs B1(f), B2(e) and B3(d) below.
detail than the UDRP, such as the provision regarding the request by the complainant to extend the suspension period; and (2) the Rules have no provision for the panel to terminate the administrative proceeding because it has become unnecessary or impossible for it to continue (this is unless a party raises justifiable grounds for objection within a period of time to be determined by the panel under Paragraph 17 of the UDRP Rules). It is not apparent why the Rules choose to omit such a provision. Furthermore, it must be commented that the Regulation and the Rules do not mention where the competent court is. It should be generally understood that the court must be a national court of a member state, but since neither the Regulation nor the Rules specify, it should not violate the provision were a party to decide to initiate a court proceeding outside the European Union.

There are some panel decisions of the CAC in which the parties agree to settle the dispute. For example, in cias.eu, the complainant and the respondent had non-standard communications and the respondent agreed to transfer the domain name to the complainant. The panel respected the wishes of the parties and decided only on those issues the parties requested. In addition, when the complainant could satisfy the general criteria for registration, set out in Section 4(2)(b) of EC Regulation No. 733/2002, the panel made its award in compliance with the settlement agreement of the parties, namely to transfer the domain name to the complainant. In another case, enterpriserental.eu, the complainant requested the panel suspend the ADR proceedings for a month to enable it and the respondent to settle the dispute. However, since the respondent had advised the complainant to transfer the disputed domain name to the latter immediately, without requiring the matter to be heard by the panel, the panel still forwarded a decision to the CAC as usual. The panel ignored the suspension request since it had asked for a confirmation from the parties and there was no response. In addition, the panel stressed that it had informed the parties that the Czech Arbitration Court would not deal with the transfer of the domain names on the basis of the settlement between the parties. The provider would only deal with such a settlement if it had an impact on its proceedings. Therefore, the proceedings were continued as if no request for suspension had been made.

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365 Court, 'Enterprise Rent-a-Car UK Limited, David R Haarz v. Domain Active Europe Ltd., Domain Hostmaster'
III  Comparison of .eu provisions and the UDRP

As provided in Paragraph (16) of the Regulation, the ADR procedures for .eu domain names should take into account the international best practices and in particular the relevant WIPO recommendations.\textsuperscript{366} Moreover, Paragraph (17) stresses that the ADR should respect a minimum of uniform procedural rules similar to the ones set out in the UDRP.\textsuperscript{367} Surely, the drafters’ impressions of the UDRP, together with an enforcement of the Regulation, the ADR provisions for .eu domain names share certain minimum policies with the UDRP. Despite virtually copying most of the provisions in the UDRP, there are some provisions where the Regulation chooses to deviate from the path of the UDRP, or chooses to expand a policy.

This part of the chapter attempts to compare the provisions of the ADR and policies of the UDRP. The comparison will be divided into tables: the comparison chart between the principle provision of the ADR and the applicable dispute doctrine of the UDRP, and the comparison chart between provisions of the ADR proceedings and the administrative proceedings of the UDRP. Comments are added under each topic if appropriate.

A. The Principle Provisions of the ADR and the Applicable Dispute Doctrine of the UDRP

<table>
<thead>
<tr>
<th>Provision</th>
<th>The ADR</th>
<th>The UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognised rights in trade mark and service mark around the world</td>
<td>×</td>
<td>✓</td>
</tr>
<tr>
<td>Recognises every type of rights established under national and/or Community law</td>
<td>✓</td>
<td>× Only trade</td>
</tr>
</tbody>
</table>

\textsuperscript{366} Paragraph (16) of the EC Regulation No. 874/2004:

*The Registry should provide for an ADR procedure which takes into account the international best practices in this area and in particular the relevant World Intellectual Property Organization (WIPO) recommendations, to ensure that speculative and abusive registrations are avoided as far as possible.*

\textsuperscript{367} Paragraph (17) of the EC Regulation No. 874/2004:

*The Registry should select service providers that have appropriate expertise on the basis of objective, transparent and non-discriminatory criteria. ADR should respect a minimum of uniform procedural rules, similar to the ones set out in the Uniform Dispute Resolution Policy adopted by the Internet Corporation of Assigned Names and Numbers (ICANN).*
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>In order to succeed under a provision, a complainant must prove all elements: identical or confusing similarity, legitimate interest and bad faith</td>
<td>![x] Need only prove identical or confusing similarity with either legitimate interest or bad faith (either registration or use in bad faith)</td>
</tr>
<tr>
<td>4</td>
<td>A complainant has to prove that the domain name is identical or confusingly similar to a name or mark in which the complainant has rights</td>
<td>![✓]</td>
</tr>
<tr>
<td>5</td>
<td>A complainant has to prove that the domain name has been registered without right or legitimate interest</td>
<td>![✓] Optional</td>
</tr>
<tr>
<td>6</td>
<td>A complainant has to prove that the domain name has been registered in bad faith</td>
<td>![✓] Optional</td>
</tr>
<tr>
<td>7</td>
<td>A complainant has to prove that the domain name is being used in bad faith</td>
<td>![✓] Optional</td>
</tr>
<tr>
<td></td>
<td><strong>Demonstration of rights or legitimate interest of a respondent</strong></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Non-exhaustive lists of legitimate interests</td>
<td>![✓]</td>
</tr>
<tr>
<td>9</td>
<td>A domain name holder that has used or prepared to use the domain name or a name corresponding to the domain name in connection with the offering of goods or services by a respondent has right or legitimate interest in the domain name</td>
<td>![✓] Such a preparation must be demonstrable</td>
</tr>
<tr>
<td>10</td>
<td>A domain name holder who has been commonly known by the domain name without a right in the name/mark has right or legitimate in the domain name.</td>
<td>![✓] Right established or recognised by national and/or Community law</td>
</tr>
<tr>
<td>11</td>
<td>A domain name holder who is making a legitimate non-commercial or fair use of the domain name has rights or legitimate interests in the domain name.</td>
<td>![✓] Without intent to mislead consumers or harm the reputation of</td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td>---</td>
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</tr>
<tr>
<td><strong>Other circumstances found from panel decisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>There is no indication of a registration or use of the domain name in bad faith</td>
<td>✔</td>
</tr>
<tr>
<td>13</td>
<td>If a domain name is generic or descriptive, the domain name holder has legitimate interest in it</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>A failure to respond to the complaint after initiating the proceedings demonstrates no legitimate interest in the domain name</td>
<td>✔</td>
</tr>
<tr>
<td>15</td>
<td>A fan site or criticism site can demonstrate a right or legitimate interest</td>
<td>N/A</td>
</tr>
<tr>
<td>16</td>
<td>The submission of insufficient evidence in the response is evidence of no legitimate interest in the domain name</td>
<td>✔</td>
</tr>
<tr>
<td>17</td>
<td>Failure to respond to the letter of the complainant which was sent to the holder of the domain name prior to the commencement of the ADR proceedings demonstrates no legitimate interest in the domain name</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Evidence of bad faith</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Non-exhaustive lists of bad faith circumstances</td>
<td>✔</td>
</tr>
<tr>
<td>19</td>
<td>A domain name that is registered or acquired primarily for selling, renting, or otherwise transferring to a right holder in the name is evidence of bad faith</td>
<td>✔</td>
</tr>
<tr>
<td>20</td>
<td>A domain name that is registered in order to prevent the owner of a name/mark from reflecting the mark in a corresponding domain name and the registrant engaged in such demonstrable conduct is</td>
<td>✔</td>
</tr>
<tr>
<td>Evidence of Bad Faith</td>
<td>Conduct by the Registrant</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>No such situation has been decided before</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. A domain name that is registered in order to prevent the owner of a name/mark from reflecting the mark in a corresponding domain name and has not been used in a relevant way for at least two years from the date of registration is evidence of bad faith</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>22. A bad faith can be demonstrated in the situation that (1) a domain name is registered in order to prevent the owner of a name/mark from reflecting the mark in a corresponding domain name; and (2) at the time the dispute initiated, the holder has declared its intention to use the domain name in a relevant way but fails to do so within six months of the date that the proceedings is initiated</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>23. A domain name that is registered primarily for disrupting _____ of a competitor is evidence of an abusive registration</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>The professional activities</strong></td>
<td><strong>The business</strong></td>
<td></td>
</tr>
<tr>
<td>24. A domain name that is intentionally used to attract internet users for commercial gain to a registrant’s website or other online location by creating a likelihood of confusion with the name/mark as to the source, sponsorship, affiliation or endorsement of the website or location or of a product or service on the website or the registrant’s location is evidence of bad faith</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>25. A domain name that is registered by using a personal name that has no demonstrable link between it and its holder is evidence of bad faith</td>
<td>✓</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Some decisions confirm this doctrine while some do not.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Registered a domain name with knowledge of the fame of the complainant’s trade mark is evidence of bad faith</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>27. Use of the domain name to offer Internet users the links to many websites which are considered competitors of the complainant is evidence of bad faith</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>28. Use of a pay-per-click system to generate revenue from a domain name is evidence of bad faith</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
29. Non use of the domain name is evidence of bad faith

30. Using a false address to register the domain name could be an indication of bad faith

31. False contact details are evidence of bad faith

32. The registration of multiple domain names including the complainant trade marks is evidence of bad faith

33. That the domain name does not lead to any active website is evidence of bad faith

34. Non-submission of a response is evidence of bad faith

35. No evidence of intention to use the domain name for any product or service is evidence of bad faith

36. Does not appear to use or has used the domain name or a name corresponding to it for goods and services is evidence of bad faith

B. The ADR proceedings and the administrative proceedings under the UDRP

<table>
<thead>
<tr>
<th>Provision</th>
<th>The ADR</th>
<th>The UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sunrise period/ phased registration</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>2. Language of proceedings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The language of the proceedings must be a language of a registration agreement</td>
<td>✓ But needs to be one of the official EU languages</td>
<td>✓</td>
</tr>
<tr>
<td>3. If parties may agree to change the language of the proceedings</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. If there is any specification regarding the language of the proceedings in the registration agreement, the specified language is the language of the proceedings</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5. A panel has the right to change the language of the proceeding, subject to its sole discretion,</td>
<td>✓</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
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</tr>
<tr>
<td>6</td>
<td>All documents, including communications, must be made in the language of the proceedings and all submissions in other languages must be accompanied by a translation</td>
<td>✔</td>
</tr>
<tr>
<td>7</td>
<td>A panel can order any document submitted in languages other than the language of the proceeding to be translated in whole or in part to the language of the proceeding</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Timing of a proceeding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>A complaint against the registry must be submitted within</td>
<td>40 days from the decision of the registry</td>
</tr>
<tr>
<td>9</td>
<td>Estimated duration of the whole proceeding</td>
<td>90 days</td>
</tr>
<tr>
<td>10</td>
<td>Correction of a deficiency complaint</td>
<td>7 days</td>
</tr>
<tr>
<td>11</td>
<td>Notification of a complaint</td>
<td>Within 5 working days</td>
</tr>
<tr>
<td>12</td>
<td>Submission of a response</td>
<td>30 working days after delivery of the complaint</td>
</tr>
<tr>
<td>13</td>
<td>Time for the correction of a deficiency response</td>
<td>7 days</td>
</tr>
<tr>
<td>14</td>
<td>Challenging a default decision after receiving notification of the respondent’s default</td>
<td>5 days</td>
</tr>
<tr>
<td>15</td>
<td>The provider forwards respondent’s challenge to the panel from the date of its receipt</td>
<td>3 days</td>
</tr>
<tr>
<td>16</td>
<td>Time for a complainant to make a response after receiving evidence submitted with a response by a respondent</td>
<td>Within 15 days</td>
</tr>
<tr>
<td>17</td>
<td>Appointment of a single panel if neither party elects a three-member panel</td>
<td>After receiving a response or expiry of the period</td>
</tr>
<tr>
<td>18</td>
<td>Challenge of the appointment of the panel from the date of receiving the notice of the appointment</td>
<td>Within 2 days</td>
</tr>
<tr>
<td>19</td>
<td>Duration for making a decision</td>
<td>Within 1 month after receiving response or the expiry of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>such period</td>
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<tr>
<td>---</td>
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</tr>
<tr>
<td>20</td>
<td>Time for initiating a court proceeding after the receipt of the decision by the respondent</td>
<td>30 calendar days</td>
</tr>
<tr>
<td><strong>Appointment of panellist</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>A panel can be either single or three-member panel</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>A single panel will be appointed if neither party has selected a three-member party</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>A three-member panel will be appointed if any party requests it. Each party submits a list of preferred panellists and one from each list will be appointed by the provider to be a member of a panel. The provider will appoint the third panellist from its list.</td>
<td>Candidates from a provider’s list must not involve in any ADR proceedings of the current complainant in the last 3 years</td>
</tr>
<tr>
<td><strong>Impartiality and Independence</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Allowing for a challenge of appointment of a panellist</td>
<td>The provider will decide the challenge and the decision is final</td>
</tr>
<tr>
<td><strong>Settlement or other ground for termination</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>The panellists shall have no personal or economic interest in the results of the dispute and they will solve the dispute in good faith, with fairness and due diligence. They must maintain the confidential character of the information disclosed in the proceedings.</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>A panellist shall disclose to the provider any circumstances giving rise to justifiable doubt as to his impartiality or independence before accepting an appointment</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>An agreement between the parties before a panel decision grounds for termination of the proceedings</td>
<td>Upon a receipt of a confirmation from both parties</td>
</tr>
<tr>
<td>28</td>
<td>A suspension of the proceeding can be made pending for a negotiation between parties by a</td>
<td></td>
</tr>
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<td>---</td>
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</tr>
<tr>
<td>29</td>
<td>The proceeding will be terminated if it is apparent that the dispute has been decided by a court of competent jurisdiction</td>
<td>✔</td>
</tr>
<tr>
<td>30</td>
<td>Any later complaint concerning the same domain name shall be suspended until the current proceeding reach a decision</td>
<td>✔</td>
</tr>
<tr>
<td>31</td>
<td>The proceeding shall be terminated by a panel if it becomes unnecessary or impossible to continue Except where a party raises justifiable grounds for objection within the period prescribed by a panel.</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td><strong>Court proceeding</strong></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Not prevent any party from submitting the dispute to a competent court of jurisdiction.</td>
<td>✔</td>
</tr>
<tr>
<td>33</td>
<td>Court proceeding is allowed either during or following the decision and it depends on the discretion of the panel whether to continue or stop the proceeding</td>
<td>✔</td>
</tr>
<tr>
<td>34</td>
<td><strong>No hearing process</strong></td>
<td>✔</td>
</tr>
<tr>
<td>35</td>
<td><strong>Appeal process</strong> The panel decision is final, except that court proceeding may be initiated in a competent court, having jurisdiction, within the specified period</td>
<td>✗</td>
</tr>
<tr>
<td>36</td>
<td><strong>Resubmission of the complaint</strong> Except a deficiency complaint</td>
<td>✗</td>
</tr>
</tbody>
</table>

## IV Suggestion for the implementation of the UDRP

Although the ADR uses the UDRP as its model, it has been developed with some interesting features. Not counting its bad points, some provisions of the ADR are worth the exploration and may be incorporated into proposals for an amendment to the UDRP. Those provisions are as follows:
1. A domain name registrant should have a chance to make a complaint against a registry regarding the assigning of a domain name wrongfully or in violation of the rules, within a specified period of time. This is to create equity in the case the registry was to really abuse the registration system.

2. The UDRP should extend its protection to other signs and specify the signs to be protected, rather than just protecting trade marks and service marks as it does now. However, the provision should be written carefully. The UDRP cannot give protection to every right under the sky like .eu ADR, otherwise the problems experienced by the ADR will become problems for the UDRP.

3. There should be a definition for “confusingly similar” because it is difficult to determine the degree of confusing similarity if there is no standard for it in the UDRP.

4. The UDRP should omit the phrases “a competitor of a complainant” and “valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name”, as requirements in the circumstance constituting bad faith by the offer or of a domain names for sale, rent or transfer. This is because it will make the definition of bad faith circumstances more concise and provide more opportunity for other persons to make a complaint, not just competitors, and not only for the sale of domain names.

5. The UDRP should have a provision for a dispute arising during a sunrise period for newly issued TLDs because the provision will reduce speculators and cybersquatters in the first stage of domain name registration. However, the provision should be written carefully to avoid any failure like the ADR experienced.

6. There should be the revision of the time periods under the UDRP. The 5 calendar days for the correction of a complaint, the 20 days from the date of commencement of the administrative proceeding for a respondent to submit a response, the 10 business days for a respondent to initiate court proceedings in a competent court, and that the whole
procedure must finish within 45 days, are all too short and criticised as unfair to a respondent. The UDRP should consider the detailed and nuanced time periods the ADR, since its provisions seem to be better.

Concluding Remarks

From the moment the idea of the .eu TLD was established, many parties, not just the European Parliament public and private bodies, have prepared to use such the regional TLD with excitement. Any regulation or policy regarding the new TLD is intended to be functional. The primary focus of the substantive law is a dispute resolution mechanism, since the experience of other TLDs demonstrated the difficulties with cybersquatting, as well as other kinds of domain name disputes. Therefore, there are provisions for phased registration, prior rights, and ADR proceedings that are meant to be an alternative to a national court, which is quite lengthy and costly.

The study has shown that the ADR provisions of .eu provisions use the general ideas of domain name dispute resolution from the UDRP. Terms such as “identical or confusingly similar”, “legitimate interest”, and “bad faith”, as presented in the principle provision, are derived from the applicable dispute provision of the UDRP. Moreover, there are provisions in the ADR Rules that were originally found in the UDRP Rules. There are only a small number of provisions which deviate from the UDRP. Some are newly created, purely for the ADR proceedings. For example, the ADR recognises every type of right protected under EC law. Or, for example, that bad faith may be demonstrated where a domain name holder has declared his intention to use the domain name, but fails to do so within six months, was invented by the ADR. The fact that the ADR stipulates that only the respondent’s lack of legitimate interest, or the registration or use of a domain name in bad faith, may form the basis of a complaint, far deviates from the policy of the UDRP.

In general, the ADR has both good and bad points. The most noticeable good point is the provision regarding a submission of a response in which the ADR allows a respondent to reply within 30 working days. Another positive aspect of the ADR is that it allows a complainant to file a complaint against the registry. This fact should make the registry and its validation agent more careful when validating an application. However, as suggested above, it seems like the negative points of the ADR outweigh the good ones. For example, the reorganisation of every industrial property right is
making dispute resolution more complicated because any right owner can claim to have a domain name corresponding to its name. The use of official languages of the member states is another problem that cannot be easily followed. Moreover, the inconsistency in time measurements is a major error of the ADR, which the EU Parliament should not have made when drafting the Regulation.

Considering the study above, one notice that the ADR is very good at issuing rules for small matters, such as longer time limits for a response and the initiation of court proceedings. Nevertheless, the provisions of the ADR, in general, is not an appropriate model for amendments to the UDRP since the Regulation itself needs to be reissued by the European Parliament due to a large number of errors. This is also the case because it is not yet apparent that the ADR can decrease the volume of cybersquatters or speculators.
Chapter 4

The US Legal System:

Court Decisions Concerning Domain Name Disputes

“We must be acutely aware of excessive rigidity when applying the law in the Internet context; emerging technologies require a flexible approach.”

US Court of Appeals for the Ninth Circuit
Brookfield Communication Inc. v. West Coast Entertainment Corp

I Introduction

The United States is well-known for being a pioneer in technology. It created the Internet in the 1950s. Americans were the first persons in the world to know of and use a domain name. They have received many benefits from their advanced technology of electronic communication. However, every coin has two sides. It was in the US that disputes first arose regarding rights in domain names. All levels of the US national courts have seen domain name disputes. As a result, a great numbers amount case law has been created and served as precedent for later courts, as is the way in the common law system. Most of the disputes involve trade mark and other intellectual property rights. As such, to decide the disputes, the Lanham Act, which is the US federal trade mark statute, is the most appropriate tool for their resolution. The US also issued tailor-made legislation to reduce the number of domain name disputes brought to the courts. In 1999, the Anticybersquatting Consumer Protection Act (the ACPA) was released.

To specify, the US national courts use mainly three statutes to solve the disputes concerning domain names and trade marks, or other intellectual property rights: (1) the Lanham Act, (2) the Federal Trade Mark Dilution Act (FTDA) or the Trade Mark Dilution Revision Act (TDRA)\(^{368}\), and (3) the ACPA. The courts also consider prior case law. Case laws serves as precedent for later courts to follow if the cases before

\(^{368}\) The TDRA was issued to replace the FTDA. The FTDA was used from 1995 until 2005 and from 2005 onwards, the TDRA was used instead.
them have similar facts can be recited in later court opinion to provide the reasoning for their decisions.

The Lanham Act is used to protect the owners of marks or terms. It can also prevent and resolve confusion among consumers arising from the incorporation of protected marks or terms in domain names. The courts have arrived at various methods of determining confusion and damages. There are many tests proposed by the different courts to find a likelihood of confusion or, in some cases, initial interest confusion of consumers from the use of a trade mark, or other intellectual property term, in a domain name or corresponding websites. Each test includes different factors according to the court’s preference and the factual background of the case.

Similarly the FTDA and the TDRA were issued to protect famous and distinctive marks. The statutes protect distinctive and famous marks from having their distinctiveness diluted by blurring or their reputations tarnished. The TDRA replaces the FTDA by providing factors to determine whether marks are distinctive and famous and it also provides definitions of “blurring” and “tarnishment” which the FTDA had omitted. The national courts can use provisions in the TDRA to determine cases. Hence, the TDRA was just released in 2005 and there is also the ACPA to address the problem of cybersquatting. Therefore, until now, the TDRA has not been used to consider trade mark–domain name cases as much as the FTDA used to be. Still, much case law has been decided by the application of the FTDA. As a result, the research will examine both statues, including their resulting case law.

In addition, the ACPA had been issued in the same year as the UDRP – the year that cybersquatting became a major problem for the owners of intellectual property rights, especially trade mark owners. As such, the ACPA is the most used to solving trade mark–domain name disputes in national courts because its provisions are specifically written to target cybersquatting. So far, the ACPA has been solving great numbers of cybersquatting disputes. So, there is much case law under the ACPA. An analysis of the benefits and disadvantages of the ACPA will be very helpful to the creation of any amendment to the UDRP.

Since the purpose of this research is to find the best recommendations for the UDRP, to improve its capacity to solve or decrease domain name disputes arising in global communities, the study of US legislation and decisions of the US national courts applicable to solving such problems will be useful in making the recommendations. The
approach of the research is to analyse the legislation and cases and then make a comparison between the provisions used by the US national courts and the existing provisions in the UDRP.

The first part of this chapter will be an introduction to the US legal system, including unfair competition and trade mark law. The second part highlights special features of the legislation and the criteria used for deciding a case. The third part discusses court decisions according to the legislation applied. The discussion includes comments and analysis of case law, which will be compared to provisions in the UDRP, to make suggestions as to whether the UDRP should adopt any new provisions. The fourth part is the reiteration of suggestions resulting from the study of US legislation and case law. The last part is the conclusion of the chapter.

I The United States: An Introduction to its Legal System and Trade Mark Law

Based on its history, the United States was established by combining the American colonies under the English crown after the period of colonisation. Some colonies were governed by a royal governor appointed by the King while others were vested by Royal grant in a proprietor. 369 The colonial States were diverse in their religions, economies, political organisation and legal systems. Although the first constitution was released in 1789, to govern every state under the same umbrella of rules, the great diversity among them prompted the US to embrace a federal system. In that way, individual States retained substantial autonomy and authority, including the rights to have their own government, monetary, judicial and legislative systems. At present, there are 50 States in total in the United States of America.

Each court has jurisdiction to exercise its own judicial authority in a particular matter. Or in some cases, jurisdiction of a court can extend to specific matters that are beyond the jurisdiction of any other government. 370 The jurisdiction of the courts is divided according to physical geography and hierarchy of authority. Currently, there are 94 district courts, in which 3 courts are the trial court in the federal law system and have

jurisdictions to hear almost every category of federal cases. In addition, the Courts of Appeal are divided into 13 Circuits in which each has jurisdiction over certain geographical areas and is responsible only for legal issues of an appeal.

The legal doctrine of unfair competition and trade mark was formulated during the growth period of the American economy. The US courts respect free competition as a fundamental public policy because of the belief that free competition stimulates the economy and best advances social welfare. Theoretically, free competition increases the quality of goods or services while decreasing the cost of their production. However, the law of unfair competition developed to be an exception to the doctrine of free competition, to ensure that competition is also fair and every vendor receives an appropriate return. Accordingly, trade mark law is a part of unfair competition law and also helps maintain fair trade and business practices.

This part of the chapter will introduce the US legal system and its trade mark and unfair competition law. The historical introduction of the American legal system and its trade mark law will lead to an understanding of the way US courts decide domain name disputes. There will be no comment or analysis in this part as it is only for illustration and a general understanding.

A. The US Legal System

The US is a common law country. The concept of the common law system is that statutes are less considered by courts as compared to earlier judicial decisions. The common law system relies more heavily on precedent than on statutes. The fundamental principle of the common law system is that a lower court follows the decisions of higher courts within the same jurisdiction when faced with similar disputes concerning similar facts. As a consequence, lower courts are automatically bound by decisions of higher courts, in which a judge is also regarded as a law maker. The common law system confirms that the decisions of lower courts will be more consistent and predictable than other legal systems.

Accordingly, case law is comprised of the facts of cases, where the main focus is on the controversy in each case. Most case law is made in state courts, which are lower level courts. It is very rare for case law to be provided by Federal courts. There are several types of case law. Firstly, there is a purely decisional case law in which a court decides a case based only on a prior decision and a sense of inherent fairness, without considering any statute or constitutional provisions at all, provided that the provisions are not applicable to the case. Secondly, there is a type of case law interpreting a provision of the US constitution or a State constitution, and relying on a prior decision when determining whether a particular statute or governmental action violates it. Thirdly, there case law interpreting statutory provisions in which the decision of a later court is based solely on the interpretation of a prior decision regarding the same or similar statute. However, precedent is not always binding in later decisions by lower courts. There can be different types of decisions made by lower courts. For example, higher courts may reverse the decisions of lower courts; or decisions of later courts may be a remedy to the precedent by discussing what other cases have said about the precedents and why other cases do not follow the precedent.

In addition, jurisdiction, court hierarchy and sources of laws are the main factors in applying precedent to any case. Sources of laws can be either mandatory or persuasive. If such a law is not controlling, a lower court may not need to consider the precedent, not even for persuasive value; but, if the precedent refers to an important source of law, it is mandatory that later courts follow it. Moreover, the sources of law in the US are divided further to into primary, secondary, federal and state sources of law. The primary sources of law are supreme, which courts must consider first. Constitutions, statutes and regulations are examples of such primary sources. Constitutional law is supreme because it relies on a formal document such as a constitution which is the highest level of law. As a consequence, the federal constitutional law is based on the US Constitution while State constitutional law is derived from individual State constitutions.372

On the other hand, the secondary sources of law are not law per se but a court may analyse, discuss or interpret them, together in the discretion of a judge, before the court will come to its decision. Secondary sources of law may be, for example, treatises, law reviews, and encyclopaedias. The primary sources of law can be either mandatory or persuasive, while secondary sources can only be the persuasive. The federal and State

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sources of law can be either persuasive or mandatory but State law can never conflict with the federal law; therefore, the federal law is a primary source of law.

B. The US Unfair Competition and Trade Mark Law

Unfair competition is hard to define in one sentence. Nevertheless, Article 10bis(2) of the Paris Convention provides a definition that is sufficient for a general understanding at an international level: “[A]ny act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition”. 373 The Convention also gives some examples of unfair competition practices in Article 10bis(3). 374 For example, an act of misleading the public about the quality or quantity of goods in the course of trade is one type of unfair competition.

Hence, there are many more types of unfair competition in the US. For instance, a California court decided that the act of selling mobile telephones at low cost in order to gain more subscribers to the service constituted a form of unfair competition; 375 or, at the other end of the spectrum, physically obstructing the entrance to a competitor’s place of business was also deemed to be unfair competition. 376 Each State defines the scope of unfair competition for itself in dealing with the various types of conduct that are unfair to a free marketplace. For example, New York requires a showing of bad faith as an element in determining whether the conduct constitutes unfair competition. Therefore, there is no uniform definition of unfair competition used throughout the United States.

374 The Paris Convention art.10 bis (3).
However, from a historical point of view, passing off or palming off in the US was the first form of conduct deemed to be unfair competition. Passing off the goods of one vendor as goods of another vendor, or misrepresenting a badge of one product as the badge of another product, constitutes unfair competition and violates trade mark law. The law of unfair competition prohibits conducts similar to a tort in business, including the violation of trade mark rights. It can be said that trade mark law is under the broad umbrella of unfair competition law. Anything that violates trade mark law always constitutes unfair competition but any conduct deemed as unfair competition does not necessarily violate trade mark law.

A trade mark is the oldest form of intellectual property recognised by at common law. It is regarded as an assurance of quality, an indication of origin, and it is used widely in trade. However, it was the last form of intellectual property to be protected under a US federal statute. The first federal trade mark statute was issued in 1870 to regulate the registration system of trade marks, regardless of their use in interstate or foreign commerce. Unfortunately, the statute was deemed unconstitutional by the Supreme Court on the grounds that it granted Congress excessive power over commerce. However, the Court stated that Congress was able to regulate commerce through the control of trade mark registration both inter-State and internationally. As a consequence, the statute conflicted with the Constitution which resulted in a cancellation of the law. In 1881, Congress proposed a new statute, the Trademark Act of 1881, based on the Commercial Code, which meant the Americans had a federal trade mark law again.

The current trade mark law of the US is the Lanham Act of 1946. It was first introduced in 1938 by Congressman Fritz Garland Lanham. It took nine years for the Act to take an effect since it was drafted just prior to World War II. The Act was amended many times regarding different matters, ranging from minor to major issues. The Lanham Act also includes some legislation inside such as The Trade Mark Counterfeiting Act of

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381 He was a lawyer from Texas and a Democratic representative in Congress for 28 years. His name was given to the act he proposed.
1984, the Trade Mark Clarification Act of 1984 and the Trade Mark Law Revision Act of 1988. Currently, the Act is codified in Title 15 of the US Code, involving Commerce and Trade. It is divided into four subchapters, the principal register, the supplemental register, general provisions and the Madrid protocol.

The third subchapter contains at least two Acts: the TDRA and the ACPA. This subchapter is referred to when deciding domain name disputes in US courts since it contains infringement and remedies provisions. Moreover, cases involving Cybersquatters are increasing and only this subchapter contains provisions applicable to solving such disputes.

II General Features of the US Federal Trade Mark Law

The Lanham Act protects both registered and unregistered trade marks. However, since federal registered trade marks are recorded in the database of the US Patent and Trade Mark Office (USPTO), it is easier for mark owners to claim their rights in trade marks that are registered. This makes much difference when there is an element of infringement in a claim involving an unregistered trade mark. Instead of solving the issue directly, the court has to first determine that the plaintiff has a right in the unregistered mark.

There are many types of trade mark infringement: passing off, counterfeiting, the unauthorised use of a trade mark by a licensee, repacking and rebottling goods, false presentation, comparative advertising, dilution, and infringement in cyberspace. The incorporation of a trade mark in a domain name will be trade mark infringement if the use of the domain name or corresponding websites confuse Internet users or dilute the trade mark.

US national courts employ the provisions of Subchapter III of the Lanham Act when solving the trade mark-domain name cases. The provisions are used together with case law to address the problems of confusion, initial interest confusion, dilution by blurring, dilution by tarnishment, and cybersquatting. The problem of cybersquatters is normally solved by the application of the ACPA which is in Section 43 of the Lanham Act.
The next part of this chapter will introduce US trade mark law, including the criteria for finding trade mark infringement, namely confusion and dilution. These criteria can be found both in the statute and in the case law. The factors used when considering the possible infringement of a mark on the Internet, according to the ACPA, and some examples of the relevant case law referenced by courts, will also be mentioned. Comments and analysis of each case will be provided as appropriate. This part will introduce the provisions of US legislation applied in US national courts to cases involving trade mark—domain name disputes. Traditional trade mark infringement case law plays a major role as a precedent for later decisions, including domain name cases. Comments will be inserted as appropriate in relevant sections. The first section will discuss US federal trade mark law, which will introduce the system of federal trade mark registration and trade mark infringement by confusion or initial interest confusion, including a test used for deciding domain name cases. The second section will discuss the TDRA including a test to consider dilution by blurring and tarnishment. The last section will discuss the ACPA concerning the elements used to decide whether the Act has been violated.

A. The US Trade Mark Law

The US system of trade mark registration grants the owner of a mark the right to exclude others from using an identical or similar designation in association with the same or similar products or services. The registration provides a substantial right for the mark’s owner. It automatically prevents anyone from registering the same mark for the same class of goods. In a court, a registered mark is protected by the Lanham Act, preventing consumers and the public from being confused as to the source or sponsorship of goods or services.

Only a certain types of mark can be registered under the Lanham Act leaving all other marks unregistered. The Lanham act has provisions to protect marks that have been genuinely used regardless of whether they are registered or unregistered marks. A registered trade mark will have protection under the law and a long-used unregistered mark can receive the same protection after it is recognised by common law trade mark doctrine. From this point of view, the Lanham Act is also a type of consumer protection, as it protects the public from deception by the use of a mark.
1. Federal trade mark registration system

The first part of the Lanham Act involves the registration of a mark, though it is not mandatory for a mark to be registered in order to receive protection on the US. However, the US does seem to offer stronger protection to a registered trade mark than it does unregistered trade marks, in terms of both federal and State protection. This is because the proof of rights in the trade mark may be accomplished by simply showing one’s registration certificate. An unregistered trade mark that has seen a long period of use can have such protections as well, but it might require more proof, such as evidence of its long use or of being well-known for certain products or services.

Section 1 of the Lanham Act provides that an application for US trade mark registration can be made even if a mark is not in use in connection with products or services; but, the mark owner must have a bona fide intention to use it in association with products or services in due time. Otherwise, the registration will not be granted unless and until the applicant provides the United States Patent and Trade Mark Office (USPTO) with irrefutable evidence of actual use of the mark in interstate commerce.382 This is why the US is known as a use-based trade mark nation.383

The first mandatory element of a federal registered trade mark is that the sign must be distinctive so that it can function as a trade mark. However, the Lanham Act allows a mark that is not distinctive by nature to be registered provided that such a mark is inherently distinctive. America has categorised trade marks that are inherently distinctive into three groups: suggestive, arbitrary and fanciful. Suggestive trade marks indicate some information about the nature, quality or characteristics of the products or services to consumers. Arbitrary trade marks are common words with a known meaning but when used as a trade mark they are used for goods or services that are non-related to their meaning. For example, the word “apple” generally refers to a type of fruit, but when it is used as a trade mark for computer products, it is an arbitrary trade mark that is inherently distinctive. Finally, a fanciful trade mark is an invention of a meaningless

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word specifically for use with products or services. *Kodak*, used for cameras, is a good example.

In addition, there are kinds of marks that are not registrable at all; descriptive and generic marks are not registrable because they have no distinctiveness and cannot function as a trade mark. Descriptive and generic marks cannot convey information about the source of products or services to consumers. However, if later on these marks manage to acquire secondary meaning or distinctiveness through their use so that consumers distinguish their products or services from others, these marks can be registered as trade marks under the Lanham Act.

Furthermore, in the case of domain name disputes, if a domain name is registered by incorporating a federally registered trade mark, in whole or in part, and the owner of the domain name has no relevant connection with the mark, it is almost certain that the owner of the federal registered trade mark will have the domain name transferred or cancelled. This situation is common in many domain name disputes, with regard to the NSI Policies, the UDRP or the US courts. Normally, people who register such domain names are called “cybersquatters”, although some of them are innocent, having coincidentally registering the domain names without prior knowledge of the registered trade mark. This shows that the federal trade mark registration system is a strong instrument for trade mark owners to use in tackling any infringement of their marks by domain name registrants.

2. Trade Mark Infringement by Confusion

As mentioned above, there are many types of trade mark infringement. When there is a dispute involving trade mark infringement, the Lanham Act will be used by US courts to give out remedies and protections to mark owners. The registration system can ensure to trade mark owners that their registered marks will have protection. The USPTO has the right to refuse an application of any mark that bears a certain amount of similarity with a senior mark in the same class of goods or services or is likely to cause confusion with a senior mark. Otherwise, the owner of a senior mark can file an opposition against such an application. This is to protect senior marks and consumers from any

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confusion. Similarly, the most common form of trade mark infringement is to create a likelihood of confusion or initial interest confusion among consumers as to whether there is an affiliation, connection, association or sponsorship between a senior mark and a junior mark.

Before the release of the ACPA, US courts applied the tests used in traditional trade mark infringements to a domain name dispute. The court determined whether a registered of a domain name may cause or was likely to cause confusion among Internet users regarding the source, affiliation or sponsorship of the domain name. If the court thought that the majority of Internet users were likely to have initial interest confusion, mistaking the domain name for the mark, the mark owners would have the domain name transferred or cancelled.

Generally, since evidence of actual confusion by Internet users seems harder to demonstrate than the initial interest confusion, it is not surprising that most instances of infringement in domain name cases were decided based on the idea that initial interest confusion. One of the reasons is to protect a mark owner who has a dominant part to play in the economic section. However, after the ACPA had been released, there were more elements to be considered by courts deciding domain name disputes, such as the showing of bad faith. Some elements are very similar to those of the UDRP, which will be discussed later in the analysis of the ACPA.

This part will explain the doctrine of confusion and initial interest of confusion. The traditional test to find whether confusion or initial interest confusion is present will be introduced, as well as how the test was adapted for use with domain name cases prior to the release of the ACPA. Comments and analysis will be provided as appropriate.

a. A Likelihood of Confusion

Section 32 of the Lanham Act[^385] protects registered marks by providing that any person who uses a registered mark in commerce through the reproduction, copying or counterfeiting of a registered mark in connection with activities likely to cause

[^385]: Section 1114 of the US Code Title 15 Chapter 22—Remedies; Infringement; Innocent infringement by printers and publisher § 1114. Remedies; infringement; innocent infringement by printers and publishers' (2005) Cornell University Law School
confusion shall be liable in a civil action by the registrant for the remedies provided in
the Act. Similarly, s.43\textsuperscript{386} also protects unregistered marks under the doctrine of false
designations of origin and false descriptions forbidden. The Section states that “any
person who, on or in connection with any goods or services… uses in commerce any
word, term, name, symbol, or device, or any combination thereof… which is likely to
cause confusion… shall be liable in a civil action by any person who believes that he or
she is or is likely to be damaged by such act”. This means that not only a mark owner
can claim damages but anyone who is likely to have been damaged by the false
designation of the mark, \textit{inter alia}, consumers.

The provisions of the Act, for both registered and common law trade marks, impose
criteria for trade mark infringement which national courts apply to create certain factors
for considering whether the facts of the case indicate an infringement of the marks has
occurred. For example, in \textit{Checkpoint Sys., Inc v Check Point Software Technologies, Inc}
the US Court of Appeals for the Third Circuit gave its factors for proving trade
mark infringement: (1) the complainant must own the mark at issue; (2) the mark is
valid and legally protectable; and (3) the defendant's use of the mark to identify goods
or services is likely to create confusion.\textsuperscript{387}

From the test in \textit{Checkpoint}, the complainant must be able to show that he is the rightful
owner of the mark and the mark is valid. The case is easier to make for registered marks
as there is a certification of registration shown. However, in the case of an unregistered
mark, the complainant must do whatever is necessary to convince the court that he has
rights and ownership in the asserted marks and that such marks have validity. Normally
the long use of the mark is evidence of ownership; otherwise, other reasonable proof
must be provided, such as a copy of an application for the mark’s registration. However,
it is still doubtful that it is possible to prove that an unregistered mark is valid and
protectable.

The third factor in \textit{Checkpoint}, that “the use of the mark to identify goods or services is
likely to create confusion”, is in accordance with an analysis of the Court of Appeals for

\footnotesize\textsuperscript{386} § 1125 False designations of origin, false descriptions, and dilution forbidden’ (2005) Cornell
University Law School <http://www4.law.cornell.edu/uscode/html/uscode15/usc_sec_15_00001125----
000-.html> (1/10/2007).

\footnotesize\textsuperscript{387} \textit{Checkpoint Sys., Inc. v. Check Point Software Technologies, Inc.} the Federal Reporter, third
seriesThe Court of Appeal for the 3rd Circuit. See also Graem B. Dinwoodie and Mark D. Janis,
the Second Circuit. That court asserted that a trade mark owner needed not to prove that a junior or user’s conduct would mislead all customers, but only that it was likely to mislead many customers...a showing of actual confusion was not necessary and in fact was very difficult to demonstrate with reliable proof. In addition, an appreciable number of reasonable buyers were likely to be confused by the similar marks, then there was liability for trade mark infringement or unfair competition. Therefore, it can be summarised that if the use of either similar registered or unregistered marks to identify goods and services is likely to mislead or create a likelihood of confusion to an appreciable number of reasonable buyers, there is certainly liability for trade mark infringement.

Nevertheless, it is difficult to determine what constitutes an appreciable number of reasonable buyers and how to measure their number. There have been a variety of opinions regarding this issue provided by national courts. Yet, there is no definite answer to the question. For example, in Grotrian Steinweg v Steinway & Sons, the Court of Appeals for the Second Circuit suggested that 8.5 per cent of consumers surveyed felt that confusion was strong evidence of a likelihood of confusion; while, in Exxon Corp v Texas Motor Exchange, Inc, the court opined that fifteen per cent of the individuals surveyed associating the two signs was strong evidence of likelihood of confusion. Hence, it can be assumed from the examples that an appreciable number of confused buyers does not necessarily mean the majority of customers, because it only takes a small amount of confused consumers for a judge to decide that there is the likelihood of confusion.

Accordingly, although “likelihood of confusion” is a basic test for trade mark infringement, the fact that different courts provide different factors for the test means that it has no single. Each test is varies according to the background of each case. However, there are groups of factors provided in federal case law that most courts use in

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their likelihood of confusion analysis. National courts normally assign varying weights to each factor according to the facts of each case. The most prominent recitation of the factors from case law comes from *Polaroid Corp v Polarad Electronics Corps*[^393]: (1) the strength of mark; (2) the degree of similarity between two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion; (6) the reciprocity of defendant’s good faith in adopting its own mark; (7) the quality of the defendant’s products; and (8) the sophistication of the buyers.[^394] These factors were widely cited and applied to the facts of cases in both state and federal courts. They were said to be standard factors to find a likelihood of confusion and, without a doubt, they were also applied to domain name cases before the release of the ACPA.

Moreover, there are many types of confusion, such as pre-sale confusion, post-sale confusion, confusion of non-purchasers, confusion of suppliers, and initial interest confusion. Each type of confusion may harm not only mark owners and customers, but various groups such as non-purchasers or suppliers. As a consequence, the likelihood of confusion created by misrepresentation, deception, misleading or the like is a tort itself which is prohibited under trade mark law. For domain name cases, before the release of the ACPA the provisions of traditional trade mark infringement was the first law to be used. Later on, US courts seemed keen on applying the doctrine of initial interest confusion to these cases.

### b. Initial Interest Confusion

As stated above, a likelihood of confusion is created by the concurrent use of either identical or similar marks on the same or similar products or services. Consumers are confused or possibly confused because they associate two marks and their origins at the time of purchase. This means consumers must have been either confused or likely to have been confused at the time they purchased the goods or services. As a consequence, trade mark infringement and damage occurs altogether at the point of sale. However, confusion can emerge before consumers purchase goods or services as well. The

[^393]: *Polaroid Corp. v. Polarad Electronics Corp* 287 F 2d 492 (US Court of Appeals for the Second Circuit).
appearance of junior marks may attract consumers’ interest and lead to confusion in their minds as to whether there is an association between the junior and senior marks. The confusion only occurs at the sight of the marks for the very first time, but it is not strong enough to make the customers purchase the products or services. This type of confusion is called initial interest confusion.

Sections 32(1)(a) and 43(a) of the Lanham Act do not specify what type of confusion gives rise to liability for a civil action. Most courts find that initial interest confusion can trigger a finding of infringement as well as likelihood of confusion. The doctrine of initial interest confusion was developed in the pioneer case *Steinweg*. In that case, the court found that musical experts might be misled into believing that the producer of *Grotrian Steinweg* piano somehow had an affiliation or connection with the maker of famous piano *Steinway* at the initial interest to the former; however, the professional experience of the experts could certainly identify the difference between the two pianos. Although there would be no purchase for the junior mark, the fact that the experts already had initial interest confusion was sufficient to constitute trade mark infringement.

Initial interest confusion cannot be assumed; rather, it needs to be proven. The factors weighed in the test to find initial interest confusion are (1) sophistication of the purchaser, (2) actual confusion, and (3) competitive proximity. Firstly, the purchaser must be sophisticated enough not to be lured until actual confusion occurs. Secondly, if the actual confusion exists, there is likely to be no initial interest of confusion since the latter requires only a first impression, not the full belief. Finally, the goods or services need to be competitive enough since non-competitive products cannot trigger initial interest confusion in any consumer.

Accordingly, the doctrine of initial interest confusion is used widely for the cases involving trade marks used on the Internet, including domain name cases. The first US court applied the doctrine to a domain name in the case of *Brookfield*

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395 Mccarthy, Chapter 23 Likelihood of Confusion pp.23-27.
396 *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*.
Communications. The case mainly discussed metatags but the domain name issue since the defendant used the complainant’s registered trade mark as a part of its domain name. The court decided that the web users accessed the website because of the confusing similarity between the domain name and the trade mark. The users must have had an initial interest in the mark to access the domain name, although when users actually accessed the website they understood clearly that the website had no connection with the complainant. Nevertheless, the defendant had succeeded in misdirecting users to its website with initial interest confusion constituting a trade mark infringement.

Many courts have followed the reasoning of the court in Brookfield. Nevertheless, there has been some differing opinion on applying the initial interest confusion doctrine to domain name cases. Some view the application of initial interest confusion as disproportional since Internet users could always go back to the previous page with just one click. The prominent case law on this hypothesis is the decision of the Fourth Circuit in Lamparello v Falwell. In that case, the court simply rejected the use of initial interest confusion analysis because it believed that confusion must be adjudged by evaluating the domain name in conjunction with the website. Given such an analysis, a gripe site targeting the Reverend Falwell could not convince Internet users to believe that the Reverend would sponsor a website criticising himself and disapproving of his position on and interpretation of the Bible.

Another interesting aspect of initial interest confusion concerned the use of the doctrine in the case of Stilson.com. The case was not about the use or registration of a domain name, but the concurrent use of the same trade mark by two companies. The lower court found that initial interest confusion was likely because “[A] consumer is likely to be confused when first becoming aware of Stilson Consulting Group... given the similarity

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399 Metatags are codes used to create a short description of a webpage. For example, Kodak.com website may have metatags as “digital”, “camera”, “film” or “electronics”. There can be a case that a webpage uses non-related term as metatags to attract more hits from a search engine which will attract more visitors to the webpage. Metatags are invisible for normal Internet users unless the users open the source code of the webpage. For more information, please see The Free Encyclopedia Wikipedia, 'Meta element' (2007) wikipedia <http://en.wikipedia.org/wiki/Meta_element> (4/10/2007)

400 Lamparello v. Falwell 420 F. 3d. 309 (Court of Appeal for the Fourth Circuit)

401 Mccarthy, Chapter 23 Likelihood of Confusion pp.23-33.

in names and the fact that [Plaintiffs] and [Defendants] are direct competitors in the same market”. According to Eric Goldman, the doctrine of initial interest confusion is not yet clear; it is more difficult to understand what it is, where it comes from or which standard can determine its existence. He provided the opinion that “defendants can almost never win when the standard is likelihood of initial interest confusion, because that standard takes an amorphous doctrine and extends it even earlier into the search process”.

B. Trade Mark Infringement by Dilution

The FTDA defines dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.” However, since the TDRA replaces the FTDA, the definition of dilution is split into two terms: dilution by blurring and dilution by tarnishment.

Section 2 of the TDRA provides:

For purposes of paragraph (1), ‘dilution by blurring’ is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark…and (C) For purposes of paragraph (1), ‘dilution by tarnishment’ is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

To put it simply, dilution is another type of trade mark infringement. It is known as non-confusion based trade mark liability and the doctrine is created mainly to protect the distinctive nature of famous marks. A traditional form of dilution causes trade mark infringement because it makes consumers think about a senior mark when looking at a junior mark, although the products or services are totally different. Consumers

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403 Ibid p.8.
definitely know there is no affiliation between these marks, which leaves consumers free from any type of confusion. Yet, the association in the mind of the consumer about the marks can dilute the distinctive character of the senior mark, so-called blurring. In addition, it might give consumers the wrong impression of the senior mark if the junior mark has an inferior image or is associates with low quality products or services. This type of dilution is known as tarnishment.

The TDRA is another important law for resolving domain name cases. Its factors pertaining to dilution in traditional trade mark cases are very interesting. However, the Act was released in 2006, making it very new and the number of recorded decisions where it was applied is still low. As a consequence, this section refers to the FTDA. Although the FTDA is not used anymore, it was in use longer than the TDRA and it generated a great deal of case law. Therefore, it is more appropriate for the research to view the TDRA and the FTDA together and analyse the positives and negatives of both, in considering recommendation for the UDRP.

The TDRA was proposed as a result of the judgment in *V Secret*,⁴⁰⁶ which decided that the owners of famous marks had to prove an actual economic harm from the dilution as a part of the test in order to receive protection from it as trade mark infringement. With the fear that the famous marks will be diluted easily and their distinctive nature will be blurred, Congress passed the law defining dilution as complete even if there is no actual evidence of damages. The TDRA differs from the FTDA in this point.⁴⁰⁷ The possibility of damage to the mark is enough to bring allege dilution in a case, while the FTDA requires proof of actual damages. The TDRA also eliminates the general definitions of dilution written into the FTDA. Instead, it inserts the definitions of dilution by blurring and tarnishment, as stated above.

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⁴⁰⁷ Section 2 of the TDRA which amended s.43 of the Lanham Act states:

> Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

However, the FTDA before replaced by the TDRA provides that:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce 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, and to obtain such other relief as is provided in this subsection.

It can be seen that the FTDA tends to show that only evidence of actual dilution will be accepted for remedies.
There is a new theory about a form of dilution where a junior user that is taking a free ride on a famous trade mark dilutes the distinctive character of the mark by cybersquatting on domain names and webpages, however, in the author’s opinion, it is still a part of blurring which emerges on the Internet. Therefore, this section will introduce only the two types of classic dilution on traditional trade marks: blurring and tarnishment. It will also mention the tests used in case law to find dilution in both traditional trade mark infringement cases and domain name cases.

1. Blurring

Blurring is a type of classic injurious impact of dilution theory. The subject of protection under the doctrine of dilution by blurring is the distinctive and unique significance of the mark to identify and distinguish the origin of products or services. The distinctiveness of the mark can be diluted and weakened by the activities of blurring. For example, a Boston restaurant may be named Tiffany like the famous jewellery shop in New York. It is obvious that customers of the restaurant will not think that the jewellery store has something to do with it. Yet, the use of the famous mark by the restaurant is still trade mark infringement by dilution via blurring since the distinctive and unique link between Tiffany and the jewellery store may be weakened by such use.

Dilution tends to occur to famous marks due to their astonishing distinctive qualities. As such, Section 2 of the TDRA provides a definition for famous marks, for general understanding and interpretation: “[F]or purposes of paragraph (1), a mark is famous if it is widely recognised by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner”. In addition, there are specific requirements for marks to be determined as famous as provided by the law:

[In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following: (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or

408 J. Thomas Mccarthy, Chapter 24 Infringement by Use of Mark on Non-Competitive Goods or Services (McCarthy on Trademarks and Unfair Competition, Thomson West, Eagan 2007) pp.24-164.
publicised by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark. (iii) The extent of actual recognition of the mark. (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Based on the above criteria courts have to spent time considering whether a mark is famous or not in order to decide whether there was dilution. The courts have to consider these factors: duration of use or advertising the mark, the number of products sold under the mark and the degree of recognition of the mark. Furthermore, the Act provides an official definition of dilution by blurring, as stated above. Although this definition is a bit banal and has already been recognised by many courts, it is very important to have it legislated.

The TDRA provides new factors to determine whether a mark or trade name is likely to cause dilution by blurring:

(i) The degree of similarity between the mark or trade name and the famous mark; (ii) The degree of inherent or acquired distinctiveness of the famous mark; (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (iv) The degree of recognition of the famous mark; (v) Whether the user of the mark or trade name intended to create an association with the famous mark; and (vi) Any actual association between the mark or trade name and the famous mark.410

To analyse, the factors of the TDRA are newly created, as there were no factors to consider for dilution by blurring in the FTDA. These criteria help the court to find a likelihood of dilution more easily, as in the cases of Starbucks Corp v Wolfe’s Borough Coffee, Inc411 and Eldorado Stone, LLC v Renaissance Stone, Inc.412

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411 Starbucks Corp. v. Wolfe’s Borough Coffee, Inc 477 F. 3d. 765 (Court of Appeal for the Second Circuit).

2. Tarnishment

Another type of dilution is tarnishment. It is the act of unauthorised use of a mark to tarnish, degrade, or dilute the distinctive quality of the mark. In order to tarnish a mark, the mark must be sufficiently well known or famous. If the mark is not famous or well known, the chance for consumers to associate inferior non-competitive products or services with the mark is slim. In such a case the mark is not tarnished because no one thinks about it when seeing such products or services.

However, the legislation provides no factors for consideration under the test for dilution by tarnishment. This may be because tarnishment can be found more easily than dilution by blurring. It is certain that a mark must definitely have a reputation in order to be harmed by dilution by tarnishment and that such reputation must be a good one. Parody or a misrepresentation by inferior images, description or products can be an exception to dilution by tarnishment, but it needs to have its own limits.

Obviously, there is no provision for dilution by tarnishment in the FTDA. Therefore, it is very interesting to see that this type of dilution has finally been officially recognised and provided for in legislation. The FTDA provides a classic example of online dilution by tarnishment in Hasbro, Inc v Internet Entertainment Group, Ltd.\[413\] That was a case in which the operator of candyland.com was held liable for dilution by tarnishment of Hasbro's trademark Candy Land for using the mark, which is associated with its children's board game, to identify a sexually explicit website. The tarnishment has threatened irreparable injury to the reputation and goodwill of the trade mark, which has to be remedied by the law as soon as possible before the public will associate the mark with items of unwholesome or inferior quality.

C. The Anticybersquatting Consumer Protection Act

\[413\] Hasbro, Inc. v. Internet Entertainment Group, Ltd. [1996] WL 84853, the Court for the Western District of Washington.
One of the pioneer trade mark—domain name cases in the US is the mcdonalds.com case, in which a writer for Wired magazine had acquired, in 1994, the name mcdonalds.com and the email address Ronald@mcdonald.com. However, when the giant fast-food chain McDonalds sought to register the domain name to provide its information and services on the Internet it could not do so having already been taken according to the first-come-first-served rule. The parties negotiated and finally settled the dispute. Nevertheless, after the McDonalds case a number of trade mark owners rushed to register their marks as domain names, which was not easy since there was a group of individuals seeking to profit by registering domain names for a flat-fee and attempting to sell the domain names back to the corresponding mark holders for above-the-roof prices. Those individuals are called cybersquatters and their conduct is called cybersquatting.

Back when Network Solution Inc. (NSI) took control of domain name registration, the company set up a policy to solve the problem of cybersquatting by immediately transferring or cancelling the contested domain name without any trial or investigation if the rightful owner of a corresponding mark notified NSI that its mark was used as a domain name by others. This policy raised criticism of unfairness and it was said that NSI was biased in favour of trade mark owners. Many cases were brought during this period in the national courts, including the sex.com case.

When the task of management and control of Internet domain names was transferred to ICANN, ICANN consulted with WIPO regarding provisions to solve the cybersquatting problem. Finally, after WIPO recommended the UDRP to ICANN to be the uniform provisions applicable to domain name disputes, regardless of jurisdictions, the UDRP was approved on October 1999. With some political connections between ICANN and the US Department of Commerce, it can be assumed that the Anticybersquatting Consumer Protection Act (ACPA) was taken after the WIPO recommendations. The ACPA was passed as law on June 1999 and amended on October 26, 1999. It is

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414 The case was not actually brought to court since McDonalds and the domain name registrant were able to negotiate and settle the dispute out of the court. McDonalds agreed to support computers for schools as requested by Mr.Quint and then he transferred the domain name. The case became a legend in which an ordinary individual challenged a big company on the issue of the domain name registration. It also prompted numbers of mark owners to register their marks as domain names. See more at Cnet News.Com Staff, "What's in a name? bigmoney.com" (1996) <http://www.news.com/2100-1023-211292.html> (9/10/2007).

legislation aims to prevent and remedy cyber piracy, especially as it concerns trade
marks and personal names. It is located mainly in Section 43(d) of the Lanham Act but
can also be found in Sections 32(2), 34(a), 35(a), and 45 of the same Act, and also in
other acts such as the National Historic Preservation Act.

The ACPA was passed “to protect consumers and promote electronic commerce by
amending certain trade mark infringement, dilution, and counterfeiting law....

Because the act of cybersquatting was not illegal per se, the law needed to introduce a
new cause of action, including a test to find infringement caused by cybersquatting and
prescribe remedies. Also, the law introduces a provision in which a court from one State
can exercise jurisdiction over a defendant in another State without any difficulty—the
so-called in rem provision. The in rem provision in the ACPA is not applicable in every
case; only a case that falls into criteria provided by the ACPA. Hence, the in rem
provision is not significant to any possible amendment of the UDRP. As a consequence,
this research will not analyse that provision.

In addition, the facts that the ACPA includes personal names in the definition of a mark
and that the law in the Lanham Act shows that trade mark law plays a major part in the
ACPA. In other words, the mark owners, including individuals who legitimately use
their personal names, are likely to be injured by the conduct of cybersquatters more than
other groups of people. As such, the mark owners require protection from
cybersquatting the most. The national courts who will apply the law must not to over-
protect mark owners, but maintain the balance of fairness for domain name registrants.

The Act set out criteria to find infringement under the cause of action of cybersquatting.
The criteria are codified in Section 1125(d) of U.S.C. Title 15. Roughly speaking, in

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\begin{align*}
(i) & \quad \text{has a bad faith intent to profit from that mark, including a personal name which is} \\
(ii) & \quad \text{protected as a mark under this section; and} \\
(I) & \quad \text{in the case of a mark that is distinctive at the time of registration of the domain} \\
& \quad \text{name, is identical or confusingly similar to that mark;} \\
(II) & \quad \text{in the case of a famous mark that is famous at the time of registration of the} \\
& \quad \text{domain name, is identical or confusingly similar to or dilutive of that mark; or}
\end{align*}
\]
order to be liable for cyber piracy, the person must (1) have bad faith to profit from a mark or a personal name and (2) register, traffic in, or use a domain name in certain ways provided in the section, the criteria of which will be discussed further with appropriate related case law in the ACPA section of part three. Also, since the Act provides factors to consider when determining the bad faith intent of a defendant in Section 1125(d)(B), these factors will be demonstrated with discussion, comments and analysis with examples of relevant case law. The ACPA Section in Part III will start with the criteria used to determine the extent that a mark is distinctive or famous, the extent that a domain name is confusingly similar or dilutive to a mark, the determination of bad faith, and the safe harbour to except an infringement to a mark by the use and registration of a domain name.

III Comment and Analysis of US court Decisions In Domain Name Cases

Since domain names incorporating such terms as trade marks, personal names and geographical names are likely to be registered most often, it follows that confusion from an association of their origin will occurs. This might include the dilution in some cases where that incorporation involves famous marks or names. Therefore, the mark and term owners are likely to suffer most from such associations because the goodwill or distinctive nature of the marks will be damaged. As such, large numbers of domain name cases involving terms and marks have been brought to US national courts and there have also been attempts to solve the problem with legislation, as presented above.

Besides the use of statues, the US judicial system relies heavily on case law according to the common law system. Case law presents numerous approaches to solve these disputes in the courts. One of the approaches is to use a test to find a likelihood of confusion, initial interest confusion or dilution by blurring or tarnishment. Many courts provide different tests. Each test has different factors to be considered. Later courts may use a test employed by a former court if it is applicable to the background of the current case. Also, the ACPA provides factors to be considered to determine bad faith intent in each domain name case. National courts can apply the factors to their cases to find

(III) "is a trade mark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36."
infringement by cybersquatting. Yet some terms in the factors are not clear and require further interpretation by courts.

This section will comment on and analyse the case law involving intellectual property rights and domain name disputes in the categories of confusion, dilution and a new cause of action in the ACPA. Suggestions to the UDRP may be provided as appropriate, as all the analysis of US case law leads to an improvement of the UDRP.

A. Trade Mark Infringement by Confusion

A trade mark is limited by geography but the Internet makes it possible to expand the use of trade marks globally. Before the Internet, geographical borders helped prevent conflicts of the same trade marks in different areas. After the Internet era, this boundary was diminished. The use of domain names incorporating marks displays them marks on the Internet which may create confusion among Internet users in many geographical areas as to whether an identical or similar mark shown in a domain name shares the same origin with another mark used in their area. For example, there was a concurrent use of the registered mark pureimagination and the domain name pureimagination.com by two different companies in the US.418 In another case, there was an attempt by the Virginia State Court to extend its jurisdiction to an individual in Canada over a claim of concurrent use of the trade mark TechnoDome in the US and the domain names technodome.com and destinationtechnodome.com by an individual in Canada.419

The registration of a domain names consisting of trade marks or other terms leads to confusion among Internet users. The confusion can be either the likelihood of confusion or initial interest confusion. On the Internet, the likelihood of confusion is the possibility that Internet users will be confused as to whether a mark and a correspondent domain name have the same origin. The doctrine of online initial interest confusion was

raised by the Ninth Circuit in *Brookfield* and pertains to the confusion that Internet users may have as to the source, affiliation or sponsorship of the mark and a corresponding domain name at the initial perception of the domain name or corresponding website. This confusion, however, is dispelled as the users quickly realise that the sources are different and unaffiliated.

The following sections will discuss examples of case law concerning domain names decided by US courts. The objective of this review is to find out how US courts apply their legislation and case law to solve domain name disputes. Some of the resolutions may be worth recommending for an amendment of the UDRP, as it is the proposal of this thesis. Some comments and analysis of case law will also be provided.

### 1. Likelihood of Confusion

The test for likelihood of confusion on the Internet was developed from a test for the likelihood of confusion in traditional trade mark disputes. When applying any test to any domain name case a national court will select appropriate the factors of an appropriate test considering the factual background of the case and the related law. The court uses a test to analyse possible trade mark infringement, or an infringement of other intellectual property rights, in the use of domain names or other contested Internet activities, including their corresponding websites. In some cases, the court have to use more than one test or an amalgamation of factors from different tests resulting in a new test to best analyse the facts of each case. Some decisions with new tests become case law. A judge uses many precedents as references and follows tests from these precedents which sometimes create a new test suitable for the case. Thus, there is no uniform test to apply with domain name cases in the US.

*Brookfield Communications Inc., v. West Coast Entertainment Corp*

In this case, the owner of a registered trade mark, *MovieBuff*, filed a lawsuit against *West Coast*, the owner of *moviebuff.com* for, *inter alia*, trade mark infringement by the use of an identical domain name and metatags on *West Coast*'s website. The parties were in a similar line of business which was to provide entertainment services. The

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420 *Brookfield Communications Inc., v. West Coast Entertainment Corp.*
court’s opinion was that the doctrine of likelihood of confusion was not a suitable test for trade mark infringement under the facts of the case. At first, the district court denied the injunctive relief requested by Brookfield, ruling that West Coast was the senior user of the mark, considering its use of the slogan “Movie Buff’s Movie Store” and that the plaintiff could not establish a likelihood of confusion from the use of the domain name. Brookfield appealed.

In finding a likelihood of confusion and trade mark infringement, the Court of Appeals employed the eight-factor test from Sleekcraft422: (1) the similarity of the marks; (2) the relatedness of the two companies’ services; (3) the marketing channels used; (4) the strength of the plaintiff’s mark; (5) the defendant’s intent in selecting its mark; (6) evidence of actual confusion; (7) the likelihood of expansion into other markets; and (8) the degree of care exercised by purchasers. However, the court opined that complaints may arise from the original eight-factor test in the sense that some factors might be deemed more important than others and each case demands the same level of importance. It stated that the factors concerned in the Brookfield case were (1) the similarity of marks, (2) the relatedness of product offerings, and (3) advertising channels. The application of the three factors to the case revealed that the mark and a domain name were identical; the parties were in a very similar field of business; and both of them used the Internet as an advertising channel.

Although there was no evidence that the defendant registered the domain name with the principal intent of confusing consumers, or that it knew of the trade mark right of the plaintiff at the time of registration, such intent was not relevant to the finding of trade mark infringement but it was clear that West Coast knew about the former trade mark at the time it launched its website. As a consequence, the court assumed that Brookfield had shown strong evidence of a likelihood of confusion.

The analysis of this case would be that the Court of Appeal still used factors in the traditional eight-factor test to find likelihood of confusion in the Internet domain name case. The problem is that how will anyone know which factor or which test is suitable for a domain name case? Nevertheless, the Brookfield case, at least, has shown that the appeals process is beneficial to trade mark owners who may fail to prevent confusion with its mark in a lower court. It is strongly recommended that the UDRP should have an appeals process as well.

In this case, the Court of Appeals affirmed the decision of the district court, granting a preliminary injunction in favour of the plaintiff. In the finding of the judgment, the higher court applied the eight-factor test from *Sleekcraft* and the three-factor test from *Brookfield*. The purpose of applying the tests was to decide the issue of the likelihood of confusion, as it was the central to the plaintiff’s trade mark infringement claim. The judge opined that confusion occurred more easily on the Internet than in the traditional marketplace because even different types of services were still capable of confusing the public through the use of identical signs on different websites.

In considering this case, the court relied on the three factor test from *Brookfield*, which, again, examines the similarity of the marks, the similarity of the services offered and the marketing channels used. It found that (1) the marks were similar; (2) the products and services offered by *goto.com* and *Disney* website were also very similar; and (3) both marks used the same marketing channel since the Internet allowed the rival marks to appear on the same computer screen. The court stated that “[O]bviously, the greater the similarity between the two marks at issue, the greater the likelihood of confusion”.

Finally, the judge concluded that the use of remarkably similar trade marks on different websites created a likelihood of confusion amongst web users.

To analyse the decision of *goto.com*, the reduction of eight factors to three factors, following the *Brookfield* case, cannot be right because some of the factors abandoned were worth consideration. For example, the degree of care paid by Internet users was important, as it indicated actual or non-confusion. It is true that majority of the Internet users tend to use the Internet without much care as it is effortless to use, but for some users who pay attention it is not obvious and they may be lured in by the similarity of marks used on websites. Although the decision was well made, the court should have actually looked at the actual statistics or data concerned before making an assumption.

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424 AMF Inc. v. Sleekcraft Boat.

425 *Brookfield Communications Inc., v. West Coast Entertainment Corp.*

426 The author agreed with the conclusion since Internet websites are easy to access and the majority of users seem to not pay much attention on each website due to the nature of the Internet, namely that users can jump to another website by just one click.
about the degree of care exercised by Internet users. Since the UDRP’s panel can only consider evidence and information presented it and must complete the decision within 45 days, the eight-factor test would not be an appropriate addition to the UDRP.

Hasbro, Inc. v. Clue Computing, Inc.427

There was no likelihood of confusion in this case. The plaintiff who was manufacturing and marketing children’s toys and related items, including computer games, had a registered trade mark for the word “clue” while the defendant was a computer consulting company which had a website at clue.com. The plaintiff claimed that the use of the domain name by the defendant was, inter alia, trade mark infringement. In order to find a trade mark infringement, the court then weighed eight factors to find “substantial” likelihood of confusion: (1) the similarity of the marks; (2) the similarity of the goods or services; (3) the relationship between the parties’ channels of trade; (4) the relationship between the parties advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant’s intent in adopting the mark; and (8) the strength of the plaintiff’s mark.

When applying the test to the facts of the case, the court found that although the mark and the domain name were identical, the channels of trade were different. The plaintiff used the Internet for marketing toys but the defendant Internet activities were limited to consulting. As for the confusion, the court concluded “[T]he fact that one, two or three people over four years may have expressed confusion between Clue Computing Web site and Hambros game does not constitute the level of actual confusion necessary to support a general finding of likelihood of confusion”. Accordingly, there was no evidence that the defendant purposefully wanted to create confusion and a suggestive mark like clue was not strong enough to be confused with clue.com. Therefore, there was no likelihood of confusion in this case.

To analyse, it is obvious that the eight-factor test is likely to be used again and again because the test gives a clear answer as to whether there is a likelihood of confusion in the particular case. The fact that the court in clue.com weighed every factor equally did not make it harder to find a likelihood of confusion in the case. On the other hand, the

court found no trade mark infringement because the background of the case revealed that there was really no likelihood of confusion between the mark and domain name.

Furthermore, if someone wanted to introduce an eight-factor test to the UDRP, it would not be strange at all, since some panels deciding disputes under the UDRP have already referred to the test in their decisions. Nevertheless, the application of the test to find a *confusing similarity* in the first requirement of the UDRP would be exhausting for the panel since the elements are long and the time limit of 45 days will be short a time for the panel to apply the test. Moreover, from an economic point of view, the panellists would not be too happy in rendering their decision using such long tests, since they might think that their application is not worth their time and the remuneration for being panellists. Therefore, it would be more appropriate if the UDRP panel could have a standard and concise test for considering the confusing similarity requirement under the UDRP, as seen in *Brookfield* and *goto.com* case. The US courts also have a more appropriate way to find that confusion was created by the registration and use of a domain name, the so-called doctrine of initial interest confusion.

### 2. Initial interest confusion

*Brookfield Communications Inc., v. West Coast Entertainment Corp.*

The judgement of the Court of Appeals in *Brookfield* also applied the initial interest confusion doctrine to online trade mark infringement. The court concluded that online trade mark infringement was not ordinary infringement, to which one should apply the eight-factor test of other traditional cases. However, in this case it did not apply the doctrine of initial interest confusion with the registration and use of the domain name; instead, the doctrine was mentioned during a finding of trade mark infringement by metatags. The court noted that the use of metatags with a search engine could misdirect consumers to other online locations without their noticing. Yet, consumers were likely

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429 *Brookfield Communications Inc., v. West Coast Entertainment Corp.*

to be satisfied with the goods or services offered by the misdirected website even though they realised a few seconds later that they had reached the wrong site. In this way the mark owner would be damaged by the redirection created by the initial interest confusion, because of the consumers had changed their minds.

The court provided an interesting analogy to a highway. The situation was similar to one where customers were travelling to the West Coast store on a highway and the customers saw a Billboard made by West Coast’s competitor saying that West Coast was at exit 7, while West Coast was actually located at exit 8. Then, the customers would take exit 7 and drove around looking for West Coast. Finally, when they could not find West Coast and found the competitor instead, they might end up renting videos from West Coast’s competitor. This was how Brookfield would be damaged from initial interest confusion by West Coast.

As such, trade mark infringement was present without the need for a high degree of confusion or the possibility of confusion. As stated by the court, initial interest confusion was also confusion under the context of Section 32. The doctrine of initial interest confusion is more appropriate to the use of trade marks on the Internet, since activities on the Internet are very fast and it may be difficult and dangerous for a mark owner to wait until a likelihood of confusion is established. Nevertheless, the case of Brookfield is not an example of initial interest confusion doctrine as applied to the use and registration of domain name. Therefore, it will be more suitable to discuss other cases were the US courts have applied the doctrine to domain name disputes.

**Interstellar Starship Serv. Ltd. v. Epix, Inc**

epix.com was a case quite different from other cases in that the domain name owner filed a lawsuit against a registered trade mark owner seeking a declaratory judgment that its registration and use of the mark as a domain name was not an infringement. The Court of Appeals affirmed the decision of the district court and claimed that it “recognised a brand of confusion called “initial interest” confusion, which permitted a finding of a likelihood of confusion although the consumer quickly became aware of the

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source's actual identity and no purchase was made as a result of the confusion.432 The
Ninth Circuit also concluded that if the mark and the domain name were very similar,
there was a possibility that the defendant’s customers might read about the plaintiff on
epix.com’s corresponding website and decide to try out the plaintiff’s service according
to the doctrine of initial interest confusion. This showed that the plaintiff capitalised on
the defendant’s goodwill even if the customers were never confused about the
connection between the parties.

However, the goods or services provided under the domain name and the mark were
different. The plaintiff used the domain name to advertise a theater group, including its
show and digital pictures of the cast, while the defendant used the mark in connection
with its business of manufacturing and selling video imaging hardware and software.
They were in different channels of trade and offered different goods and services.
Therefore, under the facts of this case, the court found no infringement of a registered
trade mark by the plaintiff.

To analyse, a panel under the UDRP may consider initial interest confusion as one of
the factors in determining confusing similarity when the website corresponding to a
domain name offers the same goods or services as those associated with a mark. This is
because initial interest confusion is most likely to occur between competitive and
similar products or services. Like this, it would be unfair to a mark owner that a domain
name gain Internet traffic from the initial interest confusion using its mark’s goodwill
and taking its prospective customers. The UDRP also has to operate in the context of
unfair competition, as the mark owner tends to be damaged if the policy and the
panel are not clear about the similarity between the mark and the domain name.
Moreover, the sale of mark might loss since initial interest confusion can occur even
when web users realise they have reached the wrong site but, due to the satisfaction of
competitive goods or services, discontinue searching for the original site they had
intended to visit. As a consequence, the recommendation here is to keep the UDRP
fair and neutral by defining the term “confusingly similar”.

Nissan Motor Co. Ltd et al. v Nissan Computer Corporation

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1154 (the US Court of Central District of California).
In the case, the Central District Court of California granted a permanent injunction against nissan.com, restricting the website from advertising car related products and an anti-Nissan campaign. The injunction was meant to remedy initial interest confusion that misled Internet users to visit the website thinking that there was some affiliation between the trade mark owner and the domain name registrant. The court also found that the initial interest confusion generated revenue for the defendant by attracting traffic to the website, which was made possible by the defendant’s capitalization on the plaintiff’s goodwill. However, the court still let Uzi Nissan, the defendant; occupy the domain name as it was his surname, which he had a legitimate right to use as a domain name. The decision was confirmed by the Court of Appeals, which held the following:

[Int]ial interest confusion existed as a matter of law as to Nissan Computer’s automobile-related use of nissan.com because use of the mark for automobiles captured the attention of consumers interested in Nissan vehicles. To this extent nissan.com trades on Nissan Motor’s goodwill in the Nissan mark and infringes it, but other uses do not because there is no possibility of confusion as to them.434

Since there was an honest concurrent use of a famous trade mark, it would be absurd if the court cancelled or transferred the domain name of an honest registrant to the trade mark owner. A personal name can give a person a legitimate right to register his name as a domain name, even concurrently with the famous mark. In addition, the court reached a wise result, in that the registrant could still hold the domain name but he could not do certain activities that may lead to initial interest confusion, such as selling or advertising motoring products on its website. This kind of solution should be recommended to the UDRP since the decisions under the UDRP result in only the transfer or cancellation of the contested domain name. There can be no compromised resolution as in the judgment of a national court. Also, there is no monetary penalty under the UDRP, while a court can demand either party to pay for the fee or damages.

Christopher Lamparello v Jerry Falwell435

There were also some interesting criteria for finding initial interest confusion in the case of *Christopher Lamparello v Jerry Falwell*. The case was generally about a gripe site created to comment the Reverend. The Court of Appeals found no likelihood of confusion between the proper name and the domain name. It also declined to recognise the doctrine of initial interest confusion because the Fourth Circuit had never endorsed the doctrine before. However, even if the court examined the case for the presence of initial interest confusion there would have been none, because initial interest confusion tends to arise when there is an attempt to produce financial gain through the website. Moreover, the finding of initial interest confusion must result from examination of both the domain name and the corresponding website together. In the case, the maintenance of a gripe site did not constitute initial interest confusion.

It is very interesting that the Fourth Circuit refused to consider initial interest confusion in this case. If it was because the previous courts have never done so, and there was no case law, why did the court not consider the case to be one of first impression and create new precedent? Hopefully, the providers under the UDRP will consider every case, concerning itself less with precedent and forum shopping. The providers should consider the domain name and the corresponding website together when evaluating the possibility of initial interest confusion.\(^\text{436}\)

### B. Trade Mark Infringement by Dilution

The dilution of marks or names used on the Internet usually occurs when there is a use or registration of a domain name incorporating marks or names. The dilution will become clearer if the name also incorporates pejorative words or by an association of the domain name with a disgraceful website such as one displaying pornography or violation website. The pure display of a mark can blur the distinctiveness of the mark, especially if the display occurs repeatedly. Famous marks are more easily diluted because the more famous they are, the more likely it is that Internet users will recognise and associate the mark with other things, making its distinctive nature blurred or tarnished by pejorative words. If Internet users associate the mark contained in a domain name with the content of a website published by other mark owners or with a shameful

\(^{436}\) However, the rule that a gripe site cannot create initial interest confusion is worth more study since the domain name must consist of marks.
content, even though there is no likelihood of confusion between the two marks, or between the mark and the deteriorated content website, the distinctive nature of the mark is likely to be damaged, so too its reputation in the case of tarnishment.

The test to determine whether the use or registration of a domain name dilutes a mark is similar to the test used in traditional trade mark dilution cases. Harvard Law School suggests the elements of traditional trade mark infringement by dilution are as follows: (1) a mark must be famous; (2) the defendant uses the mark for commercial purpose(s); and (3) the defendant must use of plaintiff’s mark in a way that consumers think that the parties likely have an association or affiliation and such association dilutes the distinctive nature of the plaintiff’s mark, in case of dilution by blurring, or such association relates the mark to inferior quality products, if they are in the same line of business or relates the mark to disgraceful items in case of dilution by tarnishment.437

There is much case law related to trade mark dilution by the use or registration of domain names. In the early days, disputes over online trade mark dilution were solved using the FTDA before a court. The application of traditional trade mark dilution tests to domain name cases shows that the mark owners must have actual damages from the use or registration of the domain name in order to establish a claim for trade mark infringement by dilution. Hence, when the TDRA is in use, the effect of the Victoria Secret case allowed merely the foreseeability of damages to be enough to constitute the claim for infringement. This makes the owners of famous marks content since they can establish the claim for dilution more easily, while domain name registrants have more difficulty avoiding a claim for trade mark infringement by dilution under the TDRA. As a result, the TDRA is viewed as biased in favour of famous mark owners.

The oldest cases relating to trade mark dilution and the use of domain names are Avery Dennison Corp v Sumpton 438 and Panavision v Toeppen.439 In 1998, the year that these cases were decided, the FTDA was in use so the court applied the FTDA to find dilution. Accordingly, the FTDA defined dilution as “the lessening of the capacity of a

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437 Sharie Mendrey and Professor William W. Fisher Iii., 'Domain Name Case Law' (2000) Harvard Law School <http://cyber.law.harvard.edu/property00/domain/CaseLaw.html> However, these criteria correspond with the FTDA as the paper is released during the period that the FTDA is still in use.


famous mark to identify and distinguished goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) the likelihood of confusion, mistake or deception”.

*Avery Dennison Corp v Sumpton*  

In *Avery Dennison*, the defendant registered many domain names consisting of the term *avery* and *dennison*. The district court held that the registration of a domain name using the mark as a component by someone other than the trade mark holder did “lessen the capacity of a famous mark to identify and distinguish goods or services”. Therefore, the registration of domain names by anyone except the trade mark owner was trade mark infringement by dilution by blurring. A similar decision was reached in the case of *Panavision*. *Panavision* was a plaintiff claiming many domain names registered by *Dennis Toeppen*, the defendant. *Toeppen* was well-known for being a cybersquatter but the ACPA was not yet in effect at that time. As a result, the FTDA was used to find trade mark infringement by dilution where under, and without complicated analysis, the court concluded that the appearance of the mark in domain names diluted the capability of the mark to identify and distinguish goods or services.

The court seemed to suggest that simply preventing a plaintiff from using his famous trade mark as a domain name diluted the plaintiff's ability to identify his goods and services frustrated or deterred potential consumers. This facile conclusion is rather unfair to the domain name registrant and favours famous mark owners too much. **Indeed, the UDRP cannot simply conclude the same. It needs to search for deception or bad intention when diluting the trade mark by the use of domain name.** The above case law may be easily dispensed with because, at that time, a domain name was still a new concept to a court and the protection of trade mark owner seemed to be a priority when making a judgment. However, as time has past and domain names become more and more familiar to people, the decisions under the UDRP need to be fair and just.

In any case, the above analysis pertained to dilution *per se* while below is an examination of the case law regarding dilution by blurring and tarnishment. The

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440 *Avery Dennison Corp. v. Sumpton* and *Avery Dennison Corp. v. Sumpton* (reverse).
441 *Avery Dennison Corp. v. Sumpton* p.1340.
examination tries to find a test for finding dilution by blurring and tarnishment using examples from case law in related fields. Each element of a test will be commented upon and analysed in evaluating its appropriateness for use with the UDRP or whether there may be any suggestion for an amendment to the UDRP.

1. Blurring

Dilution does not require confusion, only an association between the origin of the mark and the domain name is required. Dilution by blurring needs an examination on a case-by-case basis, as the factual background of each case is different. The repeated display of a mark, especially a famous mark on a domain name or a website, makes the distinctive character of the mark gradually fade. As a consequence, consumers may ultimately find the mark indistinctive or they might begin to associate the mark with other marks, resulting with the unique importance of the mark being diminished. As such, the distinctive nature of the mark, especially a famous one, is blurred.

Nevertheless, as stated in Ringling Bros., “[N]ot every use of a similar mark would blur a famous mark... [T]he human mind had the capacity to recognise the distinctiveness of a multiplicity of concepts, ideas and images without confusion or association”.

Hasbro, Inc. v. Clue Computing, Inc

Apart from finding trade mark infringement by confusion, the plaintiff also searched for an infringement by dilution. At that time, the FTDA was in use. The context of the FTDA provided that the owner of a famous mark shall be entitled, subjected to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use began after the mark had become famous and caused dilution of the distinctive quality of the mark. The court, in order to find the dilution per se then concluded that the plaintiff had the burden of proof to show (1) that it owned a famous mark, (2) that the defendant was making commercial use of the mark in commerce, (3) that the defendant adopted its mark after the plaintiff’s mark had

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444 Hasbro, Inc. v. Clue Computing, Inc.
became famous, and (4) that the defendant's mark diluted the plaintiff's famous mark.

For the first element, the plaintiff argued that it had been using the mark for a long time, had registered the mark and had spent a lot of money advertising the mark in connection with products. However, the fact that the word “clue” was generic and had many meanings made the mark a common term and unqualified as a famous mark. Since there was no first element, the court did not consider the rest of the test. Accordingly, the court had to consider dilution by blurring, as there was no evidence for dilution by tarnishment. Judge Sweet provided six concrete factors from Mead Data to identify dilution by blurring. The factors were (1) similarity of the marks, (2) similarity of the products covered by the marks, (3) sophistication of the consumers, (4) predatory intent, (5) renown of the senior mark, and (6) renown of the junior mark. On the other hand, McCarthy also provided the following commentary:

[F]or blurring, the marks must be similar enough that a significant segment of the target group saw the two marks as essentially the same… [or] one mark seen by customers as now identifying two sources… [and] the plaintiff must prove that the capacity of the mark to continue to be strong and famous would be endangered by the defendant’s use even if the defendant's use was too small or minor to actually weaken the plaintiff's mark.

In its finding, the Court of Appeals reviewed the decision of the district court, weighed heavily on two factors introduced by Judge Sweet. The higher court found that the mark and the domain name were identical and the mark had gained some reputation through use and advertisements. Hence, given the reputation of the mark and the likeliness between mark and domain name it could not be concluded that the domain name diluted the mark. As stated in McCarthy, proof of consumer association between the marks and products was an essential requirement, but, the plaintiff failed to show this to the court. Therefore, it could not claim that the generic mark clue was blurred by clue.com.


446 J. Thomas McCarthy, Chapter 24 Infringement by Use of Mark on Non-Competitive Goods or Services (3 edn, McCarthy on Trademarks and Unfair Competition, Thomson West, Eagan) p. 90
From the case of clue.com, there are two tests that can be used to consider dilution per se and dilution by blurring. Although, the court declined to apply every factor of the tests, these tests are useful to the UDRP. **The UDRP can use these tests to evaluate the possibility of dilution in a domain name disputes.** In case there is no confusingly similarity between marks, the panel may stop the proceedings, as the complaint lacks the elements prescribed in Paragraph 4(a). If there is a similarity between the mark and domain name, the finding of dilution can be another circumstance indicating a respondent’s bad faith. On the other hand, if there is no dilution found, these factors can become elements for considering the legitimate interest of the domain name holder, such as the interest of maintaining a free-speech website. Drafters of the UDRP can really consider the test as a circumstance in the policy.

**HQM v Hatfield**

The example shows a different result of judgment for the case law involving the use and registration of a domain name and the claim for trade mark dilution by blurring. In the case, the defendant, an individual, registered hatfield.com in 1995 while the plaintiff had been using the mark hatfield in association with meat products since 1946. The plaintiff claimed that the registration of the domain name was only for email purposes and diluted the mark. The court considered the case for trade mark infringement by dilution using the doctrine laid out in the FTDA, that a famous mark could have a protection against a commercial use after the mark became famous.

Nonetheless, the court held that mere registration or activation of a domain name, without operating a website, could not constitute a commercial use even when the domain name or names included the .com designation. This was because, as the court opined,

> [T]he use of the first level domain designation .com did not in and of itself constitute a commercial use. The Internet is constantly changing and evolving. Currently the .com designation is the only one available.

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447 HQM, Ltd., and Hatfield, Inc v. William B. Hatfield US Dist LEXISUS Court for the Southern District of Maryland.

for both commercial and private use. In the future, perhaps other first level domain designation will be available solely for private or commercial uses. To hold otherwise (that .com was for commercial use) would create an immediate and indefinite monopoly to all famous marks holders on the Internet, by which they could lay claim to all .com domain names which are arguably the same as their mark. The court may not create such property rights-in-gross as a matter of dilution law.

In this case, the plaintiff alleged that the defendant’s registration of the domain name blurred its mark based on its speculation that individuals searching for Hatfield’s products on the Internet were likely to use .com for the search. The plaintiff reasoned further that whenever Internet users mistakenly believed that Hatfield did not have a website, because they could not find it under .com, the users might discontinue their searches. The users could change their minds and buy products or services from Hatfield’s competitors and thus diminish the capacity of the marks to identify and distinguish the mark holder's goods and services from the other traders on the Internet. The court rejected Hatfield’s arguments, stating that the plaintiff failed to offer evidence according to the element of Ringling Brothers: (1) that there is a sufficient similarity in the marks to evoking in consumers a mental association of the mark and the domain name, (2) causation, and (3) actual harm to the economic value of the mark. It was obvious that there was no actual harm, and that a likelihood of harm could not be claimed.

In the analysis, the UDRP has already recognised that .com is meant for a gTLD used for a commercial purpose website; however, it does not restrict that the actual use of .com must be for commercial use only. Therefore, the conclusion that the registration of .com itself is a use in commerce, which may constitute a bad faith under the UDRP, is not correct. This precaution can be mentioned in the section concerning bad faith as an exception to bad faith circumstances under the UDRP. In addition, the test to find dilution by blurring in Ringling Brothers can also be employed under the UDRP in evaluating whether circumstances constitute bad faith. If a claimant can actually prove that a respondent caused actual harm to the claimant’s economic interest, this can be a cause of action for bad faith on the part of the defendant’s because without intention to harm the claimant, actual harm would

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not exist. Although a standard to measure the harm, whether measuring a likelihood of harm or measuring actual harm, can be problematic, the UDRP should specifically state that it requires the proof of a likelihood of harm or actual harm.

2. Tarnishment

As mentioned above, tarnishment is a kind of dilution in which consumers associate a senior mark with inferior products or disgraceful items or images. In the case of a domain name, the tarnishment can occur with the registration of a domain name incorporating a mark and pejorative words, such as “sucks” or “fucks”; otherwise, it is likely to occur when the content of the corresponding website is abusive or disgraceful. For example, in papaljvisit1999.com, the plaintiff found that the defendant registered the domain name by providing a little information about the visit of the pope, but its main purpose was to advertise the defendant's adult entertainment website and to list offensive stories about the church. The plaintiff had demonstrated a probability of success by proving that the defendant had diluted the distinctiveness of the plaintiff’s mark. Therefore, the use of the plaintiff’s common law trade marks and trade name as the defendant’s Internet domain names tarnished the plaintiff’s marks.

_Mattel v Internet Dimension_ 451

The _Mattel v Internet Dimension_ case, was factually similar to the previous example, in that the defendant registered a domain name consisting of the plaintiff’s famous trade mark and operated a corresponding adult entertainment website with pornographic content. One distinguishing fact was that the defendant received revenue from membership fees for the website. In finding dilution by tarnishment, the Court of Appeals quoted the test in the _Nabisco_ case.452 There were five elements that the plaintiff must demonstrate to find dilution: (1) the senior mark must be famous; (2) it must be distinctive; (3) the use of the junior mark must be commercial; (4) the use must

450 Archdiocese of St. Louis and, Papal Visit 1999 v. Internet Entertainment Group, Inc.. 34 F. Supp. 2d, 1145 (the US Court of Eastern District of Missouri).


452 Nabisco, Inc. v. PF Brands, Inc. [1999] 191 F 3d 208the Court of Appeals for the Second Circuit.
have begun after the senior mark became famous; and (5) the use must cause dilution of the distinctive quality of the senior mark.

In addition, the court further referred to the judgment of *Deere & Co v MTD Products* for the definition of dilution by tarnishment:

‘Tarnishment’ generally arose when the plaintiff's trade mark… was portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product. In such situations, the trade mark's reputation and commercial value might be diminished because… the defendant's use reduced the trade mark's reputation and standing in the eyes of consumers as a wholesome identifier of the owner's products or services.  

The court further asserted that “[E]ven more to the point, a mark could be tarnished when its likeness was placed in the context of sexual activity, obscenity, or illegal activity”. The plaintiff’s trade mark *Barbie* had been famous and distinctive for a very long period of time. In addition, the use of the domain name *barbiesplaypen.com* in association with a pornography website that sold memberships for profit, after the trade mark had become famous, was likely to make Internet users associate *Barbie* with pornography. In turn, this activity was likely to diminish *Barbie’s* reputation, commercial value, and adversely colour the public’s impression of the mark. As a result, the mark was diluted by tarnishment.

To analyse, *Mattel* is a good example of how to the presence and type of dilution should be analysed, as the court has provided enough tests and adequately defined the terms. The UDRP may take this case into account in order to delineate new bad faith circumstances, something like “the famous mark is associated with a website of unsavory content”. The case is not very different from the first example of dilution, *paypalvisit1999.com*, since both involved domain names that incorporated famous marks and corresponded to websites having pornography content. The difference is only that the *Mattel* case was resolved by the ACPA because the ACPA was already in use when the dispute was brought.

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453 *Deere & Co. v. MTD Products, Inc.* 41 F. 3d. 39 43 (The Court of Appeals for the Second Circuit).

Bally Total Fitness Holding Corp. v. Faber involved the use of pejorative words (ballysucks) as a part of a domain name. Although the word ballysucks was not an actual part of the domain name, but was merely a link to another webpage, the court considered the whole domain name for trade mark infringement, unfair competition, and violation of the FTDA. The plaintiff, an owner of a federally registered trade mark and service mark, Bally, requested that the court remove the defendant’s Ballysucks website from the Internet. It alleged, inter alia, that the defendant tarnished its mark by creating a complaint website using the word sucks and by associating the mark with a pornographic website as an alternative link from the main webpage. The court used the six-element test from McCarthy to find dilution by tarnishment: (1) the plaintiff was the owner of a mark which qualified as a famous mark; (2) the defendant was making commercial use, (3) in commerce; (4) of a mark; (5) the use began after the plaintiff’s mark became famous; and (6) the defendant's use caused dilution by lessening the capacity of the plaintiff's mark to identify and distinguish goods or services.

Commercial use was the key element for a finding of dilution in this case; however, the court agreed that the defendant’s website was purely for consumer products reviews of the plaintiff’s service. There was no indication that the defendant sold his services by capitalizing on the goodwill of the contested mark and thus no evidence of a commercial use of the mark by the defendant. The court referred to comments by US Senator Orrin Hatch during the Congressional hearing on the FTDA: “the dilution statute would not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction”. The Court also commented that “trade mark owners may not quash unauthorised use of the mark by a person expressing a point of view”. Ultimately the Court held that the defendant did not dilute the plaintiff’s mark by using the word sucks or locating the comment page near a pornographic website.

455 Bally Total Fitness Holding Corp. v. Faber.
457 '141 Cong. Rec. S 19306-10 (Daily ed. Dec. 29, 1995)'Congressional Record
458 Bally Total Fitness Holding Corp. v. Faber, pp.1167.
The UDRP should make it clear that a consumer product review website’s use of a mark will not dilute its distinctiveness or tarnish the mark. This is important because, until now, there have been two groups of decisions under the UDRP: those viewing the use of pejorative words in domain names as infringement of a mark and those that have taken the position that such uses are not infringement.\footnote{Wipo, 'WIPO Overview of WIPO Panel Views on Selected UDRP Questions' <http://arbiter.wipo.int/domains/search/overview/index.html> (20/7/2006).} If an amended version of the UDRP were to specifically state that the use of a pejorative word in a domain name is not an infringement of a mark, either by creating a likelihood of confusion or dilution by blurring, it would improve the consistency of future panel decisions; this is provided that the domain name is not registered with the purpose of attacking the trade mark, such as in the case of a registration by a competitor.\footnote{The author agrees that the use of terms such as sucks or fuck with the mark will constitute an infringement of the mark except when the domain name is purposefully registered to attack the trade mark owner by a competitor. Freedom of expression should be the overriding concern here, rather than maintaining a good but false image of a trade mark.}

C. The Anticybersquatting Consumer Protection Act (ACPA) 1999

The ACPA is contained sparsely in the Lanham Act. Section 43(d) has provisions concerning cyberpiracy and detailing the criteria for determining cybersquatting action. Section 32(2)(D)(I) limits the liability of the domain name registration authority. Section 45 defines the terms “domain name” and “the Internet”. Finally, there is a provision regarding trade marks and patent fees in Section 31. However, of the many provisions of the ACPA, the research will focus only on the criteria relevant to cybersquatting cases, including those concerning bad faith.

Unlike trade mark infringement by confusion and dilution, the ACPA requires no direct proof of a commercial use. However, evidence of commercial use will be useful as additional facts to the finding of bad faith intent of the domain name registrant. Section 43(d)(1) introduces a test to determine whether a domain name registrant shall be liable in a civil action. The law states:
(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36.

In other words, to succeed under the ACPA, the plaintiff must prove that (1) its mark is distinctive or famous or is entitled to have a protection under the law; (2) the contested domain name is “identical or confusingly similar” to the plaintiff’s name or mark; and (3) the defendant registered the domain names with the bad faith intent to profit from an owner of a personal name or mark. Accordingly, there is much for the court to consider before reaching its judgment. For example, a court has to consider the meanings of such terms as “famous, bad faith or confusingly similar”; and, the court may have to select the appropriate penalty for the losing party.

Upon examination, the ACPA is very similar to the UDRP, as both of them require the element of an identical or confusingly similar domain name and a mark. The differences are, at least, that (1) the ACPA does not require the registrant to show a right or legitimate interest; (2) the ACPA explicitly specifies that a personal name is a mark protected under the law, while the UDRP mentions only trade marks and service marks; (3) the ACPA specifically addresses the dilution of a famous mark; and (4) the ACPA

461 The author omits the third element of the section addressing the case that a mark is a trade mark, word, or name protected by reason of 18 USC 706, because these marks are protected as special emblems under the law. If a registered domain name is identical or confusingly similar to one of these terms, the domain name will be immediately cancelled upon the request of a related authority. In addition, such terms might be not available to register in the first place the application might be rejected by a registrar. Therefore, such terms are not a main concern for general dispute resolution as examined in the research.
provides a non-exhaustive list of nine factors to determine bad faith intention, while the UDRP provides four, “in particular but without limitation”, bad faith circumstances.

In total, the ACPA is more complete than the UDRP in term of the elements provided for the test, particularly because it has a dilution provision, personal name protection, and factors for considering the presence of bad faith. This may be because the ACPA is a law used in a national court which has no time limit for considering a case, while a panel under the UDRP has only 45 days to deliver a decision. Furthermore, it may be because a national court’s decision has a binding effect, as compared to the consensual nature of the process under the UDRP.

There is a dramatic change of court decision pre- and post-ACPA. For example, in *vw.net*[^462], Volkswagen claimed under the FTDA that the defendant’s registration and use of the domain name diluted its mark, but the court was not convinced. However, when the ACPA came into use, Volkswagen’s motion for summary judgment relied heavily on the protection of marks under the ACPA and the court issued a preliminary injunction in favour of Volkswagen. On the other hand, in the *sportys.com* case[^463], the Court of Appeals for the Second Circuit delivered a well-grounded decision under the ACPA, stating that the FTDA was not fit to deal with cybersquatting anymore since cybersquatters were ever-improving their methods. The ACPA was more appropriate as it provided broader protection for famous marks and names.

The next section offers a thorough analysis, comments, and examples of related case law on each questionable element in the ACPA, namely (1) identifying whether a mark is distinctive or famous in Sections 43(d)(1)(A)(ii)(I) and (II); (2) defining the “confusingly similar” requirement in Section 43(d)(1)(A)(ii)(I); and (3) a discussion of the *bad faith* circumstances in Section 43(d)(1)(B), including a separate analysis for each factor..

[^463]: *Sporty's Farm LLC v. Sportsman's Market Inc.* 202 F. 3d. 489 (the US Court of Appeals for the Second Circuit). In the case, the district court had ruled that there was no likelihood of confusion among consumers; therefore, there was no trade mark infringement. Nonetheless, it applied the FTDA to the case and found that the mark was famous and the mark was diluted by the registration and the use of the domain name. The court granted injunctive relief to bar the defendant from using the mark but did not granted punitive damages. The plaintiff appealed and the Court of Appeals applied the ACPA to the case. The Court of Appeals affirmed the judgment of the district court on the aforesaid grounds.
1. Distinctive or Famous

Sections 43(d)(1)(A)(ii)(I) and (II) of the ACPA presents situations where a registrant’s use of the domain name may infringe: “in the case of a mark that is distinctive at the time of registration of the domain name or in the case of a famous mark that is famous at the time of registration of the domain name”. As to whether a mark is distinctive or famous, there is a non-exhaustive list of criteria for a court to consider in Section 43(c)(1):

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark was used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark was used;
(E) the channels of trade for the goods or services with which the mark was used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties.

When considering these factors in relation to the factual background of a case, a national court may insert its own opinion as to what constitutes a distinctive or famous mark. This includes an introduction to a new approach to find a distinctiveness or fame of a mark or name.

**Sporty's Farm LLC v. Sportsman's Market Inc.**

In the case, the court provided its opinion, based on a study of relevant case law,

[D]istinctiveness referred to inherent qualities of a mark and was a completely different concept from fame. A mark might be distinctive before it had been used, when its fame is nonexistent. By the same token, even a famous mark might be so ordinary, or descriptive as to be notable for its lack of distinctiveness or considering.
Moreover, the court rendered an approach to finding the distinctiveness of sporty’s mark using a presumption of inherent distinctiveness from Sportsman’s evidence of registration of the mark.

**Mattel Inc v Internet Dimensions Inc and Benjamin Schiff**

Additionally, in barbieplayspen.com, the court determined distinctiveness and the fame of the mark Barbie from seven factors in Section 43(c)(1). The court found that Barbie, although not inherently distinctive as a name, had acquired distinctiveness due to its longevity of use over four decades and its registration with the USPTO. Plus, the evidence that the plaintiff had spent millions of dollars to advertise the mark and its use throughout the US and the world convinced the court that the mark had gained sufficient fame to make it famous. As a result, Barbie was both a distinctive and famous mark.

**Shield v Zuccarini**

Similar to the Mattel case, the court in Shield v Zuccarini determined the fame of the plaintiff’s mark by looking at the longevity of its use, which in this case was 15 years. Merchandise had been marketed under the mark on the plaintiff’s website joecartoon.com for a huge amount. In light of the above determination, the court concluded that the plaintiff’s mark was distinctive, and, with 700,000 hits a month, the plaintiff’s website qualified as being famous. Therefore, the trade mark and domain name were protected under the ACPA.

From the above examples, it is obvious that each court uses a different approach for each case, which use different facts to find that a mark is distinctive or famous. The ACPA requires a plaintiff to prove that its mark is distinctive or famous as an essential criterion of the claim because the problem of cybersquatting tends to occur most with such marks. Congress drafted it as such to increase efficiency by not having to consider every case filed; otherwise, any mark or term would have a claim under the ACPA. Instead of spending the time on necessary cases, and the courts would lose valuable

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465 Mattel, Inc., v. Internet Dimensions Inc. and Benjamin Schiff, Online publication version.

466 No. 00-2236 Joseph C. Shields and the Joe Cartoon Company v. John Zuccarini and Cupcake City, Network Solution, Inc., Internet Corporation for Assigned Names and Numbers (US Court of Appeals for the Third Circuit) online version of publication.
time considering inappropriate or baseless cases. Therefore, a plaintiff must prove that its mark is distinctive or famous in order to have both a remedy and protection under the ACPA. **The UDRP should use similar criteria to consider distinctive and famous marks or names in order to reject unnecessary complaints.**

2. Confusingly Similar or Dilutive

The second requirement for establishing a claim under the ACPA is to prove that a domain name is identical or confusingly similar to a mark that is distinctive or famous, or to prove that a domain name is dilutive to a mark that is famous at the time of registration of a domain name. There is no problem determining that a domain name is identical to a mark. If taking out the prefix and suffix of a domain name, www and the Top Level Domain Name, such as .com or .net, and the second Level Domain Name is written exactly the same with a mark or name, a court will consider that such a domain name is identical with a mark. Or in some cases, a court will neglect some symbols such as’, since it is impossible to put such a symbol in a domain name. For instance, the mark Sporty’s and the domain name sporty.com were considered as identical.\(^{467}\)

Nevertheless, there are problems in considering the terms “confusingly similar” and “dilutive”, as these terms may be viewed differently in each case depending on the evidence available, the background of the case and the personal opinions each judge.

First of all, the approach used analysing a “confusing similarity” can be varied. For example, in *Sheild v Zuccarini*, the court held that the typosquated domain names, joescartoon.com, joecarton.com, joescartons.com, joescartoons.com and cartoonjoe.com strongly resembled the plaintiff’s domain name joecartoon.com because the defendant strategically added, deleted and rearranged the letters in these domain names to purposefully make them look like the plaintiff’s domain name and mark. His purpose in doing so was to divert Internet traffic to the defendant’s websites. The court also found that there was confusion between the plaintiff’s and defendant’s domain names, as evidenced by the Internet users themselves. One email sent to the plaintiff

\(^{467}\) *Sporty's Farm LLC v. Sportsman's Market Inc.*
stated, “I tried to look up you[r] website yesterday afternoon and a protest page came up. Will I have trouble entering the site at times because of this?”

On the other hand, the court may quote precedent pertaining to the confusing similarity doctrine, as in **barbiesplaypen.com**. That court referred to the **sportys.com** opinion which quoted the court from **Polaroid v Polarad**. That court said that “confusingly similar was a different standard from the likelihood of confusion standard for trademark infringement adopted by this [Circuit]”. In addition, the court provided factors to consider the similarities between **barbiesplaypen.com** and the Barbie trade mark: “(1) both contained **Barbie**; (2) **Barbie** on the front page of the website and the logo **Barbie** both had approximately the same font, slant, size, etc.; (3) both **Barbie** and **barbiesplaypen.com** are inextricably associated with the verb play in the broad sense of the term”. To sum up, all these similarities made the domain name **barbiesplaypen.com** and its website confusingly similar to the trade mark **Barbie**.

Another method of determining the confusing similarity is to look at the impressions of Internet users. If the majority of Internet users tend to think that a domain name that is incorporated with a trade mark is used, approved, or permitted by the mark owner and the domain name is therefore confusingly similar to the that mark. In addition, as has been done by many courts, a slight difference between a domain name and a mark, like the addition of a word to a domain name, is always overlooked by a court. This is because the additional word does not create a major difference and there is still a confusing similarity between the domain name and the trade mark. Therefore, unless a word or letter added to the plaintiff's mark in the domain name clearly distinguishes

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469 Sporty's Farm LLC v. Sportsman's Market Inc.n. 11 and Mattel, Inc., v. Internet Dimensions Inc. and Benjamin Schiff, p.9.
470 Mattel, Inc., v. Internet Dimensions Inc. and Benjamin Schiff, p.10.
the domain name from the mark, it is sufficient to say that a domain name incorporating a mark satisfies the “identical or confusingly similar” requirement.473

Generally, the criteria used for considering confusingly similar characteristics between a mark and domain name are not much different from those already in use for determining disputes under the UDRP. As mentioned, each case requires a different approach to the consideration of confusing similarity. Therefore, neither the ACPA nor the UDRP should specify that confusing similarity must be considered from, for example, a particular number of consumers who have confusion or a certain amount of letters inserted in a domain name with the mark. However, it is possible to make a recommendation for the UDRP here, that it may provide factors, in particular but without limitation, for consideration that a mark and a domain name are confusingly similar. With a minimum of certain factors to consider “confusing similarity” in every dispute, the findings and decisions of the UDRP will be more consistent and make it is easier for parties to understand before entering to the procedure.

3. Bad faith

The third requirement for establishing a claim under the ACPA is that the plaintiff must convince a court that the defendant has bad faith intent to profit from a mark or a personal name owned by another. To establish such a claim, one must have an idea about how to best demonstrate the intent using evidence of bad faith which is very subjective. As such, the ACPA provides nine elements, in particular but without limitation, for a court to consider as to whether there is any bad faith intent.

The nine factors are listed in Section 43(d)(1)(B)(i) and the exception to bad faith is in Section 43(d)(1)(B)(ii). The exception pertains to the situation where a defendant has reasonable grounds to use a domain name and it is a fair use or otherwise lawful, which must be interpreted by the court. The nine non-exhaustive factors are:

(i) the trademark or other intellectual property rights of the person, if any, in the domain name;

(ii) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(iii) the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(iv) the person’s bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(v) the person’s intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(vi) the person’s offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person’s prior conduct indicating a pattern of such conduct;

(vii) the person’s provision of material and misleading false contact information when applying for the registration of the domain name, the person’s intentional failure to maintain accurate contact information, or the person’s prior conduct indicating a pattern of such conduct;

(viii) the person’s registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(ix) the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.474

The first four factors are defences where a defendant has registered a domain name with a right to do so or as fair use, while the remaining five factors demonstrate that a court can come to the opposite conclusion. In some cases, a court considers every factor to find bad faith intent; while, in other cases, a court omits or adds factors to its consideration and considers only those factors relevant to the background of the case.

474 US Code Title 15 Chapter 22 Section 1125(d)((B)(i).
This section will discuss each factor separately using examples of related case law. Comments and analysis will be inserted in each factor as appropriate.

a. A trade mark or other intellectual property rights of the person in the domain name

The first factor pertains to whether a defendant has any right in a trade mark, or other intellectual property, in the domain name. If the answer is yes, the defendant less likely to have acted in bad faith because his right in the mark will not cause him to register the domain name for profit at the expense of others. But if the answer is no, a court needs to consider other facts to make a finding as to bad faith, since an incorporation of another’s trade mark or other intellectual property rights in the domain name tends to show a bad faith intent to profit from the another’s mark.

There are examples of cases decided under this factor. Firstly, in ernestandjuliogallo.com,\(^{475}\) the court held that the defendant, Spider Webs, clearly had no intellectual property rights in the domain name, other than that which resulted from the domain name registration itself. The domain name also did not contain the words “spider webs”, either in whole or in part. This might have been an indicator of bad faith intent. Also, it was very clear that the defendant in barbieplaypens.com did not have any right in the mark Barbie.\(^{476}\) Otherwise, instead of finding a defendant’s right in a trade mark or other intellectual property in domain name, a court might determine whether a plaintiff has a right in the mark as incorporated in the contested domain name. The court in yellowpage.net denied the plaintiff’s motion for a preliminary injunction for failing to prove its rights in the name “yellow page”.\(^{477}\) This is very important because if the plaintiff has no right in the mark or other intellectual property rights, how can it claim for a domain name incorporated the mark?

To explain, the factor has already been recognised by the UDRP. It is in the first requirement under Paragraph 4(a)(i): “your domain name is identical or confusingly similar to a trade mark or service mark in which the complainant has rights”. In addition, Paragraph 4(c) of the UDRP includes the factor as a way the respondent can

\(^{475}\) E. & J. Gallo Winery v. Spider Webs 286 F. 3d. 270 (the US Court of Appeals for the Fifth Circuit).

\(^{476}\) Mattel, Inc., v. Internet Dimensions Inc. and Benjamin Schiff.

show his right or legitimate interest in the domain name. Unfortunately, the UDRP recognises only trade marks and service marks. The protection for other intellectual property rights under the UDRP is not yet officially written, although providers of the UDRP have already considered disputes involving other types of intellectual property rights, including personal names and geographical indications. Therefore, the UDRP should officially broaden its provisions to protect certain other intellectual property rights, not only trade marks and service marks.

b. An extent that the domain name consists of the legal name of the personal name or a name used commonly to identify that person

It is claimed that the second factor to a finding of bad faith intent under the ACPA was written out of fear that a trade mark owners may abuse their power by threatening an honest domain name registrant who coincidentally has the same personal name or is commonly known by the name. For example, in the case Archie Comics, a company forced an individual, who registered the domain name veronica.com for his two-year old daughter, to transfer the domain name to the company because it wanted to dedicate the domain name its comic character Veronica.

**Sporty's Farm LLC v. Sportsman's Market Inc**

In sportys.com the Court of Appeals for the Second Circuit applied this factor when considering whether the defendant had acted in bad faith. The court noted that the domain name did not contain any legal name of the defendant. Although the domain name contained “sporty” as a part of the defendant’s name Sporty’s Farm, the defendant did not exist at the time the domain name was registered. From the evidence supplied, Sporty's Farm was not formed until nine months after the domain name was registered, and it did not operate or acquire the domain name from the third party until after the lawsuit was filed. The name used in the domain name was clearly not a legal name of


480 Sporty's Farm LLC v. Sportsman's Market Inc.
the defendant. The court also declined to accept an argument based on the name of the defendant’s dog as a legal name used in the domain.

*Utah Lighthouse v Discovery Computing*\(^{481}\)

The plaintiff claimed that the defendant had registered 10 domain names which consisted of its mark. However, at the time of their registration, the plaintiff had not registered any of the marks. The plaintiff argued that the defendant had no intellectual property rights in any of the domain names and that the domain names were not the legal names of any of the named defendants. As a result, the court found that there was not sufficient evidence that the plaintiff had protection for the marks and names. In addition, the marks and names were neither famous nor had acquired secondary meaning.

The above are examples of domain name registrants who had no right in the names they registered and having a bad faith intent to profit at the expense of the rightful owner. Hence, by implication, if the person has no right in the claimed name, it cannot necessarily be said that the domain name registrant had bad faith when registering or using the domain name. The UDRP does not have an ‘exactly-the-same’ provision to the factor, but Paragraph 4(c)(ii) of the UDRP can be applied to the factor. This is because a provision of demonstration of right or legitimate interest in domain name by that a registrant is commonly known by the domain name can infer to a commonly known by a name in the domain name. Likewise, if a complainant has no right in the claimed personal name, the complaint cannot be initiated under the UDRP anyway as it does not comply with Paragraph 4(a). Nevertheless, it would not be a bad idea if the amended version of Paragraph 4(c) of the UDRP specified that a right in a personal name, or a name by which the registrant was commonly known, is a defense for a domain name registrant.

c. The person’s prior use of the domain name in connection with the bona fide offering of any goods or services

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The factor provides that if a defendant has used the domain name with bona fide intent to offer goods or services before the existence of a mark or before the plaintiff realised a right in the mark, the defendant may have not registered or used the domain name with a bad faith intent to profit at the expense of the mark owner. This is because a person having a strong intent to use a domain name does not register it to sell for profit. The genuine use of the domain name confirms the idea; the exception being where there is an offer to buy the domain name for a great deal of benefit. In which case the registrant may sell the domain name for a profit in good faith, since the trading of the domain name is simply another legitimate business decision.

*DaimlerChrysler v The Net Inc., et al.*

There are some examples of a court applying the third factor to determine bad faith. In *foradodge.com*, the defendants registered the domain name to be used for dodging services such as asset protection. The manufacturer of *Dodge* cars and trucks, *Daimlerchrysler*, claimed that the defendants violated the ACPA. In deciding the issue, the court found that the defendants had never actually used the site in connection with the bona fide offering of goods or services. This, in addition to other convincing evidence, led the court to grant an injunction in favour of the plaintiff.

*Her, Inc., et al v. Re/Max First Choice, LLC*

The plaintiff in this case held the domain name *realliving.com* while the defendants had registered the domain name *insiderrealliving.com*. The parties were competitors and the defendants’ domain names were undeniably, significantly similar to the plaintiffs’. Moreover, the court found that defendants had not used the domain names in connection with a bona fide offering of goods or services. The court held that the facts created an inference that the defendants adopted the similar domain name for the purpose of profiting from the goodwill of the plaintiff’s mark. Although the defendants claimed that its use was fair use for a criticised reason, the court held that the defendants had violated the ACPA.

The UDRP lists similar criterion in Paragraph 4(c)(i). If a respondent has engaged in a bona fide offering of goods or services, he can claim a legitimate right in the domain.

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482 *DaimlerChrysler v The Net Inc., et al* 388 F 3d 201 (US Court of Appeals for the Six Circuit).
name. However, the UDRP uses the language “before any notice [to the respondent] of the dispute”, while the ACPA uses the language, “the person’s prior use”. The wording of the ACPA is better than the UDRP, since prior use can apply to the acknowledgement of similarity between a mark and a domain name before there has been any notice of the dispute. Therefore, the corresponding provision in the ACPA therefore seems to have fewer loopholes. As such, the UDRP should adopt the language of the ACPA for this criterion; otherwise, its original language should be tightened up.

d. The person’s bona fide non-commercial or fair use of the mark in a website accessible under the domain name

The requirement of this factor is a shield for a defendant. It is not a factor to find bad faith per se.

*Lucas Nursery & Landscaping, Inc. v. Grosse* 484

As suggested by the Sixth Circuit, the ACPA directed any reviewed court to determine a bad faith intent to profit from the use of mark of the others by using or possessing a domain name without considering non-commercial use in the first place. Therefore, if the defendant has evidence of its bona fide non-commercial or fair use of a website accessible under the domain name, the defendant is still legally entitled to use such a website and domain name, although the domain name incorporated a mark in which he has no right. On the contrary, if the defendant cannot demonstrate such a use, a court may infer that the domain name is used in bad faith.

*TMi v Maxwell* 485

In this case, the Sixth Circuit reversed finding of the district court, that Maxwell had a bad faith intent to profit from TMi’s mark. The Court held that Maxwell’s website telling his story and his dissatisfaction of the service of the plaintiff, while providing a

484  Luc*as Nursery & Landscaping, Inc. v. Grosse* 359 F.3d 806 (6th Cir. 2004) 809 (US Court of Appeals for the Sixth Circuit).

485  No. 03-20243, No. 03-20291 *TMi Inc. v. Joseph M. Maxwell* 368 F.3d 433 (US Court of Appeals for the Fifth Circuit).
disclaimer that his website did not relate to the plaintiff’s mark or website, was fair use. His website was also a non-commercial use, since it had no paid advertisements or links to any other site and Maxwell had not engaged in trading domain names. It was clear that the domain name had not been registered for the purpose of selling to the plaintiff.

_Bosley Medical Institute, Inc. and Bosley Medical Group, S. C. v. Kremer_ 486

In _bosleymedicalviolations.com_ and _bosleymedical.com_, the defendant was dissatisfied with the results of a hair replacement procedure performed by the physicians of the Bosley Medical Institute, the plaintiff. After failing in a medical malpractice lawsuit, he registered the domain names to provide information of his investigation of the institute and other highly critical information. The defendant received no revenue from the website and no goods or services were sold on the website. The website had no links to any of the plaintiff’s competitors’ websites, but the domain names consisted of the registered trade marks of the plaintiff.

However, the court deliberated as to whether it was required to weigh non-commercial or fair use as one of bad faith factors under the ACPA. It opined that the fourth factor “would be meaningless if the statute exempted all non-commercial uses of a trademark within a domain name”. 487 The court referred to the decision of the Sixth Circuit in _DaimlerChrysler_ to ascertain that the ACPA had not required commercial use.

> [A] trade mark owner asserting a claim under the ACPA must establish the following: (1) it had a valid trade mark entitled to protection; (2) its mark was distinctive or famous; (3) the defendant's domain name was identical or confusingly similar to, or in the case of famous marks, dilutive of, the owner's mark; and (4) the defendant used, registered, or trafficked in the domain name (5) with a bad faith intent to profit. 488

To analyse, “fair use or non-commercial use” is a safe harbour for a domain name registrant. If a registrant does not use the domain name for commercial or financial-related purposes, it can be assumed that the registrant does not register or use the

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487 _Ibid_ p.681.

domain name to acquire a profit from a mark owner. The UDRP also has the same safe
harbour for a domain name registrants in Paragraph 4(c)(iii). The only slight difference
is that the UDRP uses the term “without intent”, while the ACPA uses “bona fide” in
reference to the intent. There is nothing more to be examined under this factor as
provided in the ACPA, at least as it pertains to improving the UDRP.

e. The person’s intent to divert consumers from online
location of the mark owner to a website accessible
under the domain name that could harm goodwill of the
mark, either for commercial gain or to tarnish or
disparage the mark, by creating a likelihood of
confusion as to the source, sponsorship, affiliation or
endorsement of the website

The fifth factor is a genuine demonstration of the defendant’s bad faith. If a defendant
intends to divert consumers from the mark owner’s online location to a site accessible
under a registrant’s domain name, in a fashion that could harm the goodwill associated
with the mark, it shows that the defendant has a bad faith intent to profit at the mark
owner’s expense. The motive of the defendant can either be for commercial gain or to
tarnish or disparage the mark. In addition, the diversion has occurred because a
likelihood of confusion as to the source, sponsorship, affiliation, or endorsement
between the mark and the defendant’s site. The following cases are examples of cases in
which a court found bad faith according to this factor.

Audi AG and Volkswagen of America, Inc. v. Bob D'amato, Quattro Enthusiasts

The issue in this case was the motive of commercial gain and, upon review the Sixth
Circuit affirmed the judgment of the district court. The defendant’s registered the
domain name incorporated the word “Audi”, a famous automobile brand, without
having any genuine connection with the mark or its owner. He also operated a website
under the domain name to sell goods and merchandises displaying the registered trade
mark Audi. Moreover, his website had hyperlinks to another site directing Internet

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Audi AG and Volkswagen of America, Inc. v. Bob D'amato, Quattro Enthusiasts [2006] 469 F3d
534US Court of Appeals for the Sixth Circuit.
customers to an *Audisport Boutique and Services* webpage which offered goods with the *Audisport* logo. The defendant received a portion of sales revenue from the linked websites. In addition, the defendant posted messages on his website expressing an affiliation between him and the plaintiff, such as, “[W]ho are we? We are a cooperative with Audi of America, and will be providing the latest products for your Audi’s [sic] and information on Audisport North America”. From the facts the court concluded that the defendant purposefully misrepresented the website’s relationship to the trade mark and that consumers were confused and likely to believe that the website was actually affiliated with the trade mark. As such, it could be inferred that the defendant intended to divert customers from the trade mark owner’s legitimate website for commercial gain by creating a likelihood of confusion as to the source and affiliation of his website.

*Coca Cola, et al. v Purdy* 490

In this case, involving the motive of tarnishment or disparagement, the defendant was an anti-abortionist that operated websites, including *abortionismurder.com*. However, he also registered several domain names consisting of famous trade marks, such as *drinkcoke.org*, *mycoca-cola.com*, *mymcdonalds.com*, *mypepsi.org* and *my-washingtonpost.com* in order to divert Internet traffics to his website. These famous mark owners filed a lawsuit under, *inter alia*, the ACPA. The Eighth Circuit Court of Appeals found that the defendant had registered multiple domain names knowing that they were identical or confusingly similar to plaintiffs’ marks in order to divert Internet users to websites that could tarnish and disparage the marks through an initial confusion as to the sponsorship of the websites. The websites also offered merchandise embedded with an anti-abortion logo. Therefore, the court found the defendant had acted in bad faith under the fifth factor of Section 43(d)(1)((B)(i)(V) and case did not fall under the category of fair use since he earned revenue from the misdirection.

To analyse, the fifth factor of bad faith in the ACPA is already contained in Paragraph 4(b)(iv) of the UDRP. Despite the fact that the ACPA uses the words “to direct”, while the UDRP uses “to attract”, the meanings are similar. Unfortunately, the only motive discussed by Paragraph 4(b)(iv) of the UDRP is that of commercial-gain. The motive of tarnishment or disparagement, as an indicia of bad faith, is clearly an absent under the

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490 No. 02-2894, No. 03-1795, No. 03-1929 Coca-Cola Company; McDonald's Corporation; Pepsico, Inc.; The Washington Post Company; Washingtonpost.Newsweek Interactive Company, LLC, v. William S. Purdy, Sr.; Please Don’t Kill Your Baby; Does 1-10 382 F.3d 774 (US Court of Appeals for the Eighth Circuit).
UDRP. Therefore, a question as to whether the UDRP has such a provision written down is raised in the mind of the author because both legislative approaches are recommended by WIPO and both are being released almost simultaneously. **It is true that the circumstances outlined in Paragraph 4(b) are non-exhaustive and a panel can determine its own circumstances at its discretion; but, would it not be better to have a provision for the motive of tarnishment or disparagement explicitly written into the UDRP as circumstances indicating bad faith?**

**f. The person’s offer to transfer, sell, or otherwise assign the domain name to the mark owner or a third party for financial gain without having used, or having an intent to use the domain name for offering of any goods or services, or his prior conduct indicating a pattern of such conduct**

The presence of this factor requires that (1) a defendant has offered to transfer, sell, or otherwise assign the domain name, (2) to the mark owner or any third party, (3) for financial gain, (4) without having used, or having an intent to use the domain name, (5) in the bona fide offering of any goods or services. The presence of these elements may be indicated by the defendant’s prior conduct. Actually, this factor is hard to determine since the domain name trading business is common in the US. The differences between the bad faith offering of a domain name for sale and the sale of domain names as a type of goods in an online environment is slight and depends solely on the judge’s opinion. Every domain name trader wants to get the highest profit, not just the cybersquatter.

Accordingly, there are a number of cases involving the registration of numerous domain names with the hope to sell them to the corresponding mark owners. Sometimes, the court determines it as a kind of business, as opined in *vw.net*:

>[I]t is true that a mere offer to sell a domain name is not itself evidence of unlawful trafficking. The ACPA was not enacted to put an end to the
sale of all domain names. This case, however, involves much more than a plain vanilla offer to sell a domain name.491

Nevertheless, the Fourth Circuit provided that “[C]ybersquatting was the practice of registering ‘well-known brand names as Internet domain names’ in order to force the rightful owners of the marks ‘to pay for the right to engage in electronic commerce under their own brand name’”.492 Therefore, the discretion of the judge in each case is central, to point that the judgment will be either fair or unfair.

Domain Name Clearing Company, LLC, v. F. C. F. Incorporated493

In this case it was hard for the court to identify whether the plaintiff was a cybersquatter, since the domain name alone has value and the expectation of the highest profit the market will bear is common. The plaintiff had registered a domain name consisting of the word “Clarins”, a fictional name developed in 1954, the license for which was held by the defendant. The plaintiff had offered the domain name to the defendant for $60,000, which was a great deal of money for a domain name. Although it claimed safe harbour under the ACPA, it had no right in the trade mark, did not commonly use the trade mark to identify itself, never used the website in connection with the sale of goods or services, and had no plan to use the website. The court determined these circumstances constituted a bad faith registration of the domain name, for financial gain from the defendant license owner.

DaimlerChrysler v The Net Inc., et al.494

In comparison, it was easier to determine that the defendant in foradodge.com was a cybersquatter. In that case, the Sixth Circuit held that the defendants offer to sell the domain name to the plaintiff for $30,000, when combined with the factors, concluded that the defendants acted in bad faith with an intent to profit. The main focus was the registration of a dozen other domain names that were quite similar to other trade marks,

494 DaimlerChrysler v The Net Inc., et al.
including some names of governmental institutions. This combined with all the other ACPA factors led to the conclusion of cybersquatting under the Act.

It would be quite difficult under the UDRP to determine whether one is cybersquatting or just in the domain name trading business. For a while the provisions of the UDRP seemed to prove their capacity to decrease domain name disputes, including those involving cybersquatting, before the number of disputes increased again in 2005.\footnote{Wipo, 'Cybersquatting Remains on the Rise with further Risk to Trademarks from New Registration Practices' (2007) WIPO Press <http://www.wipo.int/pressroom/en/articles/2007/article_0014.html> (27/3/2007).}

There is nothing to suggest under this factor. The act of buying and selling domain names for a profit is common nowadays. One only hopes that a panel exercises its authority in the fairest way.

g. The provision of misleading material or false contact information when applying for registration of the domain name, his intentional failure to maintain accurate contact information, or his prior conduct indicating a pattern of such conduct

Providing false contact details, or failing to maintain the correct ones, cannot prove that a defendant had bad faith in the first place. However, if viewing this fact together with other facts bad faith may be implied since he can be seen has having tried to conceal his true identity. The past conduct of providing false contact information can also be one of the indications of bad faith in a new and unrelated case. This factor is included in the ACPA because statistics show that many cybersquatters try to conceal their contact information by providing a false one. There are abundant examples of cases where a defendant fails under this factor.

In one such example, in foradodge.com the defendant had provided misleading contact information for a non-existing entity.\footnote{DaimlerChrysler v The Net Inc., et al. p.207.} In another example, the defendant in peta.org made false statements at the time he was registering the domain name.\footnote{Nos. 00-1918(L) (CA-99-1336-A) People for the Ethical Treatment of Animals v. Michael T. Doughney 263 F.3d 359 (4th Cir. 2001) (United States Court of Appeals for the Fourth Circuit).} In some other
cases, however, the court found the factor in favour of the defendant, as in *Harrods Inc. v Sixty Internet Domain Names*.\(^4\) Additionally, the providing of accurate contact information can be a defense to a bad faith claim by a plaintiff, as in *utahlighthouseministry.org*, which finally when considering the fact with other evidence, can help a defendant from the ACPA claim.\(^5\)

There is no written provision in the UDRP that providing false contact information or failing to maintain correct contact details is bad faith *per se*. The author agrees with the current version of the UDRP because merely intending to give false contact information cannot determine the intent of a domain name registrant. There are hundreds of reasons why a domain name registrant might fail to provide correct contact information. For example, the registrant may forget; or they may not want to give proper contact details because they fear spam or a myriad of advertisements. In any case, the bad faith circumstances found in the UDRP are not exhaustive. So, a panel can still determine that false contact details infer bad faith, depending on the facts of the dispute and the discretion of the panel. Therefore, the author does not recommend that this factor be added in the current list of circumstances indicating bad faith in the UDRP.

\(h.\) The person’s registration or acquisition of multiple domain names knowing that they are identical or confusingly similar to the marks of others that are distinctive at the time of registration of domain names or dilutive of famous marks of others that are famous at the time of registration of domain names without regard to the goods or services of the parties

The eighth factor indicating bad faith under the ACPA is called “warehousing”. “Warehousing” is the registration of multiple domain names that can be confusingly similar or dilutive to distinctive or famous marks, respectively, without an intention to use or sell them. Warehoused domain names fall under one person’s possession and their rightful owners cannot register or use them as a result of the first-come-first-served

\(^4\) *Harrods Ltd. v. Sixty Internet Domain Names.*

\(^5\) *Utah Lighthouse Ministry, Inc. v Discovery Computing, Inc.*
rule. Parking websites, in which every access to a parking site generate revenue for the site owner due to the pay-per-click method, are created by the warehousing methods.

Nowadays, the warehousing of domain names is much easier since the technology allows a registrant to automatically register domain names with a registrar in bulk. Persons who trade domain names, so-called “domainers”, use this method so that they can obtain various interesting domain names to either sell or to do business under. Cybersquatters must think similarly, in terms of profit and the registration of domain names, just to parking them generates revenue, without requiring any of the registrant’s effort.

The warehousing of domain names cannot automatically be counted as evidence of bad faith, even as it would include cybersquatters using parking websites. However, courts must determine the case before it according to all the evidence. Then, the court can evaluate any bad faith from in the light of all the facts.


In this case, the court’s was of the opinion that it could be assumed from the registration of numerous domain names containing the famous trade marks of others, that the defendant hoped the famous mark holders would later buy the domain names at a high price. The defendant registered numerous domain names containing the trade marks of others, had a previous record of receiving cease-and-desist letters from legitimate trade mark owners, and offered to sell the domain name to the plaintiff. The court held that although the multiple registrations of domain names alone did not constitute bad faith, the determination of bad faith by the list of factors in the ACPA was enough to find bad faith by the defendant in the case.

*Utah Lighthouse Ministry, Inc. v Discovery Computing, Inc.*

Considering the eighth factor of the ACPA, the court in *utahlighthouseministry.org* found that the defendant had registered multiple domain names, some of which were identical or confusingly similar to the plaintiff’s marks. These domain names had the

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500 No. 00-1641 *Northern Light Technology, Inc. v. Northern Lights Club, Jeffrey K. Burgar, and 641271 Alberta Ltd.* 236 F.3d 57 (US Court of Appeals for the First Circuit).

501 *Utah Lighthouse Ministry, Inc. v Discovery Computing, Inc.* p.28. It is noticeable here that the act of the defendant was very similar to the warehousing of domain names for parking sites.
potential to be dilutive to the fame of the marks, although the court also provided that the registration of multiple domain names was merely one way to find bad faith.

*Coca Cola v Purdy*

Similarly, in *Coca Cola v Purdy* the evidence showed that *Purdy* had acted with bad faith intent to profit from the registration of multiple domain names, knowing that they were identical or confusingly similar to plaintiffs’ famous and distinctive marks. The court further held that the domain names diverted Internet users to websites that could tarnish and disparage the marks.\(^{502}\) The district court concluded that there was sufficient evidence to show the defendant had bad faith under the ACPA by *inter alia* registration of 16 domain names composed of various misspelling of the plaintiff’s domain name in *tdwaterhouse.com*.\(^{503}\)

The acquisition of multiple domain names alone can demonstrate bad faith. There is no reason for the stocking of many domain names, knowing that they are confusingly similar or dilutive to a mark, except as part of a domain name trading business. If the warehousing of domain names is for selling them at reasonable prices, it can be concluded that the defendant is running a domain name selling business; but, if not, it is the duty of a panel under the UDRP to determine whether the defendant is cybersquatting by parking websites or domain name trading. Accordingly, the author ultimately recommends that the registration of multiple domain names should be included in the UDRP as an indication for bad faith. Explicitly including the factor will focus the panel concerned on the circumstances and consider the dispute correctly.

i. The extent that a mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section


\(^{503}\) Civil Action No. 01-10279-RGS *The Toronto-Dominion Bank v Boris Karpachev* 188 F. Supp. 2d 110 (US District Court for the District of Massachusetts).
The ninth factor examines whether a mark is distinctive or famous under subsection (c)(1) when it was incorporated in the domain name. As mentioned above, there are eight elements to determining whether a mark is distinctive and famous. Normally, a court determines that a mark is distinctive and famous by referring back to the interpretation of distinctive and famous in Section 43(d)(1)(A)(ii)(I) and (II), as in *joecartoon.com*.\(^{504}\) In that case, the determination as to whether *Joe Cartoon* was distinctive or famous was also considered the review of a magazine that “the name Joe Cartoon was, in our opinion, unique and colorful, despite the fact that Joseph was the ninth most popular name in America in the 1990 census”.\(^{505}\)

**AMP v Vogue International** \(^{506}\)

There are several examples of cases considering this factor. The prominent one is the case of *Vogue* magazine. The *Vogue* trade marks and the term *Vogue*, as associated with fashion, had been used for over a hundred years and were registered trade marks of the plaintiff. Moreover, the plaintiff had spent tens of millions of dollars to promote and advertise the marks, which were widely recognisable to consumers, both in the US and internationally. As such, the court stated that the *Vogue* trade marks were both highly distinctive and famous.

Similarly, in *audisport.com*, the Sixth Circuit opined that the *Audi* mark, which was incorporated in the defendant’s domain name, was undoubtedly distinctive and famous within the meaning of the ACPA.\(^{507}\) Also, in *vw.net*, the Fourth Circuit held that the plaintiff, *Virtual Works*, had dual purposes in registering the domain name: (1) to reflect the company’s initials, and (2) to resemble the *VW* mark, which was clearly

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\(^{504}\) Joseph C. Shields and the Joe Cartoon Company v. John Zuccarini and Cupcake City, Network Solution, Inc., Internet Corporation for Assigned Names and Numbers.

\(^{505}\) Ibid p.638.


\(^{507}\) Audi AG and Volkswagen of America, Inc. v. Bob D'amato, Quattro Enthusiasts p.549.
distinctive and famous. Accordingly, in foradodge.com, the Sixth Circuit directly states that the trade mark Dodge was a highly distinctive and famous mark.\footnote{Virtual Works, Incorporated, v. Volkswagen of America, Incorporated; Volkswagen Aktiengesellschaft and Network Solutions, Incorporated p.270.} 

The degree of distinctiveness and fame of a mark, when it is incorporated in a domain name, is certainly relevant to how a panel of the UDRP will determine the dispute. If the mark is distinctive and famous enough, even in the form of a domain name, the use of the domain name can dilute the mark’s distinctiveness, or the association of a domain name with a bad content website can tarnish or disparage the mark. Therefore, the determination of the degree to which the mark is incorporated in the domain name is important and the UDRP should have the provision included as well. It could be in either Paragraph 4(b), concerning bad faith circumstances where the mark is distinctive and the use is likely to be a dilution, or in Paragraph 4(c) concerning the demonstration of rights or legitimate interest in name at a time when the mark was not distinctive or famous.

4. Safe Harbour

As mentioned above, there is a safe harbour provision that can defeat all those bad faith factors. The registrant will be vindicated if a court determines that he believed or had reasonable grounds to believe that the use of the domain name was a fair use or was otherwise lawful. There is, however, a problem in determining whether the defendant’s grounds were reasonable. Some courts use evidence provided by the plaintiff, while other courts base their determination on evidence offered by the defendant. There are some examples where a defendant’s testimony concerning his belief is actually considered by the court.

\textit{Coca Cola v Purdy} \footnote{DaimlerChrysler v The Net Inc., et al.}

Referring back to the \textit{Coca Cola} case, the defendant there had argued that he believed his conduct was protected by the First Amendment, bringing him within the ACPA “safe harbour” provision. The plaintiffs pointed out, however, that the record contained

\footnote{Coca-Cola Company; McDonald's Corporation; Pepsico, Inc.; The Washington Post Company; Washingtonpost.Newsweek Interactive Company, LLC, v. William S. Purdy, Sr.; Please Don't Kill Your Baby; Does 1-10.}
considerable evidence that the defendant lacked reasonable grounds to believe that his continued use of the domain names in question was lawful. The defendant continued to register and use the domain names even though he received repeated complaints and warnings from the plaintiffs. Moreover, the defendant had also been enjoined in a prior Internet case where he had used a domain name to criticise his former employer and to publish employee social security numbers and salary information. The court concluded that there were no reasonable grounds to believe that the defendant’s conduct was lawful or that he was entitled to benefit from the safe harbour provision.

Audi AG and Volkswagen of America, Inc. v. Bob D'amato, Quattro Enthusiasts

Generally, cybersquatters are good at fabricating some lawful motive for their behaviour, so that a court therefore struggles with issue of whether they come under the safe harbour provision. In audisports.com, the defendant did not have any permission to use the plaintiff’s famous and distinctive mark, but he unreasonably interpreted the language in the press releases as granting him permission to use the trade marks. The defendant also received many cease-and-desist letters and lawsuits from the plaintiff, although he continued to sell advertising space on the website. Even so, the defendant still claimed that he had permission to use the marks and prepared a defence under the safe harbour provision. The court finally ruled that the defendant violated the ACPA and could not benefit from the safe harbour provision.

People for the Ethical Treatment of Animals v. Michael T. Doughney

Likewise, the Fourth Circuit in PETA held that a defendant who acted in bad faith when registering a domain name was, as a matter of law, not entitled to benefit from the ACPA’s safe harbour provision. The defendant in vw.net had also admitted that he had the hope of profiting from consumer confusion between his domain name and the mark and this fact disqualified the plaintiff from the ACPA's safe harbour. The plaintiff knew it was registering a domain name bearing a strong resemblance to a federally protected trademark.

511 Audi AG and Volkswagen of America, Inc. v. Bob D'amato, Quattro Enthusiasts.
512 Ibid p.549.
514 People for the Ethical Treatment of Animals v. Michael T. Doughney.
To conclude, the author feels that the safe harbour provision under the ACPA is too broad. The judge has too much discretion and the standard of conduct against which the respondent is measured (belief or reasonable grounds to believe) is too lenient when compared with nine-factor test for bad faith found in the ACPA. The UDRP does not have such a safe harbours. It has only three examples of circumstances where the respondent can claim its right or legitimate interest in the domain name. The safe harbour provision of the ACPA is too broad for incorporation into the UDRP.

IV Comparing US Trade Mark Legislation with the UDRP

As shown above, there are a number of differences between the US law applicable to domain name disputes and the UDRP. US courts apply three major bodies of law to resolve disputes: (1) the trade mark infringement provisions involving a likelihood of confusion and initial interest confusion under the Lanham Act; (2) the trade mark infringement provisions involving dilution by blurring and tarnishment under the current law (the TDRA); and (3) the provisions regarding cybersquatting in the ACPA.

Below are charts comparing US law and the UDRP, beginning with the US law of trade mark infringement by confusion and the US law of trade mark infringement by dilution under the TDRA and the ACPA. Comments are included in each section as appropriate.  

A. Comparison of the US Law of Trade Mark Infringement by Confusion and the UDRP

<table>
<thead>
<tr>
<th>Provision</th>
<th>Lanham Act</th>
<th>The UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria to find infringement/applicable dispute</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered trade mark</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 A defendant uses a mark without the consent of the</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

515 Since it is impossible to put a specific term for each legislative approach in a chart, such as defendant/respondent or plaintiff/complainant, the chart will include the terms used by US law instead. These terms will be equivalent to the terms used in the UDRP, as they refer to the same thing using different words.
<table>
<thead>
<tr>
<th></th>
<th><strong>mark owner</strong></th>
<th><strong>Unregistered trade mark</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>A defendant’s use in commerce of the mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services</td>
<td>✅</td>
</tr>
<tr>
<td>3</td>
<td>A defendant’s use in commerce of the mark is likely to cause confusion, or to cause mistake, or to deceive</td>
<td>✗</td>
</tr>
<tr>
<td>4</td>
<td>Any person who on or in connection with any goods or services or any container for goods</td>
<td>✗</td>
</tr>
<tr>
<td>5</td>
<td>Uses in commerce</td>
<td>✗</td>
</tr>
<tr>
<td>6</td>
<td>Any word, term, name, symbol, or device, or any combination thereof</td>
<td>✗</td>
</tr>
<tr>
<td>7</td>
<td>Any false designation of origin, false or misleading description of fact, or false or misleading representation of fact</td>
<td>✗</td>
</tr>
<tr>
<td>8</td>
<td>To cause confusion or to cause mistake or to deceive as to the affiliation, connection, or association as to the origin, sponsorship, or approval of goods, services, or commercial activities of either a domain name or a mark</td>
<td>✗</td>
</tr>
<tr>
<td>9</td>
<td>In commercial advertising or promotion</td>
<td>✗</td>
</tr>
<tr>
<td>10</td>
<td>Misrepresents the nature, characteristics, qualities,</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>or geographic origin of goods, services, or commercial activities of either a domain name or a mark</td>
<td>Qualified as a bad faith circumstance</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>A domain name is identical or confusingly similar to a trade mark or service mark that is protected under law</td>
<td>✔</td>
</tr>
<tr>
<td>12</td>
<td>The domain name registrant has no rights or legitimate interest in respect to the domain name</td>
<td>N/A</td>
</tr>
<tr>
<td>13</td>
<td>The domain name has been registered and is being used in bad faith</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td><strong>Other provisions</strong></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>The provision recognises trade mark and service mark only</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td>Including any term which is not registered</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>An explanation for confusingly similar, likelihood of confusion or initial interest confusion</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td>Not provided in the Act but can look to case law</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>An explanation of bad faith</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td>Does not require bad faith</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Use includes use in the past, regardless fuse at present.</td>
<td>✔</td>
</tr>
<tr>
<td>18</td>
<td>A test to find a likelihood of confusion</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td>Look at case law, each case has different test</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>A test to find initial interest confusion</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td>Look at case law, each case has different test</td>
<td></td>
</tr>
</tbody>
</table>
### Fair use defence (might include non-commercial use)

- **Must not use a mark in commerce:**
- **In rights or legitimate interest circumstances:**

### Remedies – monetary and injunctive relief

- **Depends on each judgment:**
- **Only cancel or transfer a domain name:**

### Duration for each case

- **N/A**
- **No more than 45 days**

### An appeal process against a decision

- **To a higher court**

### B. Comparison of the US Law of Trade Mark Infringement by Dilution and the UDRP

<table>
<thead>
<tr>
<th>Criteria to find infringement/applicable dispute</th>
<th>TDRA</th>
<th>UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Must use with registered trade mark</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>2. A famous mark that is distinctive, inherently or as acquired</td>
<td>✓ Not necessarily</td>
<td>✓ Not necessarily</td>
</tr>
<tr>
<td>3. After the mark becomes famous</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>4. Commences use of a mark or trade name in commerce</td>
<td>✓ Can be a cause of bad faith</td>
<td>✓ Can be a cause of bad faith</td>
</tr>
<tr>
<td>5. Causes dilution by blurring or dilution by tarnishment of the famous mark</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6. Regardless of the presence or absence of actual or likely confusion.</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td></td>
<td>similar to a mark</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7</td>
<td>Regardless of the presence or absence of competition</td>
<td>✓</td>
</tr>
<tr>
<td>8</td>
<td>Regardless of the presence or absence of actual economic injury</td>
<td>✓</td>
</tr>
<tr>
<td>9</td>
<td>A domain name is identical or confusingly similar to a trade mark or service mark that is protected under a law</td>
<td>✓</td>
</tr>
<tr>
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<tr>
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</tr>
</tbody>
</table>

### Exception of infringement/the defence

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Fair use of a famous mark including use in connection with advertising or promotion that permits consumers to compare goods or services</td>
<td>✓</td>
</tr>
<tr>
<td>13</td>
<td>Fair use of a famous mark including use in connection with identifying and parodying, criticising, or commenting upon the famous mark owner or the goods or services of the famous mark owner</td>
<td>✓</td>
</tr>
<tr>
<td>14</td>
<td>Fair use by all forms of news reporting and news commentary</td>
<td>✓</td>
</tr>
<tr>
<td>15</td>
<td>Fair use by any noncommercial use of a mark</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Commercial use of a mark but qualified as fair use</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Other provisions

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>A definition of “famous mark”</td>
<td>✓</td>
</tr>
<tr>
<td>17</td>
<td>A test for the degree of recognition</td>
<td>✓</td>
</tr>
<tr>
<td>18</td>
<td>“Use” includes past use, regardless of use at present.</td>
<td>✓</td>
</tr>
<tr>
<td>19</td>
<td>A definition of “dilution by blurring and tarnishment”</td>
<td>✓</td>
</tr>
<tr>
<td>20</td>
<td>A test to find dilution</td>
<td>✓</td>
</tr>
<tr>
<td>21</td>
<td>Remedies – monetary and injunctive relief</td>
<td>✓</td>
</tr>
</tbody>
</table>

Depends on each
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>judgment</th>
<th>or transfer of a domain name</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Duration for each case</td>
<td>N/A</td>
<td>No more than 45 days</td>
</tr>
<tr>
<td>23</td>
<td>An appeal process against a decision</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>To a higher level court</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>No hearing process</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>25</td>
<td>Quoting precedent</td>
<td>✓</td>
<td>N/A No rule but do in real case</td>
</tr>
</tbody>
</table>

**C. Comparison of the ACPA and the UDRP**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>The ACPA</th>
<th>The UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria to find infringement/applicable dispute</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>A person has a bad faith intent to profit</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>From a mark, including a personal name</td>
<td>✓</td>
<td>✗ Only trade mark and service mark literary</td>
</tr>
<tr>
<td>3</td>
<td>A person registers, traffics in, or uses a domain name that is identical or confusingly similar to that mark, in the case of a mark that is distinctive at the time of registration of the domain name</td>
<td>✓</td>
<td>✓ A cause of bad faith</td>
</tr>
<tr>
<td>4</td>
<td>A person registers, traffics in, or uses a domain name that is dilutive to that mark, in the case of a famous mark that is famous at the time of registration of the domain name</td>
<td>✓</td>
<td>N/A Can be a cause of bad faith though</td>
</tr>
<tr>
<td>5</td>
<td>A person registers, traffics in, or uses a domain name that is a trademark, word, or name protected by reason of Section 706 of Title 18 or Section 220506 of Title 36.</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>6</td>
<td>The domain name registrant has no rights or legitimate interest in respect to the domain name</td>
<td>N/A</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Bad Faith Determination**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>The domain name has been registered and is being used in bad faith.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-exhaustive list of bad faith factors/ circumstances</td>
<td>mark, not clear whether register or use a domain name</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>8</td>
<td>The registration or acquisition of a domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the plaintiff who is the owner of the mark</td>
<td>Or to any third parties</td>
<td>Or to the plaintiff’s competitor</td>
</tr>
<tr>
<td>9</td>
<td>The registration of the domain name to prevent the owner of a trade mark or service mark from reflecting the mark in a corresponding domain name</td>
<td>Provided that the respondent has engaged in a pattern of such conduct</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The intention to gain valuable consideration in excess of out-of-pocket costs</td>
<td>N/A Just for financial gain</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Offer the domain name without having used, or having and intent to use the domain name in bona fide offering of any goods or services or the defendant’s prior conduct indicating a pattern of such conduct</td>
<td>Not necessary to do any thing before or during the offer</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The registration of the domain name primarily for the purpose of disrupting the business of competitor</td>
<td>Not state</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Use of the domain name with the intent to attract, for commercial gain, Internet users to a defendant’s website or other online location, by creating a likelihood of confusion with the plaintiff’s mark as to the source, sponsorship, affiliation, or endorsement of the website or location or of a product or service on the website or location</td>
<td>Uses the words “to direct”</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>The defendant’s provision of material and misleading false contact information when applying for the registration of the domain name, the defendant’s intentional failure to maintain accurate contact information, or the person’s prior conduct indicating a pattern of such conduct</td>
<td>No such provision</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>The defendant’s registration or acquisition of multiple domain names which the defendant knows</td>
<td>No such</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Measure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>17</td>
<td>The extent to which the mark is incorporated in the domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section</td>
<td>✓</td>
<td>× No such provision</td>
</tr>
<tr>
<td>18</td>
<td>The trademark or other intellectual property rights of the person, if any, in the domain name</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>19</td>
<td>The extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify the defendant</td>
<td>✓</td>
<td>✓ Already in rights or legitimate interest circumstances</td>
</tr>
<tr>
<td>20</td>
<td>The defendant’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services</td>
<td>✓</td>
<td>✓ Already in rights or legitimate interest circumstances</td>
</tr>
<tr>
<td>21</td>
<td>The defendant’s bona fide/legitimate non-commercial or fair use of the mark in a site accessible under the domain name</td>
<td>✓</td>
<td>✓ Already in rights or legitimate interest circumstances</td>
</tr>
</tbody>
</table>

**Defence or Exception to Infringement**

<table>
<thead>
<tr>
<th></th>
<th>Measure</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>The defendant’s belief or reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful</td>
<td>✓</td>
<td>× Does not matter what the respondent believes</td>
</tr>
<tr>
<td>23</td>
<td>Commercial use of a mark qualifies as fair use</td>
<td>N/A</td>
<td>× Must be non-commercial</td>
</tr>
</tbody>
</table>
### V Recommendation for the UDRP

This chapter intends to propose some of the interesting features of both the US legislative approach and its case law for amendments to the UDRP. Those provisions the US national courts use to decide disputes the focus of the research. However, it is impossible to study every domain name case because there have been more than one thousand domain name cases filed in US national courts each year since 1994.
Therefore, the recommendations proposed for the UDRP in this section are based on only some of the examples of domain name cases in US national courts.

In section below, all recommendations for the UDRP, as mentioned in every section above, will be reiterated. The recommendations will be made in bullet points according to each section. They are an accumulation of legal rules found in the legislation and case law. Firstly, are the recommendations under the category of trade mark infringement by confusion. It draws mainly upon ss.32(1) and 43(a) of the Lanham Act and relevant cases. Secondly, are the recommendations under the category of trade mark infringement by dilution. These are reflections of the TDRA and the relevant cases where courts used the FTDA to decide the case. The study, therefore, involves both the FTDA and the TDRA. Lastly are the recommendations made from a study of the ACPA and the cases decided under the ACPA.

A. Sections 32(1) and 43(a) of the Lanham Act—Trade Mark Infringement by Confusion

Section 32(1) of the Lanham Act 516 provides for an infringement of a registered trade mark, while Section 43(a) of the Act protects, inter alia, any word, term, or name, including unregistered trade marks. Both provisions have been used to resolve numerous domain name case involving marks and other intellectual property rights. Below are recommendations to the UDRP from these provisions and cases decided under them.

1. The UDRP should provide a definition for “confusingly similar”.

2. The UDRP should provide a concise test to determine what is confusingly similar, as found in Paragraph 4(a)(i) of the policy.

3. The UDRP should specifically direct that the policy also protects personal names.

4. There should be the introduction of a monetary penalty under the UDRP, at least, for the losing party to bear the cost of the proceedings.

5. The UDRP should have an appeal process so the mark owners and the domain name registrant will have a second chance if they fail at their first attempt.

6. The UDRP must be concerned first and foremost with fairness.

7. The UDRP should allow for a middle-ground decision, not just the cancellation or transfer of the domain name. For example, letting a domain name stay with the registrant but prohibiting the registrant from any commercial use of the domain name or website while riding on a complainant’s goodwill.

8. The providers under the UDRP should be concerned less about precedent and forum shopping. The providers should consider the domain name and a corresponding websites together in order to find confusion.

B. The TDRA and the FTDA—Trade Mark Infringement by Dilution

The TDRA (from 2005 onwards) and the FTDA (from 1995 to 2005) have been the legislation which prevented and remedied the dilution of trade marks or other types of intellectual property rights. The main provision is in Section 43 of the Lanham Act. From the study above, the recommendations for the UDRP are reiterated below.

1. The UDRP should add a provision about an intention to dilute a mark, especially a famous mark, as a bad faith indication in Paragraph 4(b) of the policy.517

2. The UDRP must search for genuine intent to deceive or dilute a trade mark by the use of domain name.

3. The UDRP could have a test for finding dilution. A complainant would have the burden to prove that (1) it owns a famous mark, (2) that is

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517 Although the bad faith circumstance in para/4(b) is non-exhaustive, to specifically include the circumstance will make the policy clear and more practical.
being used in commerce, (3) through the use or registration of a domain name, (4) which destroys the mark’s distinctiveness or tarnishes the mark.

4. The panel cannot simply conclude that the registration of .com is a use in commerce which may constitute a bad faith under the UDRP.

5. The UDRP should specify that it requires a likelihood of harm or actual harm to prove dilution. Any kind of harm can constitute new circumstances of bad faith.

6. The UDRP should add new bad faith circumstances, namely that the famous mark is associated with unsavoury-context website.

7. For the consistency of UDRP decisions, the UDRP specify whether the use of pejorative words in conjunction with a mark, in a domain name, is lawful or that it falls under a fair use defence.

8. The UDRP should make it clear, for the criticism or consumer product review websites, that the use of the mark should not dilute its distinctiveness or tarnish the mark.

C. The Anticybersquatting Consumer Protection Act

The ACPA was enacted in 1999 and has solved a great number of domain name cases in the US. Although it has been criticised as costly and lengthy, the provisions in the ACPA can serve as a helpful model for amendments to the UDRP.518 Below are recommendations for the UDRP from the study of the ACPA and its associated case law.

1. The UDRP should have a special provision for distinctive and famous marks because a bad faith respondent tends to register a domain name incorporating such marks.

518 From a discussion with Tony Willoughby on 13/11/2007 at the seminar about alternative dispute resolution held by Central Law Training, Ltd.
2. The UDRP should include criteria to determine the distinctiveness and fame of marks, as in s.43(c) of the Lanham Act.

3. The *confusingly similar* issue of the UDRP must be considered separately, according to background of each case. No single test can apply to every case.

4. The UDRP can provide a non-exhaustive list of factors to consider for the *confusingly similar* requirement, such as the extent of incorporation of the mark into a domain name or the opinion of Internet users.

5. The UDRP should explicitly address the intellectual property rights it aims to protect.

6. The UDRP should use the words “prior use” instead of the language “before any notice to you of the dispute”, since the latter is used in the ACPA and seems to have fewer loopholes than the one used in Paragraph 4(c)(i) of the UDRP.

7. The UDRP should contain the provision for tarnishment and disparagement as bad faith circumstances in the policy.

8. The UDRP should clearly distinguish between cybersquatting and the business of domain name trading.

9. The UDRP should add the activity of registration or acquisition multiple domain names, with proof of intention to gain profit from those domain names, as a bad faith circumstance.

10. The UDRP should state that warehousing domain names for use as parking sites, and receiving revenue from online advertisement on such sites, demonstrates bad faith.

11. The UDRP should have a cause that a mark when incorporated into a domain name must still be distinctive.

12. The safe harbour provision is interesting in relation to the discussion of amending the UDRP, but it should studied be further before incorporation into the UDRP. Under the ACPA, the safe harbour is
broad, but it could be adjusted to suit the nature of the UDRP, especially its expeditious procedure. The UDRP could have a provision similar to the following: “after determining by a panel, the act of a respondent is believed on reasonable grounds that the use of a domain name is fair use or otherwise lawful”.

13. Commercial use can be a fair use if no bad intention is found.

4 Concluding Remarks

The US’s approaches for resolving trade mark/domain name cases are undoubtedly effective for such a large country and the great number of Internet domain name registrants it has. The widespread nature of domain name users and the trade mark/domain name problems does not hinder the US from resolving the problems effectively. The ACPA is seen as an enthusiastic will to resolve the problem.

At first, the test to determine the likelihood of confusion caused by the incorporation of a trade mark in a domain name was brought from ordinary trade mark infringement cases. The Sleekcraft and Polaroid tests are two of the main tests, providing an eight-factor test to find a likelihood of confusion. The test is composed of the following elements: (1) similarity of marks; (2) proximity of the services; (3) the marketing channels; (4) the strength of the mark; (5) an intent to use the mark; (6) evidence of actual confusion; (7) a proximity of expanding the market; and (8) the purchasers’ care. Until the Brookfield case, the initial interest confusion doctrine was adapted for use with domain name cases. According to the initial interest confusion doctrine, a purchase is not required to complete an infringement. Simply the temporary misdirection of consumers to a defendant’s domain name, website, or other online location by the misperception of a mark as incorporated in the domain name can constitute trade mark infringement. One should bear in mind that entering or quitting a website is effortless—consumers can do it without much attention. Nevertheless, the doctrine of initial interest confusion is still widely used by many courts, although there is criticism about an insufficient degree of confusion. as required in Section 32 of the Lanham Act.

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519 AMF Inc. v. Sleekcraft Boat.
520 Polaroid Corp. v. Polarad Electronics Corp.
Next, the discussion and analysis of dilution cases show that a distinctive and famous mark incorporated in a domain name is more vulnerable than an ordinary mark because the display of a mark in the domain name can dilute the mark’s distinctiveness by blurring and diluting its fame through tarnishing. The UDRP needs to add a provision for dilution since it has none, though the disputes show that the cases regarding dilution of a mark still exist. The ACPA is a non-identical twin of the UDRP, which also has its provisions for bad faith and available defences. However, the ACPA is more carefully drafted than the UDRP since it recognises that false contact details and the registration of multiple domain names indicate bad faith intent. The UDRP definitely needs to learn from the ACPA.

The recommendations provided in Part Four will be very useful for anyone drafting possible amendments to the UDRP. The UDRP has been used for almost 10 years, yet, not once has it been amended. Maybe it is time to correct the faults of the UDRP and insert some new approaches to improve its effectiveness. The US approach to domain name cases is very interesting. Perhaps, the UDRP can learn something from the legislation and case law of a huge country.
Chapter 5

Legislative Approaches of English Courts to Domain Name Disputes: A Comparative Study for an Amendment of the UDRP

*Quilibet pistor habeat sigillum suum et signet panem suum*  
(Every baker shall have his seal and seal his bread)  

*King Henry III* 521

5 Introduction

Chapter 5 will discuss the legislative approaches of the UK to trade mark-domain name problems; but since the UK has three legal systems, England/Wales, Scotland and Northern Ireland, only the English legal system will be discussed because it is the one most widely known and widely used. In addition, since new judgments involving trade mark-domain name problems are handed down continuously, the Chapter will only discuss judgments of English courts through August of 2008.

England, through its courts, has taken some interesting approaches to trade mark-domain name disputes, without needing to legislate a *sui generis* law like the Anticybersquatting Consumer Protection Act of the US. Part II will discuss how the legislative approaches adjust to each case. The approaches referenced are the provisions of trade mark infringement in the Trade Mark Act and the provision of the common law of passing off. These provisions are applied the in English courts to address the problem. It is also remarkable that a judge can decide a case by relying only on a limited number of relevant texts in the Trade Mark Act 1994 (TMA) or a few cases involving the common law of passing off. Later judgments might be easier to decide than former judgments since there is precedent to follow. However, English courts made apt judgments early on, when domain name disputes were totally new to the UK. The judgment in *One in a

Million\textsuperscript{522} is a good example of a well reasoned decision in the early days, which later became a case referred to by numerous courts, and not only in England.

In order to first understand the UK approach and case law, Part I will introduce the English legal system and UK Trade Mark Law, specifically those provisions for trade mark infringement, including Sections 9 and 10 of the TMA and the common law passing off. Then, Part II of the Chapter will discuss the case law surrounding trade mark-domain name disputes in England and Wales from 1998 onwards, except 2007 when there were no such judgments in England.\textsuperscript{523} However, domain name disputes at WIPO Arbitration and Mediation Centre have risen since 2005.\textsuperscript{524} This is likely to be because the disputes were processed under the UDRP, which is quicker and less expensive than court proceedings. Although English courts normally follow precedent, Part II will show that there has been some interesting developments in the judgments as time goes on. Not only will there be discussion of these judgments, but the analysis and commentary will focus on their particularly useful aspects, for possible adaptation to the UDRP. These suggestions will be reiterated again in Part IV of the chapter.

Part III will compare the relevant provisions of the English legislative approach and case law to the corresponding provisions in the UDRP. Part IV will reiterate the suggestions to the UDRP while Part V is a chart of every case presented in the research. The Conclusion will summarize the essence of the Chapter.

I. Background

The legal system of England and Wales is familiar to the world because England spread its legal system to new countries during its period of colonisation. Nowadays the commonwealth countries have common law legal systems like England. The English legal system is understood as having an unwritten constitution, although written

\textsuperscript{522} Marks & Spencer Plc, Ladbroke Plc, J. Sainsbury Plc, Virgin Enterprises Ltd, British Telecommunications Plc and another v. One In A Million Ltd [1998] FSR 265 (The High Court of Justice - Chancery Division) and British Telecommunications Plc, Virgin Enterprises Ltd, J. Sainsbury Plc, Marks & Spencer Plc, Ladbroke Group Plc v. One In A Million Ltd [1999] FSR 1The Court of Appeal.

\textsuperscript{523} Search in WestLaw Database, LexisNexis Professional Database and the website of British and Irish Legal Information Institute <http://www.bailii.org>.

constitutions can be found in various sources. If there is a conflict between them and a court has to decide as to which source of law is applicable, the written one has a priority.

As mentioned the TMA is the main provision for trade mark-domain name disputes in the UK; Section 10 of the Act, for registered trade mark infringement, is the most used. For infringement of unregistered trade marks, the UK has provisions for unfair competition law and the common law passing off. Moreover, EC Regulations and treaties on trade marks, such as the Madrid Protocol, have become increasingly relevant to English courts as well.

Compared to the US, the there are fewer domain name cases brought to English because the smaller population of Netizen in the UK. Also, it seems like the US required a tailor-made law for the problem, more so than the UK because the domestic trade mark laws of the UK are more than enough to address the problem. UK law is flexible and English courts are able to cleverly adjust it to the problem.

This section will provide a background of the English legal system and describe the roles played by the EU and the UK trade mark laws in the UK. The first part will introduce the system and how it works. Readers will at least understand the procedure of the courts and the common law system of England. In the section on UK trade mark law, there will be an explanation of the tests for the infringement of registered and unregistered trade marks, as well as the doctrine of passing off, as found in domain name case law. This part is purely a presentation of the English legal system and UK trade mark law. There will be no comments or analysis.

A. The English Legal System and the EU

The English legal system has long been known as an ancient common law. But after the UK joined the European Union (EU) in 1973, it had an obligation to comply with every regulation issued by the European Parliament. The sources of English law are case law, Acts of Parliament, statutory interpretations, delegated legislation, European Union

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legislation, customs, equity, and International agreements. In case there is a problem understanding a regulation, the courts can refer the case for an interpretation to the European Court of Justice (ECJ). Case law is understood as the primary source of law until there are Acts of Parliament. A court has to regard the Acts of Parliament first, followed by case law, legislation, EU legislation, custom, equity and International agreements respectively. However, an interpretation of an Act of Parliament can show up in a court’s opinion, which then will become part of case law. The difference between the Acts of Parliament and case law, therefore, cannot be identified in some cases. If there is any conflict between EU legislation and UK national law, the former prevails. Moreover, EU legislation has sometimes been very influential in court decisions. In some case, EU legislation takes a higher priority than the Acts of Parliament or case law.

Case law is made by judges in prior cases. Only judges make case law. When judges make a decision, there are two things to do. Firstly, determine the facts of the case and secondly, apply the law to the facts. Only the second procedure makes case law. If the facts of later cases are similar to a past case, the doctrine of stare decisis dictates that later cases need to be decided in the same way as the former, what is called “precedent”. This provides a trend of decisions that is consistent and predictable. In some cases, the courts need to consider cases according to EC legislation. So if there is any question regarding EC laws, the courts have to refer the cases to the European Court of Justice (ECJ) to interpret the law. Strangely enough, the interpretation of the ECJ in former cases does not bind later ECJ courts to decide the same way, but the Court of

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529 Ibid.
530 Ibid. p. 30.
531 Ibid p. 27.
532 Quinn, *English Legal System* p. 20. However, in Geldart, *Introduction to English Law*, p. 8, it was said that a judge does not make law but only declares what is already a law to the public. So, in case a where a higher court over-rules a prior decision that was supposed to be law, the judge in the higher court will only declare what was supposed to be the law was not the law.
533 *Stare Decisis* - The “sacred principle” of English law by which precedents are authoritative and binding, and must be followed. Osborn's Concise Law Dictionary 2005.
First Instance (CFI) is bound by every decision of the ECJ. Also, the interpretation of the ECJ must be followed in later decisions of the UK courts. There is a hierarchy of courts in England, descending from the highest court in the country, the House of Lords, to the Privy Council, the Court of Appeal, the High Court, the Crown Court, and the Magistrates and county courts. Lower courts are bound to follow the decisions of higher courts in past cases with similar facts, except the case involves human rights, such as in a criminal case. Apart from the cases involving EU law, the House of Lords is the highest court of appeals in England and Wales. Every court must follow its decisions based from cases with similar facts. The Privy Council is a final court of appeals in many commonwealth countries. Its decisions do not bind the English courts but do have strong persuasive authority, as the judges sitting in that court have the most seniority. The Court of Appeal is divided to civil and criminal divisions. The court is required to follow its own prior decisions, the Privy Council and the House of Lords only. The future decisions of the civil division are always bound by the court's previous decisions except when there is a conflict between its previous decision and a decision in the House of Lords. Nevertheless, the criminal division is quite different since it cannot follow every previous decision, as doing so might cause an injustice to the accused.

In addition, the High Court is divided into Divisional courts and an ordinary High Court. The Divisional courts are the Queen’s Bench Division, dealing with criminal appeals and judicial review, and the Chancery and Family Divisions deal with civil appeals. The Queen’s Bench Division is more flexible in following precedent, or its own previous decisions, since it deals with criminal cases. In contrast, the other two divisions are strictly bound by their previous decisions, except when there is a contrary decision by a higher court. The decisions of Divisional courts must be followed by the ordinary high courts, but the latter are not bound by their own previous decisions. The Crown Court is not bound by its own decisions and they do not serve as precedent for any other court. However, it is bound by every court mentioned above. Lastly, the Magistrates’ and county courts are the inferior courts which do not produce case law for

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536 Quinn, English Legal System p. 131-132.
538 Ibid p. 57.
any other court, or itself. They are bound by the decisions of the High Court, Court of Appeal and the House of Lords. 539

There are several ways that judges make decisions according to the rules of precedent, depending on whether it is persuasive, binding or irrelevant. 540 A judge may decide to follow, not-follow, overrule, or reverse a precedent. These all depend on the type of precedent. A lower court will follow the decision of higher court if the facts are sufficiently similar. Otherwise, a lower court does not need to follow previous case law if the facts were sufficiently different. Nonetheless, in the case of a higher court, the court can overrule the decision of a lower court if the former does not agree with the reasoning of the lower court. The decision of a lower court is, however, still effective. The decision of the lower court will be reversed if the higher court thinks that it has wrongly interpreted the law. 541

B. The UK Trade Mark Law

Trade marks have been used by merchants to distinguish the goods of one manufacturer from another since the Roman times. In those days, pottery needed to be branded to designate the source of the pot. 542 The exclusive rights of trade mark owners have to be adequately protected. Although there was no legislation to protect trade marks in the old days, there was a common law doctrine to protect trade marks from being passed off by other traders. Passing off, therefore, was the first law to protect trade marks. In addition, although a trade mark was regarded as a kind of property at that time, as there was no corresponding legislation. Lord Chancellor refused to grant an injunction restraining a defendant from counterfeiting the mark of a plaintiff, associated with the sale of playing cards, in the 1742 case of Blanchard v Hill. The Lord’s reason for doing so was that he had never heard of a provision restraining the defendant from using another’s mark. 543

539 Quinn, English Legal System, part I.
540 S.H. Bailey, Smith, Bailey and Gunn on the Modern English Legal System p. 475.
541 Partington, Introduction to the English Legal System p. 63.
It was not until 1862 that the trade mark right was first protected by legislation: the Merchandise Marks Act of 1862. The law prohibits merchants from passing off their own goods as the goods of others, or *vice versa.* In 1875, a formal, government managed trade mark registration system was formed and the Trade Marks Registration Act 1875 was released to prevent passing off. The law has been developed and amended many times until the current version of the UK Trade Mark Act 1994.

Section 1(1) of the TMA contains the most important provision - the definition of a trade mark. The section defines a trade mark as follows:

> [I]n this Act, a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.

The definition is important because it gives an idea of what should be protected under the Act and what the Act should determine as infringement or passing off. For example, a domain name, although being known as a system working between servers, can be perceived as a trade mark since it is able to be presented graphically in the form of groups of words separated by dots. Therefore, a domain name can be protected as a mark under the Trade Mark Act. Also, the domain name can pass off another’s mark and can infringe a trade mark right.

Moreover, Section 9 of the Act provides that “[T]he proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent”. The law confirms the exclusive rights of registered trade mark owners. So the owner certainly has every right to file a lawsuit against any unauthorised user of its registered mark, under the trade mark infringement provisions in Section 10. English courts use Section 10 frequently for trade mark-domain name cases. The doctrine of passing off is another provision applied in such cases.

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545 Section 1 of the British Trade Mark Act 1994.
546 This represents a conflict between technological persons who view a domain name as merely a computer program represented as an internet location and UK trade mark lawyers who think that a domain name can be presented graphically as a trade mark.
cases. It provides protections for both registered and unregistered trade marks and signs used in the UK. The doctrine is common law and found in any legislation.

The doctrine of passing doctrine has been restated in many judgments, but the first notice of it was by Lord Parker in *A G Spalding & Bros v A t Gamage Ltd*. In that case, Lord Parker stated the doctrine as follows:

[T]he basis of a passing off action being a false representation by the defendant…the most common case is… where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public, or of a particular class of the public. The used by the defendant in connection with the goods of the mark, name, or get up in question impliedly represents such goods to be the goods of the plaintiff, or the goods of the plaintiff of a particular class or quality, or, as it is sometimes put, whether the defendant’s use of such mark, name, or get-up is calculated to deceive.\(^5\)

However, domain name disputes brought to English and Welsh courts do not only involve the issues of trade marks or other intellectual property rights. They also relate to the breach of agreements, \(^5\) defamation, \(^5\) groundless claims, \(^5\) or even human rights. Yet, the research will deal only with the issue of trade marks. Therefore, this section will introduce trade mark infringement under Section 10 of the Trade Mark Act 1994 and the common law doctrine of passing off. Related case laws will be provided, as will comments when appropriate, but the analysis of the case laws will be in Part III of the Chapter.

1. **The Categories of Infringement of Registered Trade Marks**

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\(^5\) *A G Spalding & Bros v A t Gamage Ltd* [1915] 32 RPC 273.
\(^5\) HC03C02428 *Apple Corps Limited v Apple Computer, Inc* [2006] EWHC 996 (Ch) (High Court of Justice Chancery Division).
\(^5\) *Laurence Godfrey v. Demon Internet Limited* [1999] 1998-G-No 30High Court of Justice, Queen Bench Division.
\(^5\) *Pankajkumar Patel v Allos Therapeutics Inc.*, [2008] WL 2442985the High Court of Justice.
Since the infringement of registered trade marks in the UK can occur in a number of fashions, trade mark infringement provisions in the TMA provide broad protections. Section 9 reserves an exclusive right to proprietors from any infringement by use of the mark without their consent. Section 10 divides infringements into three different categories, following Article 5 of the Council Directive 89/104/EEC, since the UK is one of member states of the EU.

Firstly, Section 10(1) refers to infringement involving the use of identical signs with identical products or services. Secondly, Section 10(2) involves an infringement by the use of a sign that is identical to or similar with the registered trade mark for identical or similar products or services where there exists a likelihood of confusion between the sign and mark. Thirdly, Section 10(3) concerns trade mark infringement by the use of a sign that is identical to or similar with a trade mark but the sign is used for non similar products or services that the mark is registered for, provided that the mark has a reputation in the UK and the use of the sign is detrimental to or taking unfair advantage of the distinctive character or reputation of the mark.

In addition, Article 14 of the EC Regulation No. 40/94 also requires the UK to provide remedies for the infringement of a community trade marks under national law relating to infringement of a national trade marks.\(^{552}\) As a result, Section 10 deals with the infringements of EC community trade marks as well. Accordingly, since the definition of a trade mark under Section 1 can refer to any sign capable of being represented graphically and must be capable of distinguishing one product or service from another, its unique capability and character acquire a property right for its owner. Sections 2 and 9 of the Act guarantee that the owner of a registered trade mark has a legitimate right to protections and remedies. Section 10 is issued to protect the exclusive property rights associated with registered trade marks by identifying the acts of infringement.

A domain name is capable of being represented graphically and in some circumstances a domain name can distinguish the products or services of one undertaking from another, such as the domain name expedia.com for travel services. As a consequence, it is not an exaggeration to say that a domain name can be a trade mark and some domain names have already been registered as trade marks in the UK, such as

lastminute.com, hotels4families.com, and goshopdirect.co.uk. As such, a domain name used in the course of trade, in relation to goods or services, can infringe a registered trade mark.

a. Section 9(1) of the Trade Mark Act 1994

Section 9(1) is written as follows:

The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent.

The acts amounting to infringement, if done without the consent of the proprietor, are specified in section 10.

The words in Section 9(1) provide that an infringement occurs when there is a use of the trade mark in the UK without the consent of the proprietor of the mark, but Section 10(1) – (3), which will be discussed in the next part, inter alia, provides that an infringement occurs if a sign is used in the course of trade. Considering the words only, Section 9(1) does not require a use in the course of trade. Any use of the trade mark without the approval of the mark’s owner is enough to constitute an infringement.  

Section 9 should refer to an unauthorized use of the trade mark by anyone else except its

556 This depends on the court’s opinion. But first of all, a domain name must be identical or similar to a trade mark until there is confusion in a substantial part of the public as to whether the domain name and the trade mark come from the same source. Other circumstances might be considered in the judgment. Mere similarity or concurrent use of the same ‘word’ as a trade mark in a domain name cannot be infringement because trade mark rights do not grant a monopoly on a word and do not prohibit individuals with good faith from registering a domain name that is identical to or similar to a trade mark.
557 Mr. Justice Jacob rendered in the case of British Sugar Plc v James Robertson & Sons Ltd [1996] RPC 281, the High Court of Justice - Chancery Division p. 291, where he stated that “[i]f it is said that section 9(1), in providing in general terms for infringement, also is providing an overriding requirement that there be trade mark use…. Section 9(1) is really no more than a chatty introduction to the details set out in section 10, itself adding no more than that the acts concerned must be done without consent.” Therefore, a use in Section 9(1) can be any use and is not limited to a use in the course of trade and a trade mark use.

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owner or licensee. That means the use of exactly the same trade mark without consent of the owner.

An infringement of Section 9 occurs by the use of the trade mark in the UK, while Section 10 is about the infringement of a registered trade mark by the use of a sign. A trade mark is included in the definition of “sign” in Section 1. So, if a trade mark is infringed by the use of a sign, other than a trade mark, the infringement does not fall under Section 9. Therefore, a trade mark infringement can violate both Sections 9 and 10 if there is a use of a trade mark that is identical to the registered trade mark, but if there is just a use of a similar sign to the trade mark, it will only violate Section 10. Section 10 is obviously broader than Section 9.

In the author’s opinion, a domain name cannot be identical with a trade mark because it must have a prefix and suffix, like www. and .com. Nevertheless, there were still cases where a trade mark owner claimed that its registered trade mark was infringed by a domain name under Section 9. Hence, once a domain name is registered as a trade mark, it is a trade mark. The question as to whether a use of a domain name will be a use of the trade mark, according to Section 9, needs to be considered thoroughly. This also depends on the opinion of a judge in each case.

b. Section 10(1) of the Trade Mark Act 1994

Section 10(1) mandates:

\[A\] person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

The notion behind the Section is to protect a trade mark owner from others passing off its registered trade mark. Only a use in the course of trade of an identical sign, to a registered trade mark for same goods or services for which the trade mark is registered,

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558 For example, in Euromarket Design Inc v Peters & Another [2000] ETMR 1025High Court (Chancery Division), the plaintiff claimed trade mark infringement under Section 9(1) but Justice Jacob simply quoted his opinion from British Sugar Plc v James Robertson & Sons Ltd stating that “Section 9(1) is really no more than a chatty introduction to the details set out in section 10, itself adding no more than that the acts concerned must be done without consent.” Therefore, Section 9 is not really considered for trade mark infringement case.
is enough to constitute an infringement according to Section 10(1). No confusion is required. The only problem what does it mean to be “identical”. In *AVNet v Isoact*, although Justice Jacob did not analyse whether the mark and the domain name were identical, his full analysis of the goods and services supplied by the parties was sufficient to rule out a distinction between “identity” and “similarity”. Section 10(1) differs from the law of passing off in that it requires a trade mark to be registered and the use of an identical sign must be in the course of trade. Also, there is no requirement in the law of passing off that the goods or services supplied under the sign must be identical with those of the trade mark, while there is such requirement in Section 10(1).

However, there are some problematic terms that need further explanation since they are ambiguous. For example, “in the course of trade” can be interpreted in different ways. The Act does not provide a definition for these terms. As a consequence, these terms require suitable explanation before applying the Section to a case. English courts do provide such explanations, from time to time, in their discussions.

The first term to be discussed is “in the course of trade”, which is presented in Subsections (1) (2) and (3) of Section 10. In *Arsenal v Reed*, the language “in the course of trade” was defined as a commercial action for economic interest. In *Beautimatic v Mitchell*, the court provided that activities in the course of trade included communications, inter alia, by means of orders and invoices between suppliers and customers. Moreover, Section 103(1) of the Act defines “trade” as any business or profession. The decision in *Aristoc v Rysta* suggested that such a business or

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559 *Avnet Incorporated v Isoact Ltd* [1998] FSR 16 the High Court of Justice.
560 The trade mark of the plaintiff was registered under Class 35 for, inter alia, advertising and promotional services, but it actually sold technical goods via a physical catalogue and a web page while the defendants provided Internet Services, helping its customers advertise on their webpage. The issue was whether, as a provider of Internet advertisements on avnet.co.uk, the defendant relied on the infringement of a trade mark? Justice Jacob said that the answer depended on how one wanted to construe the expression. He analysed the problem thoroughly and thought the services of the defendant were not under Class 35. So there was no infringement under Section 10(1).
561 *Arsenal Football Club v Matthew Reed* [2003] R P C 9 Paragraph 40

Having regard to the presentation of the word ‘Arsenal’ on the goods at issue in the main proceedings and the other secondary markings on them... the use of that sign is such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor.

563 Section 103 (1)

“trade” includes any business or profession.
profession included leasing, hire purchase and the like. Therefore, “in the course of trade” should refer to activities of any business or profession that relates to economic advantage in the public sector such as commercial communication or leasing.

Next, the term “use” has to be examined. The question also remains whether “use in the course of trade” must be carried on for the use of a sign as a trade mark or service mark as an indication of origin in order to accomplish the infringement. In wetwetwet, the court held that in order to have an infringement, the use of a sign had to be in a trade mark sense and the fact that the defendant used the sign as the name for a book was such a use. However, a prior case had stated otherwise. In Mothercare v Penguin, the court held that the use of the plaintiff’s registered trade mark mothercare as a book title was descriptive and not a use in the trade mark sense.

The spectacular case was in Arsenal v Reed. In the case, the ECJ ruled that the use of the plaintiff’s registered trade mark on souvenirs and articles of clothing created the impression that there was a connection between the trade mark owner and the goods and that the use of the sign jeopardised an essential function of the trade mark, namely to designate the origin of the goods. As a result, such use was a use that should be prevented by the doctrine of trade mark infringement.

The third potential for ambiguity stems from the phrase “in relation to goods or services”, which is used in all three subsections. The phrase can be defined in different ways. One of them is as a sign, but is not necessarily physically affixed or applied to the goods or services. The sign can be used for other purposes but can still be in relation to goods or services. However, the definition of “in relation to” needs to convey that the use be significant, not just an incidental one. For example, a card incorporating a footballer’s picture, including the shirt he wore displaying a registered trade mark, was

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567 Arsenal Football Club v Matthew Reed.
not significant enough to claim that the sign was used *in relation to* goods or services under the meaning of Section 10.\(^{569}\)

To sum up, there will be a trade mark infringement according to Section 10(1) if any person uses an identical sign with a registered trade mark in the activities of any business or profession that relates to economic advantage in the public sector; such uses include commercial communication or leasing in relation to identical goods or services with the registered trade mark in a significant sense. In other words, since the use must be in a trade mark sense, the infringement will be fulfilled if such use of an identical sign undermines the ability of a trade mark to indicate the origin of its goods or services, provided the use is associated with the same goods or services which the trade mark is registered for. In addition, although the phrase “in relation to goods or services” does not mean that a sign has to be affixed to the goods or services, the use must be substantial.

### c. Section 10(2) of the Trade Mark Act 1994

Section 10(2) is more complicated than Section 10(1) because the former needs more explanation regarding similarity and confusion existing between the goods and the marks. Section 10(2) contains two conditions for trade mark infringement as provided as:

*A person infringes a registered trade mark if he uses in the course of trade a sign where because—*

(a) *the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered,*

(b) *the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,*

*there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.*

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There are two conditions required under the subsection. Firstly, a trade mark infringement exists when a sign which is *identical* with a registered trade mark is used with *similar* goods or services of the mark and there is a likelihood of confusion in a substantial part of the public as to whether the sign comes from the same origin as the trade mark. The second condition is that there is a trade mark infringement when a sign which is *similar* to a registered trade mark is used with *identical* or *similar* goods or services and there is a likelihood of confusion as to whether the sign comes from the same origin as the trade mark. These conditions require a likelihood of confusion in the public mind regarding the sign used and the registered mark. This confusion includes a likelihood of association.

In other words, there are only three tests to fulfil the infringement in Section 10(2): (1) analysis of the identity/similarity of a sign and a registered trade mark, (2) consideration of the concept of similarity between goods and services, and (3) assessment of any likelihood of confusion, including a likelihood of association due to such similarity.

Additionally, terms used in the Section are similar to those of Section 10(1). For example, there is also the language “use in the course of trade” and “in relation to”. These terms are normally interpreted in the case law of English courts in similar way to the interpretation of same terms in Section 10(1). For instance, “use in the course of trade” refers to a use in the context of commercial activity for economic benefit, as in Section 10(1). Therefore, this part will not mention the terms again, as they have already been mentioned in the part above.

Section 10(2) follows Article 5(1)(b) of the Council Directive 89/104/EEC. The critical issue to the determination of infringement, for these laws, is the likelihood of confusion and association between a sign and a registered mark. A likelihood of confusion refers to the situation where consumers are confused about a trade mark and a similar sign, namely whether the products bearing the sign come from the trade mark owner, or *vice versa*. It can be concluded that this is confusion as to origin, including a likelihood of association. The level of confusion or association will indicate whether a sign infringes the registered mark.

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The words of Section 10(2) and Article 5(1)(b) require a likelihood of confusion arising from the identity and similarity of marks and the goods or services. Normally, the likelihood of confusion, including the likelihood of association, is generally assessed by all the relevant factors, including the level of similarity between marks, goods or services, the perception of marks in the mind of average consumers, and the degree of distinctiveness of an earlier mark. This assessment, called a global assessment, is first mentioned in Sabel v. Puma. Its assumption is that a relevant section of the public perceives a trade mark as a whole. It requires visual, aural and conceptual similarity of a mark and sign. If there is only one, either visual, or aural or conceptual similarity, there might not be confusion in the mind of the public. Yet, there could be a likelihood of association if the degree of visual, aural or conceptual similarity were sufficient. The greater the distinctiveness of the registered trade mark, the greater the likelihood of confusion.

In some cases, the likelihood of confusion is an essential requirement for trade mark infringement. In Davidoff case, Advocate General Jacob provided an interpretation of Article 5(1)(b), stating that,

(1) where there is no likelihood of confusion, Article 5(1)(b) of the Directive could not be relied on by the proprietor of a mark with a reputation to protect himself against impairment of the distinctive character or repute of the mark; and (2) specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.

Therefore, it is now a rule in member states of the EC countries that a registered trade mark with reputation cannot be infringed, according to Article 5(1)(b), if there is no likelihood of confusion. In the UK, the same doctrine is applied to Section 10(2) of the

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571 David Llewelyn David Kitchin Qc, et al., Kerly’s law of Trade Marks and Trade Names (14 edn, Thomson Sweet & Maxwell, 2005) 14-068.
572 SABEL BV v. Puma AG, Rudolf Dassler Sport ECR I-6191Case C-251/95.
573 Case C-292/00 Davidoff & Cie SA, Zino Davidoff SA v. Gofkid Ltd, Case C-292/00 (European Court of Justice (Sixth Chamber)).
d. Section 10(3) of the Trade Mark Act 1994

Section 10(3) gives provides for the infringement of a trade mark having a reputation. Section 10(3) of the Trade Mark act 1994:

_A person infringes a registered trade mark if he uses in the course of trade a sign which—_

(a) is identical with or similar to the trade mark, and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

Like the former two sections, this section is implemented according to Article 5(2) of the Directive. The Section prohibits the use of a sign that is identical or similar to a trade mark on non-similar goods or services to those for which the trade mark is registered. This is on the condition that the trade mark has a reputation in the UK and the use is in the course of trade without due cause, unfairly takes advantage of, or is detrimental to the reputation or distinctive character of the trade mark. The rationale behind this is that no one should be able to free ride on the reputation or goodwill of another’s undertaking. The use of a sign which is identical or similar to a registered trade mark must be prohibited without needing to consider the identity or similarity of the goods or services of the trade mark, considering that such a use is not an honest practice. This certainly means that Section 10(3) applies to all goods or services, including identical and similar goods or services, not just non-similar goods.574

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574 Davidoff & Cie S.A. v Gofkid Ltd Fleet Street Report Court of Justice of the European Communities (Sixth Chamber). The court held that “Art.5(2) of the Directive could not be given an interpretation which would lead to well-known marks having less protection where a sign was used for identical or similar goods or services than where a sign is used for non-similar goods or services.” Similarly, in Case C-408/01, Adidas-Salomon AG v Fitnessworld Trading Ltd, Fleet Street Report, Court of Justice of the European Communities (Sixth Chamber), the court held that “Art.5(2) of Council Directive 89/104 entitled member states to provide specific protection for registered trade marks with a reputation in cases
If the meanings of the terms used in the Section are similar to Sections 10(1) and 10(2), they need no further interpretation. The terms “use” and “in the course of trade” can refer to the same meanings as those in the former two subsections. However, other terms still require explanation, such as “reputation”, “without due cause”, and “unfairly detrimental to the repute”.

It is certain that the community trade mark must have a reputation in the UK or an EU country. As a corollary, the alleged infringement must also occur in the UK or an EU country. However, the degree of reputation required is a problem. The ECJ once rendered a decision stating that “a trade mark cannot be required to have a reputation ‘throughout’ the territory of the Member State. It is sufficient for it to exist in a substantial part of it”. The court rejected the notion that a trade mark must have a reputation throughout the country because it was too demanding of a requirement to gain such reputation. Consequently, the registered trade mark must have substantial reputation in parts of the UK in order to establish a claim under Section 10(3). This requirement makes more sense for a trade mark owner.

Furthermore, the use must be “without due cause” and “unfairly take advantage of” or “be detrimental to the distinctive character or repute” of the trade mark. The greater the repute and distinctive character of a trade mark, the greater the chance of being detrimental to such reputation and distinctiveness. Regardless of confusion, an association between a trade mark and a sign in the minds of consumers must exist. As Advocate General Jacobs held in Adidas v Fitnessworld, the trade mark and a sign must create a link in the consumers’ mind to a certain degree so that the repute or distinctive character of the trade mark can be affected. Such a link must be determined globally by taking into account all relevant circumstances of the case.
As suggested in the Adidas case, “the concept of taking unfair advantage of the distinctive character or repute of the mark in contrast must be intended to encompass instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation”. 579 Free-riding on the repute of a trade mark can be detrimental if such use dilutes the mark. Intention is also at the heart of the act of taking unfair advantage. Although the finding of intention is subjective and the TMA does not provide a defence of fair use, such as satire or parody, a court can use its discretion in determining “without due cause”. In the same way, causing detriment to a mark’s reputation requires bad intention and a court can consider the intention based on the factual background of each case. As such, fair use or the use of the mark’s reputation without any bad intention will not infringe under Section 10(3).

The One in A Million 580 case is a very good example. In that case the judge determined that a “use in the course of trade” referred to a business use and a likelihood of confusion was not an important consideration under Section 10(3). Therefore, the use of domain names, which are similar to trade marks with repute in the UK, such as Mark & Spencer, for non-similar goods or services infringes registered trade marks according to Section 10(3) of the TMA.

e. Section 10(6) of the Trade Mark Act

Section 10(6) provides a rule for trade mark infringement, as well as a defence. There is no such corresponding provision in the Directive, so as the Council Regulation. The law was primarily enacted to allow comparative advertising. Section 10(6) provides as follows:

Nothing in the preceding provisions of this section shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying goods or services as those of the proprietor or a licensee.

But any such use otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered

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579 Case C-408/01 p. 412.
580 One in a Million, the Court of Appeal.
trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

As mentioned, the Section has no foundation in any law under the Directive or the Council Regulation. It represents a sanction for those who use a sign that is identical to a trade mark for the purpose of identifying products or services, as well as the proprietor or licensee of the trade mark. However, infringement will be found under the second paragraph of the Section if the use of the registered trade mark is constitutes a dishonest practice in industrial or commercial matters. Such a use must not without due cause take unfair advantage of, or cause detriment to, the distinctive character or reputation of the trade mark. In other words, there will be no infringement unless the use of the mark is not in accordance with honest practices.581

There was no provision allowing fair comparative advertising in the 1938 Act. The 1994 Act included the proposal to legalise fair comparative advertising. The use of a competitor’s registered trade mark is not an infringement anymore. This is provided that the use be in accordance with honest practices, with due cause not taking unfair advantage of, and not be detrimental to the distinctive character or reputation of the registered mark. The use must be only for the purpose of identifying goods or services for which the mark is registered. In comparative advertising, it is said that honest practices are objective and can be easily found from advertisement papers.582

However, the use of registered trade marks in Section 10(6) is not limited to comparative advertising anymore. It applies to any use of registered trade mark in compliance with the provisions in Section 10(6). As such, if one takes the perspective of a practitioner, a lawsuit can easily be made against anyone who doesn’t use the mark for identifying goods or services of the registered trade mark because honest practice is subjective and require the interpretation and testing of a court.

There are many cases related to comparative advertising decided under Section 10(6). For example, Ryanair had advertised under the headline “EXPENSIVE BA….DS” and compared the prices of their plane tickets, for a number of European Destination, with those of British Airways. Then, British Airways who had been using the abbreviation


“BA” in many of its advertisements filed a lawsuit for trade mark infringement. The court held that the references to BA's trade mark constituted an honest comparative advertisement for the purposes of s.10(6) and there was no trade mark infringement as the advertisement did not mislead average consumers about the price comparison. Nevertheless, since trade mark-domain name disputes do not involve comparative advertisements, there will be no further mention of the Section in this Chapter.

2. The Common Law Doctrine of Passing Off

A trade mark conveys goodwill. It can also communicate with and motivate customers to buy goods or services sold under the mark. Any unfair competition using another’s trade mark should be prevented. Although the TMA 1994 states that the provisions are for a registered trade mark, Section 2(2) specifies clearly that nothing in the Act prevents the protection of a non-registered trade mark under the doctrine of passing off. To pass off a mark of another as a mark of one’s own, or vice versa, is an act of unfair competition which is prohibited by the doctrine of passing off under UK common law. This doctrine is not limited to only trade marks. Trade dress, get-ups and business names are also protected by common law passing off.

Generally, there is a requirement of use for trade mark infringement in the Act, but there are no such mandatory provisions for actions under the doctrine of passing off. Passing off and its provisions are not written anywhere except in case law. For example, there was a case involving an advertisement for a brand of glue wherein a demonstration of the glue used a paper bearing a business name; this constituted an act of passing off and resulted in an injunction. There was no use of trade mark at all; instead it was merely an accidental show of a word on a piece of paper. Thus, the use of a trade mark under the passing off doctrine is broader than use in the provisions for trade mark infringement in the Act.

Discussion of common law passing off can be found in many judicial decisions. Article 10 of the Paris Convention of 1883 provides that unfair competition is “any act of competition contrary to honest practices in industrial or commercial matters.” This is because an honest competitor should have a right to protect his business against a
dishonest trader who attempts to distort his competitor’s business by unfair methods. The trade mark right is one of those that is deserving of adequate protection. The UK complies with the Convention and its form of unfair competition law is found in the doctrine of passing off.\(^{586}\)

Accordingly, causes of action for each passing off case are varied and depend on the facts of each case. No case can be compared to the others in terms of finding passing off. Yet, there are models of requirements for causes of actions to find passing off in the case law and which has been followed in a number of later decisions. The most referenced framework for passing off is found in the *Jif Lemon* case.\(^{587}\) In that case, Lord Oliver gave a classic trinity for a cause of action the plaintiff to establish his prima facie case passing off claim. Firstly, a complainant’s trade mark must have goodwill or a reputation. Secondly, the defendant must misrepresent the public about the origin of goods or services. Thirdly, the mark owner must have incurred damages from the misrepresentation. Another model for a cause of action under passing off comes from the decision in *Spalding v. Gamage*.\(^{588}\) In that case, Lord Diplock laid down 5 essential causes of action for passing off: (1) misrepresentation, (2) from a trader in the course of trade, (3) to the prospective or current customers of another trader, (4) causing foreseeable injury to the business or goodwill of another trader, and (5) that there exists an actual damage from such action to a business or goodwill of the trader.\(^{589}\) The elements from *Spalding v Gamage* are normally called an extended form of the cause of action in the *Jiff Lemon* case.

The main requirements for a passing off action are goodwill, misrepresentation and damages. Goodwill is a form of intangible property that one can legally possess and transfer to others. It has been described as the attractive force that brings in custom and can be conveyed through descriptive words, trade names, packaging, advertising styles, and the get-up or trade dress of the products.\(^{590}\) This differs from a registered trade mark as the mark must be distinctive regardless of goodwill. On the other hand, indistinctive signs such as descriptive words can convey goodwill as a result of use and

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\(^{587}\) *Reckitt and Colman Products Ltd v Borden Inc and others Report of Patent Cases*.


\(^{589}\) *Reckitt and Colman Products Ltd v Borden Inc and others*.

receive protection as a trade mark under the passing off doctrine. This is provided that
the signs have acquired a secondary meaning through use or have become inherently
distinctive. For example, “walkman” can indicate a portable music player as well as be a
trade mark belonging to Sony. However, it must be noted that goodwill and reputation,
though often used interchangeably, are different. A reputation can exist without
goodwill while goodwill cannot come into being without a minimum of reputation.

The misrepresentation of a trade mark is normally for a business purpose. One trader
might misrepresent the trade mark of another as his own trade mark, or vice versa, for
identical or similar products or services. The reasons for the misrepresentation can be
either to gain profit from the goodwill of the other or to cause a detriment to the trade
mark. If the goodwill attached to the trade mark of a competitor is better than of a
trader’s own, he may pass off his goods or services as those of the competitor in order
to sell more of his goods or services. The same acts can tarnish a competitor’s trade
mark if the quality of the goods or services of the trader is much lower than that of the
competitor. The damage to a competitor is a drop of its selling point and the erosion of
the goodwill and reputation associated with its mark or get-up respectively. This
includes the erosion of the mark’s distinctiveness, so-called blurring, if the trader
habitually misrepresents the mark.

However, there has been a case where the misrepresentation did not constitute passing
off. In BBC v. Talksport,591 although the defendant misrepresented to viewers that the
football match would be broadcasted live, the court held that there was no damage to the
plaintiff’s goodwill. The court explained that “livebroadcasting” was no more than a
description of the plaintiff’s activities.592

Passing off requires a degree of confusion tending to make consumers believe that the
misrepresentation is true. It also requires an intent to deceive the consumers. Pure
confusion without deception does not constitute passing off. Nevertheless, the
distinction between confusion and deception is not clear and it is therefore often
difficult to determine.

In a domain name case, the doctrine of passing off is often used to find a violation of
trade mark rights regardless of trade mark registration. As such, several court decisions

591 British Broadcasting Corporation v. Talksport Ltd. [2001] FSR 6The High Court of Justice -
Chancery Division.
analyse and apply case situation with passing off. A domain name is often regarded as instrument for deception. For example, in *One in A Million*, the judge simply claimed that a domain name is a vehicle of fraud and applied the requirements of the passing off doctrine to the facts. The judge called the use of a domain name to gain profit from the goodwill of a famous trade mark as to “reap without sow”. There was, however, evidence of attempts to deceive Internet users.

The next part provides comments and analysis of the domain name cases in the UK. The cases are divided according to the category of infringement. The various approaches to the registration and use of a domain name will be closely examined, with comments, in each case.

II Comments and Analysis of Domain Name Cases under English courts.

It is a phenomenon in the UK at the moment where several advertisements of websites are accessible via domain names in non-BBC Channels. It is interesting how vendors are beginning to attract more viewers to their websites by advertising on television, despite the fact that it was the other way around in the past. Confused.com and GoCompare.com are perfect examples of the phenomenon. Not surprisingly, the Internet and domain names have become an important part of British life that few can live without. The more domain names are visible to the public, the greater the chance they will be confused with trade marks. As a result, trade mark-domain name disputes increase gradually year by year in the UK.

Unlike Nominet UK which has specific provisions for domain name disputes, English courts solve these disputes by applying the law of trade mark infringement and the common law doctrine of passing off since there is no *sui generis* law for trade mark-domain name disputes in the UK. Although judgment were difficult to make in the beginning, it is easier than before because there are several cases for courts to follow. The first domain name case in the UK was *Harrods Limited v UK Network Services &

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593 *One in a Million, the Court of Appeal.*
594 Advertisement on ITV, the UK television channel on 1/6/2008 and other advertisements in the field of comparison between websites, for instance, finance or even prize drawings on a late night television show on ITV, for example.
The case was initially brought to NSI Dispute Resolution Policy in the US in 1996. However, since Harrods could not stop the defendants from using the domain name, it initiated legal proceedings in England on the basis of trade mark infringement and passing off. In the same year, the leading domain name case in the UK was decided.

This leading case was the consolidated case of Marks & Spencer PLC v. One in A Million, Ladbrokes Plc v One in A Million, J. Sainsbury Plc and One in A Million and others, Virgin Enterprises Ltd and One in A Million and others, and British Telecommunications Plc and Telecom Securicor Cellular Radio Ltd and One in A Million and others. The plaintiffs also alleged trade mark infringement and passing off. The case went to the Court of Appeal but the judges still ruled that the domain names did infringe trade mark rights and that the defendant’s domain names passed off the plaintiffs’ marks.

The case law have dictated that English courts employ the provisions of trade mark infringement and passing off doctrine since the very beginning of domain name disputes in the UK; and as a common law country, later court decisions are obliged to follow the precedent. As such, the Trade Mark Act 1994 and the doctrine of passing off are the primary legal frameworks for considering domain name cases in the UK. Surprisingly enough, the judgments that have been brought to the English courts have been concerned only with trade marks or service marks. This is similar to the UDRP, because it only has provisions for trade marks and service marks.

In this section, many domain name decisions under English courts will be analysed and commented. The discussion will be divided according to the categories of the approaches: trade mark infringement under Sections 10(1), (2), (3) and (6) of the TMA and the passing off doctrine.

A. Decisions Involving Trade Mark Infringement under the Trade Mark Act 1994

595 Torsten Bettinger, Domain Name Law and Practice: An International Handbook (1 edn, Oxford University Press, 2005) p. 843. See also Harrods Ltd. v UK Network Services Ltd and Others [1997] EIPR D-106 The High Court of Justice - Chancery Lane Division.

596 One in a Million, the Court of Appeal.
As mentioned above, the provisions for trade mark infringement are found in Sections 9 and 10 of the TMA, but the enactment used most for domain name-trade mark disputes are Section 10(1) – (3). Section 9 simply provides broad protection to the exclusive rights accompanying registered trade marks, while Section 10 details how a trade mark may be infringed. Accordingly, it is certain that the owner of a registered trade mark has exclusive rights in the trade mark, as confirmed by Section 9. As a consequence, Section 9 is referred to in court decisions primarily to reiterate the exclusive rights of the trade mark owner. On the other hand, when a court decides a case, Section 10 is used; usually with each word of the Section analysed and applied to a facts of the case.

The provisions of Sections 10(1), 10(2), 10(3) and 10(6) have already been discussed in the prior section. Examples of case law involving classic trade mark infringement have also been discussed. Hence, a domain name is a sign that can infringe a trade mark right. Generally, it is an address for a website providing either goods or services in the virtual world, while a trade mark is used in direct relation to goods or services in the brick and mortar world. Although both domain names and trade marks can identify the origin of products or services, such as in the cases of vendors or manufacturers in the virtual world or brick and mortar world, respectively, their resemblance is still potentially a trade mark infringement issue. Although a word contained in a domain name is not necessarily a trade mark and does not have to function as a trade mark, confusion still exists. The confusion means that the judge in each trade mark-domain name case has to examine the fact and parties’ contentions when rendering a decision. Normally, he will judge the identity or similarity of the domain name and the trade mark, the goods and services supplied under the domain name and trade mark, and the degree of confusion between the trade mark and domain name.

This section will discuss trade mark-domain name judgments in each category of registered trade mark infringement, of Sections 10(1), 10(2), 10(3) and 10(6). Comments and analysis for each decision will be added to contribute to an assessment of whether English case law has any substance to recommend concerning improvements to the current version of the UDRP.

1. **Section 10(1) of the Trade Mark Act 1994**

Section 10(1) introduces trade mark infringement through the use, in the course of trade, of an identical sign to a registered trade mark, in relation to identical goods or services.
These requirements, as applied to trade mark-domain name cases, are quite strict because it is unlikely that a domain name will be identical to a trade mark. For example, there must be a www prefix and a .com, .net, .org suffix in a domain name and a trade mark rarely appears such a form. Moreover, goods and services offered under a domain name are not always identical with those of a registered trade mark. Therefore, decisions of trade mark-domain name cases are rarely analysed under Section 10(1). Yet, there are still some decisions, as will be discussed below.

**Avnet Incorporated v Isoact Limited**

This was the first trade mark-domain name case filed under Section 10(1). The plaintiff sold technical goods and registered the *avnet* trade mark under Class 35, including advertisements. The defendant in the case was an Internet Service Provider. It also had a service that placed advertisements for its clients in their domain names. The plaintiff filed a complaint against the defendant for trade mark infringement according to Section 10(1) because one of the defendant’s clients had a website at *avnet.co.uk* and the defendant posted an advertisement on the website as a service to its customer.

In his findings, Justice Jacob did not mention finding the domain name and the trade mark identical. Instead, he focused on finding whether goods or services supplied under the domain name and the trade mark were identical. After considering the nature of the Internet service provider, the goods sold by the plaintiff, and the goods and services protected under Class 35, the judge held the following:

> [W]hat the plaintiffs do is to run a business of selling goods by catalogue— a catalogue equivalent of a retail business. In the course of that business they therefore carry advertisements of the goods of a variety of different manufacturers. In relation to those advertisements they enter into discussions with their suppliers, because it is important in a technical catalogue that the goods are described accurately. So they enter into discussions as to the precise description of the goods to be carried in their catalogue. That in itself I do not think could amount to the provision of advertising and promotional services.

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597 Avnet Incorporated v Isoact Ltd
598 ibid p. 20
He concluded that, “I do not think that what the defendants do falls within class 35, as explained by the Registrar's officer. Certainly it is not shown to be within class 35 to Order 14 standard. So I do not think there is infringement of the mark.”

The author thinks that Justice Jacob’s opinion contributes something to future court decisions. His opinion concerning the nature of the goods and services in an actual sale and in the registry office, as Class 35, is invaluable. It is normal for a trader to advertise its products or services but that does not mean that he works in the advertising business with his registered trade mark. An Internet service provider, providing the service of helping its customers put advertisements on a webpage, does not make an Internet service provider in the business of advertising. Therefore, whether products and services are identical is another issue that needs to be thoroughly considered. Although the UDRP does not concern itself with products or services supplied under a domain name or trade mark, the finding of the identity can lead to a finding of a bad faith intent to pass off a trade mark. The sale of products or services on website also shows the legitimate interest of a domain name owner because it demonstrates the actual use of the domain name, provided that the products or services are not themselves misleading or harmful to the reputation of a trade mark. A UDRP’s panel can follow the provision for considering the identity between of products or services sold under trade marks and a domain names.

*International Business Machines Corp, I.B.M. UK Ltd v Web-Sphere Ltd and Serville*

This case was not decided under Section 10(1) because the mark in dispute was a community trade mark; however, the application of Article 9 of the Council Regulation 40/94, which the UK obliged to follow, can still be in the same category as this section. Since 1998 IBM had been the owner of the registered Community trade mark Websphere for, *inter alia*, computer software, computer-aided transmission of data, and services for developing and maintaining websites. Then, the defendant registered the

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599 Ibid p. 20.
600 *International Business Machines Corporation, I.B.M. United Kingdom Ltd v Web-Sphere Ltd, Richard de Serville, David Markson*, England and Wales High Court the High Court of Justice, Chancery Division.
domain names *web-sphere.com*, *web-sphere.ent* and *web-sphere.org* in 1999 for a wide range of Internet-related computer services. Later, IBM brought an action in the UK against the defendants for infringement of its Community trade mark.

The court considered the identity of the mark and the sign (*web-sphere* as it appeared in the domain names). The Court’s opinion was as follows:

> [T]he only difference between the mark and the sign is the hyphen in the sign. There is not, therefore, complete identity. But in the light of the guidance given by the ECJ, the question is whether the existence of the hyphen in the sign is so insignificant that it would go unnoticed by the average consumer.  

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Take first, the aural assessment. Plainly Websphere and Web-Sphere sound exactly the same. Take, next, the visual assessment. If the careful consumer placed the mark and the sign side by side, he would notice the presence of the hyphen in the sign. But the notional consumer does not do that. He has to rely on his imperfect memory. … I regard the presence of the hyphen in the sign as an insignificant difference which would go unnoticed by the average consumer. However, the question of identity must be assessed globally….  

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However, after reviewing the defendants’ arguments, the judge concluded that “the mark and the sign are identical for the purpose of Article 9(1)(a)”. Next, the judge turned to consider the identity of goods and services. He compared the goods and services that *Websphere* had registered for with the services of the domain names. Finally, he could render that there was sufficient identity of goods and services. The next point was as to whether there was a likelihood of confusion. The defendants argued that no customer of IBM found the domain names confusing to IBM’s trade mark but the judge agreed that the real likelihood of confusion existed.  

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The judgment was well made by Mr. Justice Lewison. It renders every point possibly made for trade mark infringement under Article 9(1) namely the assessment of identity

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601 *Ibid* paragraph 52
602 *Ibid* paragraphs 53 - 59
between a mark and a sign and goods or services used for the mark and sign. Section 10(1) was adopted after Article 9(1). Consequently, it will not be a surprise if cases are decided under Section 10(1) by following this judgment. There remains only the question why the judgment did not mention the prefix or suffix of the domain names. Unlike in other domain name cases, the judge here considered a sign which was a second level domain name directly. The author thinks that the judge neglected to consider the prefix and suffix because a domain name by itself is not and cannot be identical to any trade mark except where the trade mark is registered in the form of domain name. A panellist under the UDRP always notes the prefix and suffix of a domain name when making the comparison between a domain name and a trade mark. It is already a good pattern to continue doing so. However, the consideration of global appreciation like in Websphere case is a good way of making the comparison to find identity and similarity between a domain name and a trade mark. A panellist can follow this example in its own judgments.

Antoni Fields v Klaus Kobec Limited, Michael Cohen

This case is an example of the way business is normally done. It is quite ordinary that if two people have been working together for some time, interests can become conflicts. Even trade marks and domain names can raise such issues. In this case, Mr. Sheldon QC managed to demonstrate the trade mark infringement by a domain name, which will be presented in this part. He also gave his approaches to considering the issues of identity and similarity.

The facts of the case involve two business partners, Mr. Fields and Mr. Cohen, who built a company to market Klaus Kobec brand name watches. The two worked together for a time before having conflicts and ultimately having to initiate a legal proceeding. Mr. Fields and the company were owners of the registered trade mark Klaus Kobec. Later on, Mr. Cohen discovered that he could sell sport watches. He then registered the domain names klauskobec.com, klauskobecfootball.com and klauskobecrugby.com to be another channel of his trade. After the conflicts between Mr. Fields and Mr. Cohen became tense as shown in the judgment, the former claimed for inter alia trade mark infringement against the latter. In each case, it was complained that use included the use.

604 Antoni Fields v Klaus Kobec Limited, Michael Cohen [2006] EWHC 350 (Ch), High Court of Justice
of the mark in advertising materials, on Internet domain names and as part of the company name.

In finding trade mark infringement according to section 10(1), the mark and the domain name must be identical. The judge quoted a judgment of Justice Jacob in *Reed Executive Plc v Reed Business Information* . From the case, Justice Jacob ruled that *Reed* and *Reed Business Information* were not identical and the defendant had right to use the word because *Reed* was a common surname. However, the current case and *Reed* case had different facts as *Klaus Kobec* was an invented word and very distinctive. The use of the mark as a domain name *klauskobec.com* was undeniably an identical use of the mark since *.com* had no trade mark significance. The other two domain names which included *football* and *rugby* were only similar uses of the mark which fell outside the scope of section 10(1).

Actually, normal trade mark – domain name disputes will be considered their identity from trade mark and second level domain of domain name only. Additional word such as *www.* and *.com* were generally neglected for the comparison. The author agrees with the notion. The syntax of domain name should not be considered together with second level domain to find identity or similarity. She believes that general people understand the necessity of having prefix and suffix for domain name as a domain name is an address of virtual location stringing with an IP address. Panellists of the UDRP are also using the criteria at the moment reflecting in their panel decisions.

2. **Section 10(2) of the Trade Mark Act 1994**

As mention earlier, Section 10(2) can be separated into two components under one condition. There must be a likelihood of confusion, including a likelihood of association on the part of the public in relation to, (1) the use of a sign that is identical with a registered trade mark for similar goods or services that the mark is registered for, or (2) the use of a sign that is similar to a registered trade mark for identical or similar to goods or services that the mark is registered for.

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605 *Reed Executive Plc v Reed Business Information Ltd (No.2), [2005] FSR 3* The Court of Appeal
Generally, in a case related to a trade mark-domain name dispute, a domain name contains a word that resembles a trade mark as a second top level domain name. Such a word is considered as an identical or similar sign in the provision of Section 10(2), considering with prefix and suffix of a domain name such as www and .com. A website corresponding to the domain name may also offer products or services identical with or similar to those for which the trade mark is registered. As such, there may be a likelihood of confusion on the part of the public as to whether the domain name and its website may originate from the same source, as the trade mark and domain name are identical or similar.

**Harrods Limited v UK Network Services & Others**

The first case in the UK that mentioned Section 10(2) in a complaint for trade mark infringement by the use of domain name was Harrods Limited v UK Network Services & Others in 1997. In this case, Harrods claimed that the defendants had threatened to use the domain name in the course of trade within the meaning of Section 10(2) of the TMA because the use of the domain name to identify a computer joined to the Internet amounted to use of a sign in relation to identical or similar goods under Class 9. The defendants also claimed that Harrods had registered its mark for the purpose of creating confusion and that such confusion in the mind of the public was likely. Finally, the court decided to transfer the domain name to the plaintiff as it determined that it in fact could create confusion among Internet users as to whether the domain name registrant had a connection with the plaintiff.

The case presented a classic example of cybersquatting. Although nowhere in the judgment is mentioned the term cybersquatting, the act of registering a famous and well-known trade mark as a domain name without a genuine connection and intention to use the website indicates so. This can be compared to the early days of trade mark-domain name cases in the US, when well-known trade marks always won the cases decided under trade mark law. However, the result would be different if the case were to be judged these days and the domain name registrant used the name “harrods” for its actual business. This is because later courts have tended to decide cases principally under the provisions of the TMA and according to the intention of the registrant. The

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606 Harrods v. UK Network Services
607 See French Connection Limited v Antony Toolseeram Sutton European Trade Mark Reports High Court and Reed Executive plc and another v Reed Business Information Limited and other [2004] EWCA
defendant may not need to transfer the domain but it may have to apply some changes to the webpage to prevent confusion among Internet users. The fame or reputation of a trade mark is no longer a priority to consider in trade mark-domain name cases, as it was in the past. The TMA was enacted to protect the registered trade mark of a trader from any non-authorised use, not from the honest domain name registrant. The UDRP should also concern itself with the honest practices of domain name registrants, more so than the possible monopolization of words by a trade mark owners.

Euromarket Design Inc v Peters & Another

The case of Euromarket Design Inc v Peters & Another involved a claim of trade mark infringement by a trader in the US against a trader in Ireland and there was no connection with the UK in terms of jurisdiction. In the case, the plaintiff had household-product stores in the US. It also held the Community and UK registered trade marks for Crate and Barrel but had no actual business in the UK or EU. On the other hand, the defendants had a shop in Dublin, Ireland selling furnishings and accessories under the name “Crate and Barrel”. It advertised its shop in Home & Garden magazine, which was distributed in the UK and Ireland and operated a website crateandbarrel-ie.com.

The plaintiff then filed a complaint for summary judgment for trade mark infringement under Section 10(2). Justice Jacob ruled that the defendants had no intention to market in the UK, the advertisement did not constitute a “use in the course of trade” and the website explicitly referred to a shop in Ireland with the acronym “ie”, meaning Ireland. He referred to the Directive during the discussion of the requirement “in the course of trade,” and whether “trade” should mean a “trade in the UK”:

[t]he Directive is addressed to Member States. It is to tell them to bring their national laws into force to comply with it (Art 16)… One would not expect it (the Directive) to be requiring member states to enact laws which effectively prevent what can be done in other member states…. I think … the Directive is

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Civ 887England and Wales Court of Appeal, Civil Division For information that the courts decide cases by considering intention of the defendant, see International Business Machines Corporation, I.B.M. United Kingdom Ltd v Web-Sphere Ltd, Richard de Serville, David Markson.

Euromarket Design Inc v Peters & Another.

However, it was written in the Law Report that in 2000, the domain name of the defendant was crateandbarrel.ie, which indicated by the country code Domain Name that the domain name had a connection with Ireland. Yet, the website cannot be accessed at the date of the writing of this thesis. On the contrary, the crateandbarrel.ie domain name is directed to crateandbarrel.com which owned by the US furniture chain stores. See Crate and Barrel - Contemporary Furnitures, Housewares, and Gift registries' <http://www.crateandbarrel.com/Default.aspx> (14/7/2008).
concerned with what national law is to be, that it is a law governing what traders cannot do, and that it is unlikely that the Directive would set out to create conflict within the internal market.\textsuperscript{610}

Justice Jacob was right about this issue. The Directive cannot prevent what can be done in the member states, including the law governing trade mark infringement. The phrase “in the course of trade” should mean a trade in the UK and the UK cannot enact a law to prohibit a trader from Ireland advertising its shop in the UK. It was an issue of freedom of expression, despite in foreign territory as long as the expression did not violate a law of the UK. In addition, the website was also another channel to advertise the shop. Although it could be accessed by people worldwide, the only target of the website was people living in Ireland. There is nothing wrong with promoting a business on the Internet if the targeted consumers are only in a certain geographical area. The Internet was not invented for the purpose of limiting viewers but it depends on its users how it will be used.

The analysis may far from provisions in the UDRP because the UDRP only concerns itself with trade marks that are officially registered somewhere in the world, regarding which a respondent has no right to use a domain name that is confusingly similar. However, if a panellist understands the nature of a dispute and look at it with an objective mind, the provisions in the UDRP can fairly balance the interests of domain name registrants and trade mark owners. It all depends on how the UDRP is applied.

\textit{Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited}\textsuperscript{611}

As claimed by IPKat, the most in-trend Intellectual Property blog, the decision between \textit{Reed Plc} and \textit{Reed Business Information} in the Court of Appeal is by far the most important trade mark infringement decision handed down by an English court this

\textsuperscript{610} \textit{Euromarket Design Inc v Peters & Another}, p. 1031-32.

\textsuperscript{611} \textit{Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited}, England and Wales High Court the High Court of Justice, Chancery Division .
The case was the first trade mark infringement case involving technology in the Court of Appeal.

The saga began when Reed Executive Plc, and others, filed a lawsuit against Reed Business Information (RBI), and others, in the Chancery Division of the High Court of Justice. The main accusations were trade mark infringement and passing off. The plaintiffs, were the proprietors of the registered trade mark Reed, for employment agency services under Class 35 and had a website at reed.co.uk. They complained that the defendants had used a sign that was identical to its registered trade mark on the website totaljobs.com for an identical or similar service for which the mark had been registered, namely, *inter alia*, recruitment services. The use created confusion among the plaintiffs’ customers and Internet users. The plaintiffs claimed that the mark was used as metatag in the source code of the website, which would be shown in the searched pages of a search engine when users typed the word “Reed” in the search engine. Although the metatag was invisible to the human eye, the plaintiffs contended that the use of a metatag could lead to confusion among Internet users as to an association between the plaintiffs’ mark and the defendant’s website.

Mr. Justice Pumfrey of the High Court provided a test to find infringement according to Section 10(2). He referred to *Sabel v Puma* and other well-known cases in order to find identity and similarity between the mark and the sign. The global assessment was also mentioned. Justice Pumfrey made six proposals to assess confusion: (1) the comparison was not straightforward; instead, it concerned a global assessment of the likelihood of confusion as to the origin of the goods or services concerned; (2) ordinary consumers with reasonable circumspect, well-informed and observant would be appropriate to assess for confusion; (3) the mark and sign in question would be considered as a whole, for their visual, aural and conceptual similarities; (4) a likelihood of association was a kind of confusion as to origin; (5) a highly distinctive mark could have a greater likelihood of confusion; and (6) a mere association between the mark and the sign created in the mind of the public did not

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amount to an infringement unless it also entailed deception as to the economic source of the goods bearing the sign.\(^6^1^4\)

After using the tests, Justice Pumfrey held that there was trade mark infringement according to Section 10(2)(b). The mark and the sign were unarguably similar, if not identical. Accordingly, although the services offered under totaljobs.com might not fall strictly within the definition of employment agency services, as Reed Executive Plc had registered the mark for, the service of matching vacancies with job-seekers was similar to those offered by an employment agency. Furthermore, the judge was satisfied with the evidence presented by the plaintiffs regarding the reputation of the mark, which made it easier for the plaintiff’s customers to be confused. Also, there was abundant evidence stating that members of the public were confused about the plaintiff’s and the defendant’s marks. Moreover, the judge found that the use of the word Reed in an invisible computer program (a metatag), keyword for banner advertisements, and a directory of websites, were explicitly the use of a sign in the course of trade as required in Section 10(2). Hence, because RBI had taken the invisible keyword and metatag out of the current version of its website, the judge refused to give further consideration to an infringement by an invisible use of the mark.

Obviously, the defendants were not satisfied with the judgment and therefore made an appeal. The Court of Appeal allowed the appeal from the defendants and dismissed a cross-appeal from the plaintiffs. On appeal, the judges considered the identity and similarity of the mark and sign, and of the services they represented, under Article 5(1) of the Directive. In \textit{LTJ Diffusion v Sadas Vertbaudet},\(^6^1^5\) The ECJ held that the criterion of the identity between the sign and the trade mark must be interpreted strictly. Accordingly, the perception of the sign and the mark must be assessed globally, with respect to average consumers. The judges in \textit{Reed v Reed} concluded that a strict comparison of the mark and sign bore the result that Reed was a common surname and the mark and sign were not identical. Rather, they were only similar because it was not difficult for the average consumer to recognize that additional words were being used with the sign.

\(^6^1^4\) Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited, paragraph 103.

\(^6^1^5\) \textit{LTJ Diffusion v Sadas Vertbaudet} Case C-291/00, European Court of Justice.
Furthermore, to assess the identity and similarity of the services, the judges quoted the decision of *Avnet v Isoact*[^616]:

>[S]pecifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as they were, the core of the possible meanings attributable to the rather general phrase.  

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The issue was whether a service offered by the defendants came within the definition of “employment agency service”. After scrutinizing the defendants’ business carefully, the judges found that *totaljobs.com* was only offering spaces on its website for advertising jobs. The defendants did not offer any agency services. Therefore, the services offered under the mark and the sign were not identical one another.[^618] They were only similar.

The next task was to find confusion among those perceiving the mark caused by the use of the sign. The Court of Appeal agreed with the High Court’s approach of finding a likelihood of confusion from a global assessment and considering average consumers’ perceptions. The Court of Appeal quoted another proposition, found in *Lloyd* case.[^619] The case said that “[I]n making that assessment account should be taken of all relevant factors and in particular of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered” It was evident that the word “Reed” on the *totaljobs.com* website was presented in a manner that differed from the contested mark. Plus, there was no direct evidence of confusion caused by the defendants’ use of Reed in their copyright notice.[^620] However, Justice Jacob made an estoppel point from making further judgment. He argued that the finding of the High Court had many fallacious points, such as the fact that there had been no determination that the use by the defendants, in

[^616:]: Avnet Incorporated v Isoact Ltd.
[^617:]: Reed Executive Plc and another v Reed Business Information ltd, Reed Elsevier (UK) ltd, Totaljobs.com ltd [2004] ETMR 739The Court of Appeal p. 745.
[^618:]: ibid p. 751.
[^620:]: Reed Executive Plc and another v Reed Business Information ltd, Reed Elsevier (UK) ltd, Totaljobs.com ltd.
general, was confusing and that *res judicata* could only be claimed when there was no appeal, which was not the case. Regarding the invisible use of a metatag and Yahoo! banners, The judge simply rejected the claim by the plaintiffs as he felt them pitiful for them overreaching in their protection of trade mark rights. The case was overruled by the Court of Appeal on every cause.

To analyse, the global assessment is a very useful test to evaluate the identity and similarity of a trade mark and a domain name. Aural, visual and conceptual similarities should be assessed as a whole. Using the perception of an “average consumer” is another point on which both the High Court and the Court of Appeal had agreed. However, the Court of Appeal had good reasons, regarding each point it made, for overruling the judgment of the High Court, which had granted too broad a protection for registered trade marks. For example, the defendants really used the *Reed* in combination with other words or materials on the website. It was obvious that a reasonable person would notice the differences, but the High Court held that the use of the word by the defendants was confusing to members of the public. Moreover, *Reed* is also a common surname and it is unsurprisingly that it would be used as a business name. Yet, the High Court overlooked at this point. Furthermore, the service offered by *totaljobs.com* was to provide a space for job advertisements by third parties. It was not an employment agency as were the services registered under the plaintiffs’ trade mark, as the High Court had interpreted. In addition, the metatag issue was too removed from reality; that an invisible word could cause confusion with a registered trade mark was implausible.

The author totally agrees with the Court of Appeal because too much protection would have been granted to registered trade marks if the Court of Appeal had upheld the judgment of the High Court. The registration of a trade mark does not grant the right to a monopoly in a word or sign. As such, it must be limited and the Court of Appeal has drawn a good boundary for trade mark rights and the right of freedom of expression. The UDRP does not have an appeal process, but it can follow the judgment of the Court of Appeal. **The author would like to see UDRP panellists look to the Court of**

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621 *Res Judicata* - A final judicial decision pronounced by a competent judicial tribunal. Known also as ‘action estoppel’. It is a very substantial doctrine, and it is one of the most fundamental doctrine of all courts that there must be an end to all litigation, and that the parties have no right of their own accord, having tried a question between them, and obtained a decision of a court, to start that litigation over again on precisely the same question. The Longman Dictionary of Law 2007.

622 *Reed Executive Plc and another v Reed Business Information ltd, Reed Elsevier (UK) ltd, Totaljobs.com ltd*, p. 764-767.
Appeal’s judgment in Reed Executive v Reed Business Information as marking the boundary-line when granting relief to trade mark owners, and therefore allowing the technology to be used freely by everyone.

Tesco Stores Ltd v Elocom Ltd. 623

This is another landmark trade mark-domain name case in the UK. It is not like other cases since it has many connections to third parties and involves an advertising program. The opinion of the judge, concerning trade mark infringement by the use and registration of domain names, also contributes value to later cases.

In the case, Tesco was an owner of several trade marks including Tesco and Tesco.com. Tesco hired a company, TraderDoubler, to operate a system enabling managers of the third party websites to affiliate with Tesco’s website. Every time a purchase at Tesco’s website was made through a hyperlink in an advertisement of affiliated websites, the affiliated websites would be paid by TraderDoubler as the manager of the affiliated websites for Tesco. The defendant was an owner of a third-party website who had domain names at Avon4me.co.uk and Avonlady.co.uk. The domain names were affiliated with the advertising program of Tesco and were approved by Tesco. However, the defendant also registered many domain names using the word “tesco”, such as tesco2u.co.uk, tesco2you.co.uk, tesco2you.com, and tesco2u.com to be included in the affiliated program without the permission, consent or knowledge of Tesco. The defendant had been receiving 75 pounds every month, but in May of 2005 the commission of the defendant dramatically increased to around 27,000 pounds. Tesco was suspicious of the high commissions and found out later, from TraderDoubler, that Internet users were being directed to the Tesco website from the Tesco domain names of the defendant. Tesco filed a complaint for trade mark infringement according to Section 10(2)(b), Section 10(3) and the doctrine of passing off against the defendant while the defendant counterclaimed for its 27,000 pound commission.

The judge considered the claim of the plaintiff for trade mark infringement under Section 10(2). Mr. Philip Sales, the judge in the case, considered every requirement of the Section. Starting from the requirement of “use in the course of trade”, Mr. Sales pointed out that a careful analysis was required since the defendant did not use Tesco domain names in order to sell any goods or services of its own; on the other hand, those

623 Tesco Stores Ltd v Elocom Ltd., [2006] ETMR 91High Court of Justice.
domain names were used to seek benefit a confusing similarity with the trade mark. As such, it was clever of the judge to rule that registering and making the domain names pathways to the Tesco websites for the purpose of generating income for the defendant in the form of a commission was a use in the course of trade. Also, the provision of domain names allowing speedy access to Tesco’s website was itself a service, in the form of assistance, for the viewing and purchasing of goods on the website of Tesco. The next point the judge made was about the services offered in relation to the domain names. He opined that the use of Internet domain names was a service in itself by means of putting domain names in an address bar of a web browser to access a website. Furthermore, he held that the signs as presented in the form of domain names were similar to the registered trade mark of the plaintiff. Finally, there existed a likelihood of confusion including a likelihood of association on the part of public regarding the domain names and the trade mark.

Therefore, there was a use in the course of trade of a sign, that was identical with the trade mark, for services identical with or similar to the services registered for the trade mark, and there was a likelihood of confusion including and of association on the part of the public. The defendant infringed the registered trade mark of the plaintiff according to Section 10(2) of the Trade Mark Act. As a consequence, injunctive relief including the transfer of the confusing domain names was awarded.

The decision was made logically on every point. It was a good thing that all the criteria were considered and ruled on. Decisions under the UDRP are also made step by step, according to the rules applicable to the dispute. The author thinks that courts and UDRP panels alike should keep it simple when delivering their rulings, as was done in this case, for the benefit of both readers and researchers. The decision will also be easier for the parties to understand. However, apart from the One in a Million case, the judgment did not quote any case law. It may be insufficient in one respect, but it was absolutely a decision based on the facts and merit of the case. This is another thing that a panellist for the UDRP can follow by making a decision

624 Ibid p. 1281

“[B]y registering and making its tesco related domain names available as pathways on the Internet to Tesco websites with a view to generating income for itself in the form of commission, Elogicom did use in the course of trade a series of signs (those domain names) which were each similar to the trade marks registered by Tesco and were each used in relation to services (the provision of Internet access to Tesco websites) identical with or similar to those for which the trade marks were registered, and in circumstances where there existed a likelihood of confusion on the part of the public, including the likelihood of association of Elogicom’s service (the provision of Internet access to Tesco websites) with the trade marks.”
step by step, less referring to former decisions and deciding based on facts and value of the case. Also, whatever the defendant’s wrongful conduct it can qualify as bad faith circumstances under the UDRP. Registering and making domain name pathways to a third party website is foreseeably bad intent.

Ellerman Investments Limited and the Ritz Hotel Casino Limited v Elizabeth and Eduardo C-Vanci

The author must say that the judgment was simple, understandable and full of important doctrine. In it she found many useful principles on which to base recommendations for the improvement of the UDRP, especially regarding a panel’s consideration of confusing similarity, in Paragraph 3(a).

The first plaintiff in the case was the owner of the Ritz hotel and numerous registered trade marks incorporating or consisting of RITZ, including RITZ LONDON, RITZ CLUB and RITZ CASINO. RITZ was also registered as a Community Trade Mark for the “provision of gaming services accessed via local and world-wide computer networks”. The plaintiffs had launched a website for online gaming under the domain names ritzclublondon.com and ritzclublondon.co.uk in 2002. On 19th August 2005, the defendants registered the domain name ritzpoker.net which contained information about gaming and had links to many gambling websites, such as RoyalPlaza.net. The defendants registered five more domain names on 17th November 2005, namely ritzypoker.co.uk, ritzypoker.net, ritzpoker.org, ritzpoker.info and ritzpoker.biz. All were linked to ritzpoker.net. The plaintiffs therefore filed a complaint for Community trade mark infringement according to Article 5(1) of the Directive in the High Court.

Article 5(1)(a) requires the plaintiff to show that a trade mark and the sign are identical and relate to identical goods or services, while Article 5(1)(b) requires more of a

625 Ellerman Investments Limited and the Ritz Hotel Casino Limited v Elizabeth and Eduardo C-Vanci [2006] EWHC 1442 (Ch) the High Court of Justice.

626 Article 5(1) of the European Trade Mark Directive

The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

a. any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

b. any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.
showing regarding a likelihood of confusion on the part of the public, which includes a likelihood of association between the sign and the trade mark and that the sign is used in relation to similar goods or services. The judge in this case quoted the opinion of Justice Jacob in *Reed v Reed* as to the consideration of the identity of the mark and the sign. His opinion differed from that Justice Jacob in that he felt “poker” was not wholly descriptive and it could not add any value to the trade mark Ritz. Average consumers surely noticed the differences between Ritz and Ritzpoker. As a consequence, the mark and the sign were not identical but they were instead similar.

The judge found a likelihood of confusion, and in so doing referred to several cases, such as *Sabel v Puma* and *Canon KK v Metro Goldwyn Mayer*. He listed the factors to be considered: (1) the likelihood of confusion must be appreciated globally; (2) average consumers who were deemed to be reasonably well informed, circumspect and observant would be appropriate to judge the likelihood of confusion; (3) the similarities of the marks must be assessed by reference to overall impressions regardless of distinctiveness or dominant components; (4) the more distinctive the earlier mark, the greater the likelihood of confusion and a highly distinctive mark could have a broader protection; (5) factors for consideration of a global assessment were interdependent and a lesser similarity between a mark and a sign could be compensated by the greater similarity between the services or vice versa; and (6) there would be a likelihood of confusion if the likelihood of association between the mark and the sign made the public believe wrongly about the origin of services.

The judge considered similarity of services applied for under the mark and those offered under the domain name of the defendants. He concluded that the services of both the mark and the domain name were relatively similar. In addition, since the website of the plaintiffs was launched, it showed a degree of success and reputation. Substantial goodwill had also been created since 2002. Considering the doctrines given above, the judge delivered summary judgment against the defendant.

Although the case was not in the category of Section 10(2), as the mark was a Community trade mark and required protection under the Directive, Article 5(1)(b) of the Directive has same provision as Section 10(2) of the TMA. Section 10(2) was

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627 *Reed Executive Plc v Reed Business Information Ltd (No.2).*

628 *SABEL BV v. Puma AG, Rudolf Dassler Sport.*

629 *Canon v MGM, C-39/1997.*
adopted by following Article 5(1)(b) for the harmonization of the EU laws and the
regulations. The judgment was made clearly and simply, point by point, from the
finding of identity to the finding of association leading to confusion between the mark
and the domain name. The decisions of the UDRP should be made in the same way
too, since the time for the whole UDRP process is much shorter than a court
proceeding and it is easier for the parties to read such a decision. No one would
want to read a panel decision and still be wondering why a panellist has decided this
way or that. Accordingly, in the author’s opinion, the doctrines given by the judge are
very important for assessing whether the mark and domain name are identical or
confusingly similar. A panellist can simply follow the doctrines by making reference
to the case, even though it is not necessary for a panel’s decision to quote
precedent. It will be inappropriate if these doctrines were put in the UDRP, but
ICANN should promulgate guidelines for the UDRP and list the doctrines as
provisions for the assessment of a trade mark and a domain name. For example,
guidance for making decisions under the UDRP from ICANN could provide the
rule that “the greater the distinctiveness of the trade mark, the greater the
likelihood of confusion” or that “an association in the mind of the public about the
source of a mark can turn to a likelihood of confusion”.

Phones4U Ltd, Caudwell Holdings Ltd v Phone4u.co.uk Internet Ltd and others

This is another landmark case of UK trade mark-domain name case law, though it dealt
more with the issue of passing off, rather than trade mark infringement. The whole case
was about the owner of a famous mobile phone chain trade mark and a domain name
registrant for similar name. It is another case appealed from the High Court that went to
the Court of Appeal and was overruled.

Under the facts of the case, Caudwell had been the owner of Phones4U mobile phone
shops since May 1995. It registered a domain name as phones4u.co.uk in May 1997.
Caudwell’s business went very well. By the end of 1999 there were Phones4U shops in
most major towns and cities in England and a substantial part of the public had known
about the mark from 1996 onwards. On the opposite, Mr. Heykali registered a

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630 Phones 4u Ltd and another v Phone4u.co.uk Internet Ltd and others, [2005] EWHC 334 (Ch)High
Court of Justice and Phones4U Ltd, Caudwell Holdings Ltd v Phone4U.co.uk Internet Ltd, Abdul Heykali
and New World Communications [2006] EWCA Civ 244The Court of Appeal.

631 Phones4U, paragraph 89.
domain name, phone4u.co.uk, on 23rd August 1999. Phones4U brought a complaint against Mr. Heykali for passing off and trade mark infringement in the High Court where Mr. Richard Sheldon QC was the judge. He dismissed the complaint based on deficiency of goodwill or reputation in the trade mark Phones4U on the relevant date and the limitation of colours on registered trade mark within the meaning of Section 13 of the TMA. The plaintiff appealed.

After considering the matter of passing off and ruling that there was passing off by the defendant, Justice Jacob turned to consider the matter of limitation, as in Section 16 of the Trade Mark Act 1938 and Section 13 of the Trade Mark Act 1994. In the registration certification of the trade mark Phones4U it was written that “[T]he mark is limited to the colours red, white and blue”. The dispute was whether the mark was limited to just three colours, as written in its certification, and whether the limitation of the right in the mark constituted any value to the infringement by the domain name. The judge rendered that he did not think that registration of words in such colour and form would not give a limitation to the trade mark as the owner had chosen to do so to make his mark distinctive. However, the mark as a logo with colour could still be infringed by a domain name regardless of the limitation. The similarity of words as read from the logo and from the domain name could create confusion, as in Article 5(1)(b) of the Directive or Section 10(2) of the TMA, regarding confusing similarity which involved a test for a global comparison of the mark and the alleged infringement. Nevertheless, in the judge’s opinion, it was strange to say that the word alone, not the logo, would be infringed, but it seemed inevitable that the words would cause confusion. The word of the mark might have been infringed with the limitation, as the domain name did not have colour like the logo.

Justice Jacob did not consider an infringement under Section 10(2). On the other hand, the judgment discussed more about limitation under Section 13 and mentioned

632 Section 13 of the Trade Mark Act 1994 - Registration subject to disclaimer or limitation

(1) An applicant for registration of a trade mark, or the proprietor of a registered trade mark, may—

(a) disclaim any right to the exclusive use of any specified element of the trade mark, or
(b) agree that the rights conferred by the registration shall be subject to a specified territorial or other limitation;

and where the registration of a trade mark is subject to a disclaimer or limitation, the rights conferred by section 9 (rights conferred by registered trade mark) are restricted accordingly.

(2) Provision shall be made by rules as to the publication and entry in the register of a disclaimer or limitation.
confusing similarity and the global appreciation in the last paragraph. Actually, this issue of limitation should not be in dispute in the Court of Appeal nor consume 10 pages of the judgment. It does not matter whether the mark will be limited to any colour. The important issue is whether there has been trade mark infringement caused by a confusing similarity between the trade mark and the domain name. It is common for a trade mark to be in the form of badge or logo, but the significant issue is how it is spelled. There is no way that a domain name can be displayed in the form of logo or have colour, at least until the date of the writing of this thesis. Therefore, the judge should primarily be concerned with the similarity and confusion stemming from the words. Although the author admires Justice Jacob for writing such neat judgment, she still thinks the judge should not have spent this much time answering the allegations of the plaintiff. He could have considered Section 10(2) rather than considering the limited right of the plaintiff’s logo. A UDRP panellist can provide a shorter decision with concise analysis of the rights or legitimate interests in a disputed domain name. Global appreciation is another thing that should be added to a guideline for considering the identity and similarity between a trade mark and a domain name. The Panel should not need to consider the validity of colour of a trade mark.

The next part will discuss examples from English case law involving trade mark-domain name disputes deciding according to Section 10(3) of the TMA. Comments and analysis will be provided after discussing each case.

3. Section 10(3) of the Trade Mark Act 1994

The provision concerning the infringement of a registered trade mark in Section 10(3) involves the use of a sign which is identical with or similar to a registered trade mark that has a reputation in the UK and the use is without due cause, taking unfair advantage of or is detrimental to, the distinctive character or the repute of the trade mark. The use must be in relation to non-similar goods or services that the trade mark is registered for. In other words, the Section prevents a trade mark from dilution. In trade mark-domain name disputes it is likely to be a dilution by blurring rather than tarnishment because the distinctiveness of a registered trade mark can be dulled from just the appearance of a similar word in a domain name.
Section 10(3) is regularly referred to in a complaint for trade mark infringement, by a registration or the use of a domain name, because they normally serve for non-similar products or services. It is also used when a well-known trade mark is involved in a domain name case. Often, owners of well-known trade marks claim their rights in domain names using this section even though a domain name registrant shows no sign of abusing trade mark’s reputation. This is a kind of abuse of a trade mark right because simply having registered a trade mark does not mean the owner can get hold of a domain name registration.

**Harrods Limited v UK Network Services & Others**

The first trade mark-domain name case using this Section was Harrods Limited v UK Network Services & Others. The plaintiff pleaded Section 10(3) because the domain name was used associated with dissimilar goods. However, there has been no full review of the case law apart from what is written in EIPR. Therefore, there cannot be an analysis of the approach to Section 10(3) in the case.

**One in A Million**

In the One in A Million case the High Court judge ruled that the defendant’s use of the plaintiffs’ trade marks was detrimental to the marks because it damaged the plaintiffs’ exclusivity and the registration threatened the plaintiffs’ right to use the domain names incorporating their trade marks in the future.634

There was no doubt that the domain names, if not identical, were similar to the registered trade marks which had a certain reputation in the UK. The use of the domain names was a use in the course of trade since it was a use in business and there was no need to consider whether it was a trade mark use since there was an interpretation in the British Sugar case.635 The court further considered the second point, as to whether a provision in Section 10(3) required a likelihood of confusion. **As ruled by the European Court of Justice, no likelihood of confusion is required for provisions similar to Section 10(3) in the Directive.** As a consequence, the court did not have to

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633 Harrods v. UK Network Services.
634 One in a Million, High Court.
635 British Sugar Plc v James Robertson & Sons Ltd, p. 290 – 292 “The use of a trade mark in the course of the business of a professional dealer for the purpose of making domain names more valuable and extracting money from the trade mark owner is a use in the course of trade”.
consider for the likelihood of confusion between the domain names and the trade marks. The case also set up the standard for later cases as to the confusion requirement of Section 10(3) and obliterated the notion of trade mark use for the use under Section 10(3).

Soon after the ruling of the High Court, One in A Million appealed. The issues on appeal were whether a use must be a trade mark use and whether the use of the domain names was in the course of trade. The Court of Appeal dismissed appeal under the Section. It held that the defendant used the systematic registration of well-known trade names as means to block registrations and to prepare to sell the domain names to others as a means of extracting money from the owners of the goodwill in the chosen name. This constituted a use in the course of trade. In addition, the court opined that the use in Section 10(3) did not have to be a trade mark use or a confusing use; nevertheless, if it was, the threat to infringe a registered trade mark had been established since the domain name could indicate origin.

However, somehow, the judgment of the High Court implies that a right to use a domain name is exclusive to only a trade mark owner. In the author’s opinion, such a notion must be objected to because a domain name is not created for the exclusivity of a trade mark owner. Also, the opinion of the Court of Appeal that a domain name can indicate origin is not completely correct because it cannot indicate its real registrant, although it might make Internet users think about an owner of a mark represented by a domain name. Therefore, a domain name containing a mark can either be an indication of origin of the trade mark or the misrepresentation of the mark.

As for suggestions to the UDRP, the One in a Million case is a legend for trade mark-domain name case in the UK. It is a typical cybersquatting case. Although the UDRP does not require the dispute concern a use in the course of trade, the interpretation of “use in the course of trade” from the case can indicate a pattern for circumstances constituting bad faith, namely that a domain name registrant dishonestly used a domain name for trading. The test for reputation can also be an example of a way to demonstrate the right or legitimate interest of a trade mark owner, as well as an inclination for bad faith passing off a trade mark by a domain name registrant.

636 One in a Million, the Court of Appeal, p. 3

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This case can be seen as a cybersquatting case but it actually is not one. The domain name registrant never had a record of being a cybersquatter and he never made an offer to sell the domain name to the trade mark owner. However, there were some signs that caused the judge to rush to the conclusion that, although the case was not cybersquatting, it was a trade mark infringement under Section 10(3). The court also gave an opinion about the presence of bad faith, despite there being no requirement of bad faith for trade mark infringement under Section 10(3). This makes the case interesting in terms of the evidence used to find a conclusion under Section 10(3).

The story began in 1998 when Global Projects Management (GPM) registered the domain name citigroup.co.uk with Nominet UK the same day as an announcement of the merger of Citibank and Travelers Group Inc., the two large US based banking and financial groups, to become Citigroup Inc. Citigroup became aware of the GPM’s domain name in early 2003 and its solicitors wrote a letter to GPM in 2004 demanding that GPM to transfer the domain name citigroup.co.uk to Citigroup, otherwise a lawsuit would be initiated. GPM then filed a complaint against Citigroup according to a groundless threat allegation under Section 21 of the TMA. Citigroup counterclaimed against the plaintiff alleging that the defendants registered and occupied citigroup.co.uk without a right, passing off its registered trade mark and that the act was a trade mark infringement. At the end, the court dismissed the complaint of GPM but awarded a summary judgment for Citigroup.

The fact that the plaintiff simply retained the domain name by paying the registration fee every year without offering to sell the domain name to anyone made the case different from One in a Million. However, the differences were not relevant distinctions as there was also evidence that the plaintiff’s domain name diverted Internet users to its website which had the message “an error has occurred” appearing on the screen and every email sent to the employees of the defendant at citigroup.co.uk was sent to the plaintiff’s computer. This showed the bad intent of the plaintiff to gain access to its website by riding on the defendant’s trade mark. There were damages caused by confusion between the domain name and the trade mark as well. The court concluded that the plaintiff had taken unfair advantage of the defendant’s registered trade mark.

637 Global Projects Management Ltd v Citigroup Inc [2005] EWHC 2663 (Ch) High Court of Justice (Chancery Division).
In order to find trade mark infringement according to Section 10(3), the mark must have a reputation in the UK, but Mr. Justice Park was not sure about this requirement. Nevertheless, he was sure, from the evidence submitted by the defendant, that Citibank had an established reputation in the US which was recognized in the UK. The Citi part of the name probably parlayed the reputation of the former company. Thus, it was foreseeable that the trade mark had a reputation in the UK. With the above finding of taking unfair advantage, the judge concluded that the plaintiff infringed the defendant’s registered trade mark according to Section 10(3).

To analyse, Citigroup case differs from One in a Million in that the court in One in a Million opined that Section 10(3) did not require confusion, while confusion was an indicator for taking unfair advantage of a registered trade mark’s reputation in the Citigroup case. Actually, the author thinks that the court in Citigroup case was a little biased in favour of Citigroup because the court granted summary judgment for Citigroup but rejected the complaint of GPM. This may be due to a bias in favour of well known trade marks. The judge himself said that there was no evidence of the plaintiff being a cybersquatter and the domain name had never been offered for sale, but he finally concluded that similarity between the domain name and the mark created confusion leading to unfairly taking advantage of the mark. Although the plaintiff showed no intention of using the domain name, the defendant had no right to prohibit the plaintiff from registering a domain name similar to its trade mark since trade mark law was not created for the monopolization of a word. The plaintiff should be treated as innocent until there is explicit evidence of bad intention; only then does he deserve to be ruled a trade mark infringer.

A judgment normally discusses each requirement of Section 10(3), as well as its findings. The author does not understand why the court in this case rushed to conclusion that there was trade mark infringement under Section 10(3). There was no discussion of identity and similarity between the trade mark and a sign. There was also no discussion of the products or services offered under the trade mark and the sign. The judge focused only on the findings surrounding the defendant’s goodwill and reputation which was in respect to the test for passing off. The author thinks the judge should better plan before writing a judgment in the future. A panellist rendering a decision under the UDRP

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638 ibid p. 735 - 736
also needs to concentrate on answering the applicable complaint, not just discussing some background of the case and then making a conclusion.

_Tesco Stores Ltd v Elogicom Ltd._

Under the same facts detailed in the above section, the judge in this case ruled that the defendant used the domain names in the course of its trade in relation to services, which were similar to those offered under the trade marks of Tesco. It was also obvious that Tesco had reputation in the UK, as it had at least 1,780 stores located in almost every corner in the UK. The use of the word _tesco_ in the domain names was for the object of benefiting from Tesco’s reputation by trafficking Internet browsing to Tesco’s website and obtaining the payment of commissions from Tesco via TradeDoubler was an action of _taking unfair advantage without due cause_ as required in Section 10(3) of the Trade Mark Act. Moreover, the judge referred to the _One in a Million_ case, that it seemed like the defendant had also fallen for the act of detrimental _to the distinctive character or the repute_ of the trade marks of the plaintiff according to the meaning of the section.

The case was simple, as the judge pointed out the presence of the key ingredients for Section 10(3). There was _the use in the course of trade, without due cause, taking unfair advantage of, a mark with reputation in the UK, of the distinctive character and the repute_ of a trade mark. The author wants to stress that she appreciates the judgment very much, as it analyses each point of the section step by step without much quotation of precedent. Hopefully, all other domain name decisions under the UDRP will come out like this.

To summarize, Section 10(3) is a little over protective of the owners of trade marks with reputation. It is suitable for the revision: applicable in cases where a respondent is obviously a cybersquatter, but unfair to an honest registrant. The epitome of this situation being the story of a Scottish couple who bought the domain name _Narnia.mobi_

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639 Tesco Stores Ltd v Elogicom Ltd.
640 One in a Million, the Court of Appeal.
641 Aldous LJ opined in _One in a Million_ case, at 25, that “[T]he domain names were registered to take advantage of the distinctive character and reputation of the marks. That is unfair and detrimental.”
as a birthday gift for their son. However, the domain name then demanded by Walt Disney, the owner of the registered trade mark *Narnia*. The next part will discuss Section 10(6) on infringement and the exception. Only one case is mentioned in the section because it is the only case in the history of English trade mark – domain name case laws that quotes the section.

### 4. Section 10(6) of the Trade Mark Act 1994

Section 10(6) is rarely referred to in the judgments of the UK courts. The reason may be that it is not as important as the above three subsections to the allegation of trade mark infringement. The provision provides that “any such use otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark”. The Section also contains a defense to trade mark infringement. Nevertheless, the only judgment that the author could find mentioning the Section 10(6) was the *Tesco* case.

*Tesco Stores Ltd v Elogicom Ltd.*

According to the facts of the case mentioned above, the use of the word “tesco” by the defendant was a dishonest commercial practice and without due cause took unfair advantage of the distinctive character or repute of trade marks of the plaintiff. This was evident in the vast registrations of *tesco* related domain names to divert Internet users to the website of the plaintiff for the purpose of obtaining a commission. The honest practice is the key to paragraph 2 of Section 10(6).

Honest practices are also required by the UDRP. Any bad faith conduct on the part of the respondent and their case is lost. **It is remarkable that the UDRP requires a respondent to be honest, not a complainant. So what if a complainant brings a dispute in bad faith, what will a panellist do?** If such conduct could fall within the reverse domain name hijacking category, it can be said here that panellists tend not to

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consider this solution. It may be because the time constraints or remuneration for the panellist make it not worth considering the issue. The UDRP should be noted on the matter.

As passing off is also an important claim in trade mark and domain name cases. The next part will discuss each English case decided using the tort of passing off. Some judgments were dismissed while some judgments were granted. Comments and analysis in relation to each judgment will be made at the end of each case. Suggestions for the improvement of the UDRP will also be included.

B. Decisions involving the infringement of a mark under the doctrine of passing off

As mentioned, no one has the right to represent the goods of another as goods of himself or vice versa. The doctrine of passing off is a common law doctrine and has been long used in the UK. It is a kind of Tort law that is very flexible and applies to all applicable situations since there are no fixed criteria for its application. It is a tort that is developing to the modern ways unfair competition may occur, including piracy on the Internet. Passing off and its “classic trinity” are therefore applied to domain name disputes the most.

The One in A Million case

In One in A Million, the High Court ruled that the mere creation of a domain name without using it for deception or transfer to someone else was not passing off; and, the mere registration of a deceptive domain name was also not passing off. However, such activities by a defendant harms the future rights of the plaintiffs and the registration of domain names incorporating the plaintiff’s trade mark was undeniably creating confusion among Internet users. The court began its examination of passing off with the case of Marks & Spencer where it called a domain name “an instrument of deception” for the first time. The court ruled that the use of such an instrument of deception by anyone not related to the company Marks & Spencer would deceive users into thinking that the one using the domain name was associated with Marks & Spencer

644 One in a Million, High Court, p. 265.
since the words in their common sense could only refer to the mark owner. The passing off was therefore established. There was no reference to the classic trinity or the extended form of the decision of the High Court and no monetary relief was awarded. This was maybe because no actual damage had yet occurred.

One in a Million appealed, claiming that such a name could be used for a legitimate purpose and that it was not a vehicle of fraud. It raised a few examples, such as case where the names *sainsbury* and *ladbroke* corresponded to the names of persons who might want to register their own domain names for themselves. Moreover, they argued that injunctive relief should not be granted unless a defendant has threatened to pass off a trade mark. The Court of Appeal ruled that the use of similar names to famous trade marks as domain names were equipped to be instruments of fraud which led to passing off. The goodwill of the distinctive marks was also diluted by the association in mind of Internet users from the use of the domain names. The argument of the defendant was not appropriate, in the Court’s opinion, since the names were distinctive and designed only for being used as trade marks. It was possible that people might use the same name but it was more likely that the domain names were registered for deception and creating a likelihood of confusion.645

The Court of Appeal quoted the extended form of the passing off causes of action in *Spalding v Gamage*,646 which included:

(1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) that would foreseeable injure business or goodwill of another trader and (5) which caused actual damage to a business or goodwill of the trader who brought the action or likely to bring an action.647

The court found passing off, or at least a threat to pass off, from the evidence that there was an actual threat to deceive the users by the use of the domain names.

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645 One in a Million, the Court of Appeal. p. 6-8.
646 *Spalding v. Gamage* RPC.
647 One in a Million, the Court of Appeal, p. 12.
It is certain that ordinary Internet users tend to think that a name or mark in a domain name is associated with the actual trade mark for the products or services offered in the world of bricks and mortar. Therefore, the use of a domain name can misrepresent the origin of a trade mark but, like an opinion of the court, mere registration of a domain name cannot be a passing off because a registration without use does not make a link between the domain name and the trade mark. Accordingly, the offer of a domain name on the Internet in a hope to acquire a profit from the goodwill of the name or mark is the use of a domain name in a course of trade according to the extended form of the cause of action. A domain name can attract a certain target group of Internet users and this includes future customers of the owner of a brand. It is foreseeable that the above factors could possibly amount to damage to the owner of a mark and the damage may have actually happened due to the above factors. It can be concluded that passing off does exist. Nevertheless, there is still a doubt about the meaning of the words “made by a trader”.

What the UDRP can learn from the decision in One in a Million can be divided into three topics. Firstly, there is a difference between mere registration and actual use of a domain name. Mere registration cannot harm a trade mark. In addition, the use of a domain name needs to conflict with honest practices. Secondly, whether the use of a domain name will harm a trade mark also depends on the kind of trade mark involved. The more unique the trade mark is, the more it is likely that bad faith was involved in the use of the trade mark. Personal names or common surnames need to be considered carefully, as a domain name registrant may be a rightful user of the name as well. Finally, the UDRP should require a complainant to show actual damage to its trade mark from the use of a domain name since the current policies tend to transfer a domain name from a registrant without any evidence of injury to the trade mark. This can be unfair to a domain name registrant.

*Bonnier Media Limited v Greg Lloyd Smith [the Scottish case]*

Although this research focusses on domain name cases in English courts, there is a Scottish domain name case is worth learn of. *Bonnier Media Limited v Greg Lloyd Smith* was a case brought under the Outer House, Court of Session in Scotland. Despite

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*Bonnier Media Limited v Greg Lloyd Smith and Kestrel Trading Corporation* European Trade Mark Reports Court of Session
the fact that Scotland has a different legal system than England, the decision made reference to the *One in A Million* case and the common law tort of passing off. The judge decided that the defenders (defendants) passed off the pursuer (plaintiffs) registered trade mark *business a.m.* for a newspaper by using the domain name *businessam.com* to provide an online business advisory service website. The court found that the domain name was similar to the trade mark and there was a clear likelihood of confusion. It went further that,

the principles stated by the English Court of Appeal in *British Telecommunications PLC v One in A Million* should be followed in Scotland and are directly applicable to the present case… those principles represent the law of Scotland. At the heart of both passing off and trade mark infringement lies the notion of dishonesty: a trader dishonestly represents that his goods or services are the goods or services of another person. If one person supplies another with something calculated to enable that other to represent dishonestly that his goods or services are those of a third person, the person making that supply is clearly a party to the dishonesty. Consequently it is obvious that the law must be able to prevent him from making the supply… the pursuers have averred a prima facie case of passing off.649

Scottish law also protects a trade mark owner from all kinds of other dishonesty. Any dishonest use of a domain name will be prohibited, as it was in this case. Its approach is more or less similar to the UDRP as both of them prohibit acts of bad faith. The difference is only that the Scottish court can borrow the passing off doctrine from English courts while the UDRP has no such provision for this. The suggestion for the UDRP: Adopt passing off’s classic trinity. To be fair, a complainant must be able to show goodwill or a legitimate right in his trade mark and actual damage to his trade mark. Misrepresentation is already in the category of bad faith circumstances in the UDRP.

*Pitman Training Limited v Nominet UK*650

In the case, the plaintiff and the second defendant were once the same company but were sold off separately in 1985. The plaintiff was known as *Pitman Training* while the second defendant was known as *Pitman Publishing*. For some undisclosed reason, Nominet UK allocated *pitman.co.uk* to the plaintiff, even though the second defendant had sent a note asking for availability of the domain name two months before the plaintiff asking for the registration. After a long period of sending letters to and from the solicitors of both parties, Nominet reallocated the domain name to Pitman Publishing. This made Pitman Training immediately seek an interlocutory injunction, claiming passing off by the second defendant. The court dismissed the plaintiff’s application, providing that Pitman was used for nearly 150 years before being split up. It was unlikely that the public would associate the domain name with the plaintiff or its reputation. Confusion, if any, would be generated by adverts of both parities. The passing off claim of the plaintiff was not successful.

The standard the court used to measure confusion was interesting. Long-time use gains more reputation and goodwill to a trade mark, while concurrent use of a name by two companies with complicated business relations can create confusion among Internet users. In a situation like this, a judge or panellist has to study the factual background of the case very well. The problem is only whether a panellist under the UDRP will have time to study the facts of a case thoroughly if he has to reach a decision within only 45 days. How can the panelist’s period for making a decision be extended when the whole procedure needs to remain fast? The conflict needs to be resolved for a fairness of a decision.

1. *French Connection v Sutton*[^653]  

Another example of a case where a plaintiff fails to establish a passing off claim is *French Connection v Sutton*. In that case, the plaintiff, the owner of the registered trade mark *FCUK* for fashion apparel, made an agreement with the defendant, an individual, that he would transfer *fcuk.com* to the plaintiff within 48 hours. However, the defendant breached the contract and operated a pornography website corresponding to the domain

[^652]: *Pitman Training Limited and Another v Nominet U.K. and Another*, p. 798.
[^653]: *French Connection v Sutton*. 
name. The plaintiff then filed a lawsuit for breach of contract, trade mark infringement and the passing off of its registered trade mark. The court rejected the plaintiff’s claim for passing off, referring to the cause of action for passing off in Reckitt & Colman.\footnote{Reckitt and Colman Products Ltd v Borden Inc and others, p. 406: The three requirements that the claimant has to establish, first, a relevant goodwill or reputation; secondly, that activities by the defendant constitute misrepresentation leading, or likely to lead, the public to believe that goods or services offered by the defendant are goods and services of, or are connected in some way with, the claimant, and; thirdly, that loss either has been suffered or is likely to be suffered by the claimant as a result of the defendant’s activities.}

The court concluded that none of the elements were established beyond argument by the evidence before the court. The evidence still could not show sufficient goodwill from use of the mark because, \textit{inter alia}, the FCUK mark was not a household name like Mark & Spencer was found to be in the One in a Million case. The FCUK mark was less known to the public. The plaintiff also failed to show a likelihood of confusion or any misrepresentation by the defendant because the business carried on by the parties was very different. Moreover, there was no actual evidence of damage. Although the plaintiff claimed that there was no actual damage in the One in a Million case but the judge insisted that these cases were not in the same context. The plaintiff finally requested a trial by public policy\footnote{Public Policy - The principle of law which holds that no subject can lawfully do that which has a tendency to be injuries to the public or against the public good. The Longman Dictionary of Law.} argument but the judge felt that it would be “a case of the pot calling the kettle black”.\footnote{French Connection v Sutton, p. 360.} Moreover, the judge opined that the domain name in the current case was not an instrument of fraud since the defendant actually used the domain name for business.

In the author’s opinion, bearing in mind the sphere of private autonomy of the court, public policy is something worth trying. Public policies are the fundamental principles that tie society together. In this case, a pornography website certainly affects the society. As a consequence, the court should not have rejected the trial for public policy. The court should consider all possible evidence and should not have denied the examination of public policy just because the court felt it was unnecessary because FCUK’s reputation was not as well known as that of Marks & Spencer. Every mark deserves equal treatment and same level of protection. Less well-known trade marks do not necessarily require less protection.
Even in the *One in A Million* judgment, Justice Aldous opined that “whether any name is an instrument of fraud will depend upon all the circumstance.… The court should consider the similarity of the names, the intention of the defendant, the type of trade and all the surrounding circumstances”.\(^{657}\) It is recommended that a judge should pay attention to all the surrounding evidence including the potential damage to a brand before making a judgment.

**It is a rule under the UDRP that a panellist is not allowed to acquire evidence by himself, but that a panellist should decide a dispute with the materials provided.** The author would like to recommend here that a panellist should regard all the circumstances of the case, not just what is presented in the documents. The author believes that a panellist can surely determine the parties’ intentions from other evidence, even when it is not in the form of a document.

*Metalrax Group Plc, Metalrax Limited v Vanci*\(^ {658}\)

In the *Metalrax* case, the dispute was brought under the UDRP, the Nominet and finally to the UK court. The panellists had decided to prohibit the defendant from spoiling the domain name. Hence, as the Domain Name Dispute Resolution had no authority to do more than cancel or transfer the domain name, the plaintiff needed to apply for a court injunction to stop the defendant in the end.

The plaintiff was a public company listed on the London Stock Exchange since 1964 for in the business of engineering. It had acquired substantial goodwill under the term *Metalrax*. On the opposite, the defendant was an individual who registered the domain name *metalrax.co.uk*. The defendant did not know of the plaintiff’s mark at the time of registration. However, once he knew, he tried to extort money from the plaintiff with the threat to allow a pornography website to connect with the domain name. After several DRS, the domain name was cancelled but the defendant still threatened to re-register it and to carry out the rest of the previous threat. The court agreed that the mark had substantial goodwill, that the use of the domain name by the defendant would create confusion among Internet users, and that the use might jeopardize the mark’s reputation.

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\(^{657}\) *One in a Million, the Court of Appeal*, p. 18.

\(^{658}\) *Metalrax Group Plc, Metalrax Limited v Vanci*, England and Wales High Court High Court (Chancery Division).
if it was connected to a pornography website. The judge then granted an injunction prohibiting the defendant from re-registering the domain name.

The case was so simple. There was no difficulty in identifying the passing off claim or the infringement of the mark. It was clear that the defendant had a bad intention to re-register the domain name and had no intention of using the domain name for actual business at all. Simple cases like this one do not come along often. The author is just curious why the DRS or the court did not order the transfer of the domain name to the plaintiff in the first place? If the domain name is transferred to an appropriate owner, it would not have brought a dispute like this, wasting its own money and the time of the panellists and the judge. A panellist can learn from a case like this, to decide according to the facts of the dispute as to what remedy is best suited to the dispute: cancellation or transfer of the domain name.

*Music Fidelity Limited v David Vickers* 659

There was also a not-so-simple case that was complicated enough to reach the Supreme Court of Judicature. The case was about a company which had carried on a business of hi-fi equipment since 1982. The goodwill of the company’s registered trade mark Musical Fidelity was very strong for this type of business. The company had a distributor, Vickers, who registered the domain name musicalfidelity.co.uk in 2000 without its permission or knowledge. In October 2001 Vickers ceased to be an authorized distributor for Musical Fidelity but his website was still showing that he was an authorized distributor. The judge in the High Court ruled that Vickers infringed and passed off the trade mark of Musical Fidelity. Vickers appealed. The Court of Appeal upheld the decision of the High Court. Vickers appealed to the Supreme Court.

The judges in the Supreme Courts held the following:

Musical Fidelity is so distinctive of the goods or services of the respondent… it is inevitable that any business undertaken in competition with the respondent (Musical Fidelity) by reference to a name which is identical to, or confusingly similar to, its name will be perceived as being

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659 *Music Fidelity Limited v David Vickers* Fleet Street Reportthe Supreme Court of Judicature.
part of the respondent’s group or connected therewith. It is said, of course, that the domain name is such a potentially confusing mark. 660

The first page of the website corresponding to the domain name displayed a statement reading, “welcome to the website of one of Musical Fidelity’s oldest retailers”. The website misrepresented the trade mark to the public. Accordingly, the domain name was adopted as a part of a deliberate policy to divert internet users in the relevant market from Musical Fidelity’s website making the domain name an instrument of deception which definitely made damages to Musical Fidelity. All the requirements of passing off, namely goodwill, misrepresentation and damages, were explicitly demonstrated in the case.

There was also confusion arising from the use of the domain name and its website. The judge opined in paragraph 20 of the law report that “a person using the domain name used here was bound to think that there is a connection between Musical Fidelity and Vickers Hi-Fi. This is because of the automatic hyperlink from the domain name to the Vickers Hi-Fi home page.” 661 As a result, the judges concluded that there was passing off and trade mark infringement. The appeal of Vickers was dismissed.

The case was expertly decided. The author totally agreed with the courts’ decision. Such a website indeed misrepresents the trade mark of the other. A domain name using a well-known trade mark to offer the same products should be transferred to the owner of the trade mark. At the very beginning of the case confusion existed already and was a burden to the owner of the trade mark. The author only questions why such a case should reach the Supreme Court? If there was any legal interpretation to be done by a higher court, it must have been very little. This gives the author second thoughts about whether the UDRP should not remain without an appeal process, to avoid such unnecessary redundancies.

Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited 662

660 Ibid, paragraph 8.
661 Ibid, paragraph 20.
662 Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited.
As described in the earlier section referring to this case, the High Court ruled that the use of the word “Reed” on the totaljobs.com website, which included the use in a copyright notice and source code as a metatag constituted passing off. Although Justice Pumfrey agreed that there was no deliberate passing off in the sense of causing confusion to take advantage of Reed Executive Plc business, the act of passing off still existed since RBI knew of the possibility of confusion. The use of logos and the copyright link on the website were also an act causing confusion leading to a risk of deception. All the ingredients for the classic trinity, namely reputation, confusion leading to deception, and damage were presented.663

Firstly, there was clear evidence presented before the court that the plaintiffs’ mark had a reputation. Secondly, the website, before removing the term, created confusion among Internet users and prospective customers of the plaintiffs. Lastly, as far as there was no clear about deception, Justice Pumfrey held that the defendants could not say that there would not be damages. Damages might occur due to confusion created by the defendants. Therefore, the defendants were responsible for the appearance of the sign in the website and the search engine. The judge concluded that there was passing off in the case.664

However, the case was overruled in the Court of Appeal. Justice Jacob rendered that the domain name totaljobs.com and reed.co.uk were not similar. Although the website of totaljobs.com contained the word “Reed”, as the word was a name of the defendant, there was no confusion among Internet users. There will also be no confusion as to products and services supplied under the mark and the domain name. The plaintiffs’ business was about recruitment while the defendants’ business was letting a space on its website for rent. If one argues that the renting business was for advertisement for recruitment, it would be just for an advertisement. Visitors of the defendants’ website would not be confused. Moreover, Justice Jacob thought that it would be ridiculous if an invisible word such as metatag caused confusion as to the origin of the word. As such, there was no damage since there was no confusion. And this case presented no passing off.

663 Reed Executive Plc v Reed Business Information Ltd (No.2), p. 740.
664 Reed Executive PLC and Reed Solutions PLC v Reed Business Information Limited, Reed Elsevier (UK) Limited and Totaljobs.com Limited, paragraph 140.
The author likes the decision of the Court of Appeal because it was more reasonable and flexible to businesses over the Internet. Webspace businesses and employment agencies have certain minimum of differences. Although some people may be confused initially and associate the plaintiffs’ mark with the defendants’ domain name, the confusion would not last long. When Internet users browse more pages, the confusion between the domain name and the trade mark has gone. Furthermore, the word “Reed” was a business name of the defendants and a common British surname. Although the word appeared on a copyright notice, it is not easy for consumers to be confused, especially from metatags which were invisible. UDRP panelists should follow the judgment of the Court of Appeal, as the judgment allows individuals more freedom to use names without being accused of passing off or trade mark infringement by a trade mark owner. Less strict decisions and more freedom in registering of domain names that are similar to trade marks should be allowed if there is no confusion and the domain name registrant has acted in good faith.

Global Projects Management Ltd v Citigroup Inc and others

As mentioned above, GPM registered citigroup.co.uk without using or offering the domain name for sale. Its intention in maintaining the domain name was not clear. However, the fact that there was confusion between the domain name and the defendants’ registered trade mark caused damage to the defendants. As passing off was the main issue of the claim, the judge focused on Justice Aldous’s decision in One in a Million case. He agreed that this case and the One in a Million case were principally the same, with only a few differences regarding the facts of the cases. The judge analysed the term “instrument of fraud” as given by Justice Aldous, that it should not mean fraud as in the criminal sense but it in simply a pejorative sense.

Moreover, he pointed out that not offering a domain name for sale was not a defense in One in a Million and the current case would be treated the same. He further opined that “[T]he mere registration and maintenance in force of a domain name which leads, or may lead, people to believe that the holder of the domain is linked with a person… is enough to make the domain a potential “instrument of fraud”, and it is passing off”. And as required by Section 10(3), Citigroup had a reputation in the UK. Therefore,

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665 Global Projects Management Ltd v Citigroup Inc.
666 Ibid, paragraph 40.
three elements of the classic trinity for passing off were fulfilled: goodwill, misrepresentation and damages.

As to the author’s opinion, although the two elements of passing off were presented in the case, goodwill and damages, the author still does not see any misrepresentation. If one argues that merely registering a domain name that is similar to a well-known trade mark misrepresents the origin of the domain name. The author can disagree that the registration is not done with intent to lure Internet users. The author thinks that passing off is a tort requiring malicious intent to perform the action. Without explicit evidence of such intent, a judge should not rule that the case falls into a category of passing off. He may award injunctive relief but he cannot rule that a domain name registrant is wrong. The author thinks that this may be the reason that the UDRP or other domain name dispute resolutions require circumstances showing bad faith or abusive registration. She totally agrees on this point with the UDRP. In other words, the UDRP needs to maintain its bad faith requirement.

Aegis Defence Services Ltd., Aegis Defence Services (BVI) Ltd. v Rod Stoner

This case is not really a trade mark-domain name case. It’s more involved with the issues of copyright infringement and breach of confidence. However, there are domain names offered for sale and these domain names contain the trade name of the plaintiffs. From the facts, the plaintiffs’ business involved risk management and security for its clients, such as the US government in the conflict zones of Iraq. The defendant was a contracted security escort in Iraq. He had to sign numerous contracts, mainly for reasons that were confidential, as presented in the court.

In early October 2005, the defendant registered two domain names, aegisiraq.co.uk and aegis-iraq.co.uk, to be forums for members of Aegis’s teams working in Iraq to exchange views and grievances. There were also pictures, video clips, and operational security information about the war posted on the forum. The plaintiffs considered this a breach of a contract, especially when one of the videos, the Trophy video, attracted a great deal of attention from media outlets, such as CNN, ITN and NBC. The defendant also managed to register for more domain names before offering the VDOs and all domain names to the plaintiff at a relatively high price, 3.5 million pounds to be exact.

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Aegis Defence Services Ltd., Aegis Defence Services (BVI) Ltd. v Rod Stoner [2006] EWHC 1515 (Ch) High Court of Justice.
The plaintiffs rejected his offers. Soon after that, the details of a secret operation known as the “crash out list” was released, although the defendant denied that he was the one to release it.

The court considered criteria for the breach of confidence claim first, then moved to consider passing off.\(^{668}\) The judge quoted Justice Aldous’s opinion in the *One in a Million* case regarding the instrument of fraud. He agreed with Justice Aldous that the act of registering domain names resembling well-known names and marks constitutes the tort of passing off and trade mark infringement. He further agreed that domain names were instruments of fraud diluting the value of goodwill attaching to trade marks. Accordingly, the current case showed explicit evidence of goodwill attaching to the name Aegis, although Aegis was not a registered trade mark for the security operation. The fact that the defendant offered domain names containing “Aegis” and “Iraq” to the plaintiffs for a very high price showed a plain threat by the defendant.\(^{669}\) What the defendant tried to do in this case was similar to what the one in *One in a Million* had done. The judge felt that the current case fell precisely within the doctrine outlined by Aldous LJ in *One in a Million*. Moreover, as the vitally secret information was disclosed in a website corresponding to domain names, the plaintiffs suffered damage to their business and goodwill.

From the judgment, it is obvious that there is passing off from the use of the plaintiffs’ company name together with the location of the operation, Iraq, on the domain names. Although the author thinks that the alleged misrepresentation is not a clear case because anyone who accesses to the forum should realize that the forum was not created by the plaintiffs, it is still undeniable that there must have been some Internet users who associated the domain names with the plaintiffs and had confusion as to whether the plaintiffs maintained the website. In addition, there were at least 12 similar domain names acquired by the defendant, such as *aegisiraq.info*, and the domain names were offered for sale at high price to the plaintiff. These facts constitute the use of a mark in the course of trade by a person who has no right in the mark. This should be a

\(^{668}\) The basic criteria for a claim for breach of confidence include (1) the information has the necessary quality of confidence, (2) the information must have been imparted from an obligation of confidence, and (3) there must have been unauthorized use of the information to the detriment of the party communicating it. See *ibid*, paragraph 49.

\(^{669}\) *Ibid* paragraph 70.
misrepresentation. Furthermore, although the mark was not registered as a trade mark, the claim for passing off could still be made.670

It is evident that One in a Million is quoted in almost every trade mark-domain name case involving a passing off claim. The case is really a landmark case for English courts. The judge follows judgment in One in a Million with his own opinion and adjustment. Although the remuneration to panellists under the UDRP is not as high as that of English judges and the UDRP has a much shorter time to arrive at a decision, it would not be a bad idea if the panellists could at least give their critical opinion in the decisions. It should be better than quoting and following former UDRP’s decisions without giving their own valuable opinions.671

Tesco Stores Ltd v Elogicom Ltd.672

The Tesco case is a big case for trade mark infringement by the use and registration of domain names in the UK. It is almost certain that a case like this includes passing off as one of the claims because of the reputation of the trade mark involved. Pursuing facts giving in the part of section 10(2) above, the plaintiff also referred to One in a Million case in order to make a claim for relief under passing off action. The judge held that the defendant clearly passed off the marks of the plaintiff by the registration and use of tesco domain names and associating itself with the mark and trading upon the goodwill attached to the name “Tesco”. The fact that the defendant refused to transfer the domain names to the plaintiff showed that the defendant intended to continue threatening the plaintiff. This not only demonstrated bad faith, but also the potential of future damages to the goodwill of the plaintiff’s mark. As a consequence, injunctive relief was granted.

The case was nothing more than former examples. There was goodwill and reputation attached to a trade mark, a misrepresentation and damages. The judgment showed that high commissions can be damages as well as a foreseeable exploitation of domain

670 Section 2 (2) of the Trade Mark Act:
No proceedings lie to prevent or recover damages for the infringement of an unregistered trade mark as such; but nothing in this Act affects the law relating to passing off.


672 Tesco Stores Ltd v Elogicom Ltd.
names in order to divert Internet traffic. The case quoted only one precedent, the *One in a Million* case. It was ok for cases about trade mark infringement to follow only one precedent and stick to a provision in the Act, but for considering a case of passing off, only one precedent quoted seems to be a lack of proper research by the judge. He could have made a reference to *Reed v Reed*\(^673\) or the *Aegis* case, being a recent passing off case itself. **The policies of the UDRP should be written very clearly so a panellist can follow it precisely and not produce a wild opinion supported only by precedent, which not the norm for arbitration proceedings.**

**Phones4U Ltd, Caudwell Holdings Ltd v Phone4u.co.uk Internet Ltd and others**\(^674\)

Again, referring to the facts of the case as stated in the above part of the Chapter pertaining to Section 10(2), when the case reached the Court of Appeal, Justice Jacob pointed out that to find passing off, it was necessary to establish goodwill which was invaded by a misrepresentation of the defendant. He quoted several passing off cases, such as the *Jiff Lemon case*\(^675\) and the *Ewing v Buttercup Margarine* case.\(^676\) His main argument concerned the finding what the proper date on which the passing off should be judged. In *Cadbury Schweppes v Pub Squash*, the date to be judged for passing off was the date of the commencement of the conduct complained of.\(^677\) Although the domain name was registered on 23rd August 1999, the defendant actually began to trade under the domain name on 24th March 2000, by which time he had admitted that he knew about the plaintiff’s mark. Justice Jacob stated that he wanted to adopt the earliest possible date which would be most favorable to the defendant, so the date of registration of the domain name was chosen. Still, *Phones4U* was known to a substantial section of the public since 1995, especially the public who was interested in mobile phones. Therefore, there had been goodwill associated with *Phones4U* before the time the defendant registered his domain name.

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\(^{673}\) *Reed Executive Plc and another v Reed Business Information ltd, Reed Elsevier (UK) Ltd, Totaljobs.com Ltd.*

\(^{674}\) *Phones4U and Phones4U Ltd, Caudwell Holdings Ltd v Phone4u.co.uk Internet Ltd, Abdul Heykali and New World Communications*

\(^{675}\) *Reckitt and Colman Products Ltd v Borden Inc and others* [1983] 1 All ER 873

\(^{676}\) *Ewing v Buttercup Margarine* [1917] 2 Ch 1

\(^{677}\) *Cadbury Schweppes v Pub Squash* [1981] RPC 429 p. 494
The next task was to find whether there had been a misrepresentation by the defendant. The question was whether the defendant had only caused confusion or whether he had actually engaged in deception. *Kerly’s Law of Trade Marks and Trade Names* states that confusion and deception differ in their causative effects. The distinction was endorsed by Lord Simmonds in *Office Cleaning Service v Westminster Window and General Cleaners*. In that case, Lord Simmonds held that if the mark of the plaintiff was descriptive and that mere confusion from the use of similar descriptive signs does not count as deception. In *Phones4U*, the mark was not descriptive, but was a name invented to denote a particular business. As a consequence, there could merely be confusion in the case. However, the court further held that inherent distinctiveness was only a criterion for a trade mark registration, not to be used for testing whether goodwill had been established. The court felt that it was hard to believe that phone4u.co.uk would be used in conjunction with genuine goods or services without relying on the goodwill of *Phones4U*, which was strong at that time. Consequently, the court determined that deception was used to lure Internet users to the defendants’ website.

In addition, Justice Jacob stated that the *One in a Million* case was an indispensable precedent for passing off involving domain names. He referred to Justice Aldous’s statement that the registration of a well-known trade mark as a domain name was an act of passing off. He opined further that the defendants’ act of offering the domain name to the plaintiff for a high price was not different from *One in a Million*.

The issue to be addressed was whether the plaintiff had incurred any damages from the misrepresentation. The judge considered evidence of emails from Phones4U’s clients that had been mistakenly sent to the defendants and reply emails from the defendants that could damage goodwill of Phones4U. The defendant clearly sought to take advantage of the deception by contacting to customers or potential customers of Phones4U. This damaged the goodwill of *Phones4U*. Therefore, Justice Jacob ruled that the plaintiff’s claim of passing off was established.

Justice Jacob ruled that the High Court had erred on many points. Firstly, it used the wrong test to determine goodwill on the date of the registration of the defendants’
domain name. Secondly, the domain name was clearly an instrument of fraud, evidenced by the fact that the defendants offered the domain name for sale. Thirdly, Justice Jacob found deception while the High Court viewed the defendants’ acts as merely causing confusion. Finally, the High Court had mistakenly viewed deception as 5-year coexistence of the plaintiff’s trade mark and the defendants’ domain name.

To analyse, Justice Jacob cited supportive evidence and case law for each and every finding he made. The author would like to call attention to the thoroughness of Justice Jacob’s opinion and state that she agrees with his conclusion. Judges have different approaches to passing off cases, despite the fact that the elements of each case are the same: goodwill, misrepresentation and damages. The classic trinity can be recommended for inclusion in the UDRP as another example of bad faith circumstances. It is also suggested that potential panellists be well studied in the field of trade mark-domain name disputes before assuming any appointment to be a panellist. Experience and thorough consideration of the facts by panellists will yield good decisions. In addition, bias in favoring a complainant or respondent should not exist in the mind of any panellist.

Clearly, passing off is always mentioned in the trade mark-domain name cases in the English courts because it does not require that a trade mark be registered. Passing off is also properly used with any claim by a trade mark owner, including those regarding the use and registration of domain names. The next part will discuss all other English trade mark-domain name cases, apart from claims under Section 10(1)-(3) and 10(6) of the TMA and the law of passing off. Comments and analysis will be made as usual, followed by suggestions for the improvement of the UDRP.

C. Other types of decisions

The range of domain name disputes is broader than just trade mark related disputes. A domain name represents a designation of an address on the Internet. Functionally, there is the possibility of having technical conflicts between DNSs, such as the problem of alternative root servers or the internationalizing of domain names. There are also

\[681\] Alternative Root Server (ARS) is an open root server that does not need to be registered with ICANN or any official authority. ARS can be operated freely. It creates conflict with authorized root servers by issuing the same top level domain name. Basically, with the ARS, it can be two mango.com
legal problems arising from the use or registration of a domain name, such as conflicts concerning the right to use a domain name and threats made in cease and desisted letters.

**Prince Plc v. Prince Sports Group**

In *Prince Plc v. Prince Sports Group*, the plaintiff, a UK company, received a cease and desist letter from the defendant, a US company, asking them to transfer the domain name *prince.com* to the defendant. The defendant was the owner of several registered *Prince* marks in the US and several other countries in the world for tennis rackets and other products. The letter also stated that if the plaintiff did not follow the defendant’s request, the defendant might file a lawsuit for trademark infringement under the Lanham Act. In return, the plaintiff initiated a complaint under Section 21 of the TMA for a claim of groundless threat in the UK.

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Section 21 of the Trade Mark Act 1994 - Remedy for groundless threats of infringement proceedings

(1) Where a person threatens another with proceedings for infringement of a registered trade mark other than—

(a) the application of the mark to goods or their packaging,

(b) the importation of goods to which, or to the packaging of which, the mark has been applied, or

(c) the supply of services under the mark, any person aggrieved may bring proceedings for relief under this section.

(2) The relief which may be applied for is any of the following—

(a) a declaration that the threats are unjustifiable,

(b) an injunction against the continuance of the threats,

(c) damages in respect of any loss he has sustained by the threats; and the plaintiff is entitled to such relief unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.

(3) If that is shown by the defendant, the plaintiff is nevertheless entitled to relief if he shows that the registration of the trade mark is invalid or liable to be revoked in a relevant respect.
The court considered each sentence in the letter as to whether there was any unjustified threat. It concluded that the letter must be construed as a whole. Furthermore, the defendant’s attorneys’ letter should not be considered with the principal letter because, provided the principal letter did constitute the threat, the consideration of a subsequent letter would not make any difference. After considering the principal letter, together with the percentage of the plaintiff’s business online and offline, the court found that the letter had threatened the plaintiff if it were read by general recipients. The court made the finding in accordance with the approach laid down by Section 21(1). The court then provided the plaintiff with a declaration and an injunction pursuant to Section 21(2).

Section 21 was enacted to protect business people against threats based on unjustifiable allegations from the owner of trade marks registered in the UK. It is to ensure that the owners will not abuse their privilege of UK registration. Even if the plaintiff is successful in the lawsuit the question as to the proper standard for considering the groundlessness of a threat still exists. The court provided that a threat must be considered as a whole according to a subjective standard. One person may feel that it is a threat while another may not. This provision needs to better explained for a clearer understanding.

Godfrey v Demon Internet Ltd

The Godfrey case was the first defamation case involving the Internet in the UK. It does not relate to trade marks but it relates to domain names designating Internet users to a newsgroup known as newsgroup. The state of domain names in their early days is an interesting discussion. In Godfrey v Demon Internet Ltd, the plaintiff, a resident of England, was a lecturer in, inter alia, computer science, while the defendant was an Internet service provider (ISP) in England and Wales. The case involved the newsgroup Usenet. Usenet could be accessed by Internet users worldwide. It was a place that users could read publications, called postings, from authors. On 13 January 1997, someone posted on soc.culture.thai with a “squalid, obscene and defamatory” posting and invited replies, giving the plaintiff’s email address. The plaintiff sent a notice to the defendant that the posting was forgery and demanded it be removed from the server. He

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685 Godfrey v Demon Internet Ltd All England ReportsHigh Court, Queen's Bench Division
686 As the plaintiff claim
then brought a case to court under Section 1 of the Defamation Act. Finally, the court ruled that the defendant owed a responsibility of the publisher analogous to the publisher of a book and the application of the plaintiff was granted. The decision shows that a newsgroup or a designation on the Internet is not merely an electronic device. They can have a great impact in the world of bricks and mortar, as an instrument to defame or damage the reputation of a trade mark.

**1-800 Flowers Inc. v Phonenames Ltd**

Another case that cannot go unmentioned in the discussion of trade marks and domain names in the UK is the 2001 case of *1-800 Flowers Inc. v Phonenames Ltd*. In that case, the Court of Appeal delivered a judgment concerning the appeal of a rejected trade mark application that had also been opposed in the lower court. It involved both domain names and the Internet. The court ruled that the use of a sign in applied for trade mark registration application in a website was insufficient to constitute the use of a sign in the UK. The court provided the opinion that because the business of the appellant was a worldwide-franchise-type floral delivery system, the target of the appellant’s website was broader than the UK. Merely posting advertisement on the website could not specifically make use of the sign in the UK. As a consequence, the appellant applied to register a sign as a trade mark in the UK without intention to use the sign. Due to this and other circumstances, the court rejected the trade mark application of the appellant.

Although the cases above do not relate directly to trade mark-domain name problems in the UK, they serve to create awareness among trade mark scholars of the issues surrounding the technology of the Internet and the domain name. In each case the judge needed to carefully consider the facts, as these types of disputes were still new to the UK at that time. As a common law country, there was no case law to follow. A decision may have come out strangely but, as the author believes, the judge did his best in each case.

**EasyNet Group Plc v Easygroup IP Licensing Ltd**

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687 *1-800 Flowers Inc. v Phonenames Ltd*, England and Wales Court of Appeal the Court of Appeal (Civil Division).

688 *EasyNet Group Plc v Easygroup IP Licensing Ltd*, [2007] RPC 6High Court of Justice (Chancery Division).
EasyNet Group Plc v Easygroup IP Licensing Ltd is another significant case of among domain name cases in the UK. EasyGroup, the proprietor of easy.com and other domain names including easy as a main component, attempted to register easy.com as a trade mark in the UK. The word could have been registered as a trade mark but the application was opposed on the grounds that the word was descriptive and lacked any distinctive character, according to Section 3 of the Trade Mark Act. The opposition was dismissed. EasyNet appealed to the High Court of Justice on the same grounds, that the word was unregistrable.

The High Court dismissed the appeal and held that a mark must be considered as a whole, to see whether it was descriptive or devoid of any distinctiveness, and whether as a whole the mark produced something special or had acquired any distinctiveness. It was permissible, but not obligatory, to consider the descriptive nature of the separate elements. It was more important to make an overall assessment. The court determined that, separately, “easy” and “com” were descriptive but when they were combined together as easy.com the mark had a unique characteristic that could be registered as a trade mark. The mark was not devoid of any distinctiveness and no longer descriptive. In terms of products and services, easy.com did not designate any characteristics of the goods and services. Therefore, easy.com was able to be registered as a trade mark in the UK.

To analyse, easy.com is a perfect domain name since it is easy to remember. To use easy.com as a trade mark, the word has a special combination in the form of domain name which created an impression of an unusual sign when applying it to products and services. Separately, “easy” is an adjective used to describe other words while “com” is an abbreviation of either “commercial” or “computer”. The word “easy.com” does create a new value if it is used as a trade mark. The public will connect the domain name to the products or services being offered. The author agrees with the judge because, in the form of a domain name, easy.com is not descriptive and does not lack distinctiveness. **It must be remembered that a trade mark can always be registered as a domain name, however, not every domain name can be a registered trade mark. The criteria for trade mark registrations of similar domain names should be applied as seen in the decision.**
Pankajkumar Patel v Allos Therapeutics Inc. is a very recent case. At the time of the writing of this paper it had yet to be published in any law reporter, other than on the WestLaw database. It is also an unusual case among trade mark-domain name cases in England and probably in the world. The case reflects an unfortunate side of the UDRP, as was claimed by the defendant. Some of his arguments have merit and describe weaknesses in the UDRP, such as the burden on the respondent to prove his case if a panellist upholds a complaint.

The whole story began when the large US pharmaceutical company that owned the US trade mark Allos Therapeutics Inc. found out that a domain name consisting of its trade mark, allostherapeutics.com, had been registered by an individual having no connection with it or the pharmaceutical business. It filed a complaint under the UDRP and won, however, prior to enforcement of the panel decision; the respondent filed a complaint in the High Court alleging, inter alia, human rights violations, Unfair Contract Terms, and Harassment. The plaintiff had no right in the mark and registered the domain name without using it. Moreover, he had a history of serial-cybersquatting, having registered domain names in bulk in the past.

However, his justification for bringing the complaint to the court was that he did not like the whole procedure of the UDRP, as it was unfair and favoured a trade mark owner over the respondent. A trade mark owner could initiate a complaint and, if he won, the respondent had the duty to prove within 10 days of the panel’s decision that the respondent had a right in the domain name. The plaintiff also complained that the whole process of the UDRP consumed all his time, at the expense of time spent with his small daughter, and he should have the freedom of expression to register whatever domain name he pleased.

The judge gave out her opinion after generously considering each claim of the plaintiff. She thought that each of the claims was without merit. For example, freedom of expression would be granted as long as it did not affect the rights of the others. The claim was made coherently but its cause of action was ill-founded.
The case was really peculiar and fanciful, as it was stated by the defendant. It also shows that at least part of the public rejects the UDRP and its procedure. The case could be a hint that if the UDRP is not amended at all, more people may file lawsuits against panel decisions, even if they know that they will not win the case. The author suggests that authorities address those parts of the UDRP that are unfair to the respondent. For example, the respondent’s 10 day period to show a right in the domain name, before his domain name is transferred away, is obviously too short and unfair. Also, that a complainant initiates the proceeding but the respondent has to pay for a three-member panel is not quite fair in a case of Reverse Domain Name Hijacking. The author believes that even if a respondent is a cybersquatter the policies should be neutral and fair to both sides. This case may be a sign that it is a time to overhaul the UDRP.

The following charts compare the UK’s legislative approaches, the provisions of trade mark infringement in the Trade Mark Act 1994 and the law of passing off, with the UDRP and its Rules of procedure. Similar provisions are listed side by side for comparison. There may be an opinion, in the last column, of the similarities and differences of the provisions.

**III Comparative chart between the UK legislative approaches and the UDRP**

As mentioned, two prominent legislative approaches in the UK, dealing with trade mark-domain name cases have always been the provisions of trade mark infringement in the TMA and the doctrine of passing off. These laws and the UDRP share some similarities, such as their protection of trade mark rights (although the UDRP also aims to protect innocent domain name registrants as well). The differences between them are also evident in many categories, such as there is no requirement in the UDRP that a trade mark have goodwill, while the law of passing off certainly requires it.

Below are charts comparing provisions between the TMA and the UDRP and the doctrine of passing off and the UDRP.

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690 _Ibid_, paragraph 1.
### A. The Provisions of the Trade Mark Act and the UDRP Compared

<table>
<thead>
<tr>
<th>Provision</th>
<th>TMA 1994</th>
<th>The UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires that the owner of a registered trade mark have exclusive rights in the trade mark</td>
<td>✓ Section 9</td>
<td>No provision</td>
</tr>
<tr>
<td>Requires an infringement by use of the trade mark in the United Kingdom without his consent</td>
<td>✓ Section 9</td>
<td>× An infringement can occur anywhere in the world</td>
</tr>
<tr>
<td>Mandates that no infringement proceedings may be begun before the date on which the trade mark is in fact registered</td>
<td>✓ Section 9(3)(a)</td>
<td>×</td>
</tr>
<tr>
<td>Protects only registered trade marks</td>
<td>✓</td>
<td>×</td>
</tr>
<tr>
<td>Recognises only trade mark and service mark</td>
<td>✓ Registered one</td>
<td>× Any word, term, etc.</td>
</tr>
<tr>
<td>A domain name (sign) is identical or similar to a trade mark</td>
<td>✓</td>
<td>Must be confusingly similar</td>
</tr>
<tr>
<td>Requires the domain name (sign) to be <em>used in the course of trade</em></td>
<td>✓</td>
<td>Can apply with bad faith</td>
</tr>
<tr>
<td>Requires the use of domain name (sign) in relation to identical or similar goods or services as those represented by the mark</td>
<td>✓</td>
<td>× Not necessary to use a domain name in connection with goods or services</td>
</tr>
<tr>
<td>Requires a likelihood of confusion on the part of the public, which includes a likelihood of association with the trade mark.</td>
<td>✓ But only Section 10(2)</td>
<td>× In the form of confusingly similar domain name with trade mark and in paragraph 4(b)(iv) about bad faith</td>
</tr>
<tr>
<td>Provides a test to find a likelihood of confusion, including likelihood of association</td>
<td>× Follow case laws</td>
<td>×</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>11</td>
<td>Requires the use of the domain name (sign) in relation to non-similar goods or services of the mark</td>
<td>▼ But only Section 10(3)</td>
</tr>
<tr>
<td>12</td>
<td>Requires the trade mark have a reputation in the United Kingdom</td>
<td>▼ But only Section 10(3)</td>
</tr>
<tr>
<td>13</td>
<td>Requires that the use of the domain name (sign) be without due cause, that it takes unfair advantage of, or is detrimental to the distinctive character or the repute of the trade mark.</td>
<td>▼ But only Section 10(3)</td>
</tr>
<tr>
<td>14</td>
<td>Provides that any use other than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use is without due cause or takes unfair advantage of, or is detrimental to the distinctive character or repute of the trade mark.</td>
<td>▼ Section 10(6) paragraph 2</td>
</tr>
<tr>
<td>15</td>
<td>Provides that the domain name registrant has no rights or legitimate interest with respect to the domain name (sign)</td>
<td>❌ Not a concern of the TMA</td>
</tr>
<tr>
<td>16</td>
<td>Requires that the domain name (sign) has been registered and is being used in bad faith.</td>
<td>▼ Can be evidence of Section 10(6) paragraph 2</td>
</tr>
<tr>
<td>17</td>
<td>Includes an explanation for bad faith</td>
<td>❌ Look to case law</td>
</tr>
<tr>
<td>18</td>
<td>Uses case laws</td>
<td>▼</td>
</tr>
<tr>
<td>19</td>
<td>Provides remedies including monetary relief or injunctive relief</td>
<td>▼</td>
</tr>
<tr>
<td>20</td>
<td>Duration for each case</td>
<td>N/A</td>
</tr>
<tr>
<td>21</td>
<td>Affords an appeal process to challenge the decision</td>
<td>▼ To the Court of Appeal</td>
</tr>
<tr>
<td>22</td>
<td>Provides for a no hearing process</td>
<td>❌</td>
</tr>
</tbody>
</table>
### B. The Common Law of Passing Off and the UDRP Compared

<table>
<thead>
<tr>
<th>Provision</th>
<th>Passing off law</th>
<th>The UDRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A mark claimed can be anything: trade marks, service marks, word marks, signs, devices, emblems, etc, regardless of registration</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>2. A domain name (sign) is identical or confusingly similar to a trade mark or service mark</td>
<td>Depending on the degree of confusion resulting from the misrepresentation</td>
<td>✔</td>
</tr>
<tr>
<td>3. A mark must have reputation or good will in the UK</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>4. A domain name (sign) is used commercially</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>5. There must be a misrepresentation by a domain name (sign) making the public believe that a domain name (sign) and a mark have the same origin.</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>6. There is foreseeable injury or actual damage to an owner of a mark</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>7. Provides a test to find confusion or association between a mark and a domain name (sign)</td>
<td>From case law</td>
<td>✗</td>
</tr>
<tr>
<td>8. Provides that a domain name can be an instrument of fraud</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>9. Requires honest practices</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>10. The domain name registrant has no rights or legitimate interest in respect of the domain name</td>
<td>This is one of honest practice</td>
<td>✔</td>
</tr>
<tr>
<td>11. The domain name has been registered and is being used in bad faith.</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>12. Provides a test for reputation or goodwill</td>
<td>From case law</td>
<td>✗</td>
</tr>
<tr>
<td>13. Provides a test for confusion or association</td>
<td>✔</td>
<td>✗</td>
</tr>
</tbody>
</table>
between a mark and a domain name

From case law, most use the global appreciation doctrine

<table>
<thead>
<tr>
<th></th>
<th>Remedies awarded: monetary, injunction relief or others</th>
<th>Depends on each judgment</th>
<th>Only cancellation or transfer of the domain name</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Duration for each case</th>
<th>N/A</th>
<th>No more than 45 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Affords an appeal process to challenge a decision</th>
<th>A Court of Appeal</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Provides for a hearing process</th>
<th>✓</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Decisions quote precedent</th>
<th>✓</th>
<th>N/A or do so in cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### IV Reiteration of Suggestions

Part IV reiterates the suggestions for improving the UDRP from the study of the legislative approaches of the UK to trade mark-domain name disputes and from the study of the judgments of English courts above. The part will not distinguish according to each law, as the UK has only two principal doctrines dealing with the problem. Suggestions will be as concise as possible so they can be understood and put to use in a short amount of time.

1. **There should be guidelines for panellists when making decisions under the UDRP.** The following strategies should be included in these guidelines.

   1.1. **Identical or confusingly similar**

   1.1.1. The guidelines should direct the panel to use the global appreciation doctrine when considering the
identity or confusing similarity between a domain name and a trade mark.

1.1.2. There should be consideration of the products or services associated with domain names and trade marks when determining their identity or confusing similarity.

1.1.3. Prefixes, suffixes and hyphens should not be included when considering the identity or confusing similarity.

1.1.4. The sound of the domain name or trade mark when read aloud should be considered for when determining confusing similarity, regardless of how the domain name is written. (This is simply to address cases of typosquatting.)

1.2. Right or legitimate interest of a domain name registrant

1.2.1. If a domain name registrant really uses a domain name in the course of trade, a panellist should define such use, for example, as to whether the trade is in accordance with honest practices.

1.3. Bad faith circumstances

1.3.1. Every panellist should keep in mind that honest practices are the key to deciding domain name disputes.

1.3.2. Bad faith circumstances should be considered carefully to avoid any criticism of bias in favour of a trade mark owner.

1.3.3. Among the considerations for finding bad faith, selling products or services on a website under a domain name should not be a bad faith use of a domain name unless the products or services
mislead the public as to the origin of them or harm the reputation of the trade mark.

1.3.4. Registering a domain name for use as a pathway to a third party website or to gain dishonest interest is a bad faith circumstance.

2. The thin line between trade mark protection and the freedom of Internet users should be well maintained in the neutral minds of panellists.

3. A panellist should keep the decision simple and straight to the point. Panellists should apply the Policy, as well as their own reasonable opinions, to the facts of the case and try to avoid quoting too much precedent.

4. Confusion among Internet users should be taken into consideration before any order to transfer or cancel a domain name or dismiss a complaint.

4.1 A panellist should be aware that the more distinctive the trade mark is, the greater the likelihood of confusion on the part of the public will be.

4.2 A panellist should be aware that an association in the mind of the public regarding the source of a domain name and trade mark can lead to a likelihood of confusion.

4.3 Initial confusion should not be counted as damage resulting from bad faith circumstances.

5. Registering domain names incorporating well-known trade marks should be included as bad faith circumstances under the UDRP. A proper test should be provided to assess the reputation of the trade mark. The greater the reputation of a trade mark, the more likely a bad faith registration will be found. However, even the honest activities of a domain name registrant should be assessed.
6. Proper attention should be paid to claims of reverse domain name hijacking to show that the UDRP is not biased in favour of any one side.

7. Other kinds of signs such as personal names, surnames or geographical identifications should be written into the UDRP, providing the same protection as afforded a trade mark.

8. There should be a demonstration of actual damages or the possibility of damage as a result of a registration or use of a disputed domain name.

9. The period for a panellist to make a decision should be extended so that all the facts of the case may be carefully considered, as well as the intention of each party.

10. Proper decisions should be made. If there is an inclination that a respondent will re-register a domain name, the registration of the domain name should not be just cancelled. The domain name should be transferred to a right owner instead.

11. The UDRP should have its own appeal process; one that is unique, fast, inexpensive and free of redundancies.

12. There should be careful consideration in the process of selecting panellists. He or she should have sufficient background in the field of trade mark AND domain names. A veteran panellist will most likely make a clear and precise decision.

13. Authorities considering amendments to the UDRP should eliminate those provisions that are biased, such as the short period for a respondent to demonstrate that the dispute is being considered by a competent court.

6 Concluding Remarks

An English court has its own interesting legislative approaches to trade mark-domain name case without needing to enact special laws to solve the problem. The trade mark law of the UK alone is sufficient to solve the problems well. Although it is undeniable that court proceedings are lengthy and expensive compared to arbitration or mediation,
its orders have wider effects. For example, arbitrators under the UDRP cannot order monetary relief, but an English court can. Also, the doctrine of passing off is very flexible as it is not legislated, but found in case law. From case law, the doctrine has proved that it can resolve trade mark-domain name disputes well not less than the ACPA, which specifically addresses the problem in the US. The common law system, in which judges follow precedent, decreases the burden of the judge, since his duty is to reach a similar judgment to those reached in past cases with sufficiently similar facts. Accordingly, UK trade mark law avails a judge to consider a case with a neutral mind, more so than the UDRP, as there is no strict timeline in which to finish a decision. These are the charms of the UK’s legislative approach that the UDRP simply does not have.

The UDRP can definitely learn from the UK legislative approach. Suggestions are listed in Part IV above. Generally, more examples of bad faith circumstances must be added and the guidelines for the UDRP must be released. If there is participation from every relevant authority, the neutrality and effectiveness of the UDRP can be improved. Hopefully disputes between trade mark owners and domain name registrants will be reduced, while both increasing trade mark protection and encouraging technological development.
<table>
<thead>
<tr>
<th>No</th>
<th>Case</th>
<th>year</th>
<th>Court</th>
<th>Sect 10(1)</th>
<th>Sect 10(2)</th>
<th>Sect 10(3)</th>
<th>Passi off</th>
<th>Others/res ult</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Harrods Limited v UK Network Services &amp; Others [1997]</td>
<td>1996</td>
<td>- (undefended)</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Transfer of the domain name</td>
</tr>
<tr>
<td>2</td>
<td>Marks &amp; Spencer Plc and others v One in A Million Ltd and Others</td>
<td>1997</td>
<td>High Court</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>Transfer of the domain name</td>
</tr>
<tr>
<td>3</td>
<td>British Telecommunication Plc and others v One in A Million Ltd and Others</td>
<td>1998</td>
<td>Court of Appeal</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>Dismissed on appeal</td>
</tr>
<tr>
<td>4</td>
<td>Prince Plc v Prince Sports Group Inc.</td>
<td>1997</td>
<td>High Court</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>Groundless threat s. 21/ granted summary judgment in part, denial of damages</td>
</tr>
<tr>
<td>5</td>
<td>Pitman Training Limited and Another v Nominet U.K. and Another</td>
<td>1997</td>
<td>High Court</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>Rejection of the application</td>
</tr>
<tr>
<td>6</td>
<td>Avnet Incorporated v Isoact Limited</td>
<td>1998</td>
<td>High Court</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td>Dismissed, no identity between services</td>
</tr>
<tr>
<td>7</td>
<td>French Connection Limited v Antony Toolseeram Sutton</td>
<td>1999</td>
<td>High Court</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>Had claimed trade mark infringe ment and passing off/ Rejected on the grounds</td>
</tr>
</tbody>
</table>
that the services provided were dissimilar and the mark was less well known than in the *One in A Million* case.

<table>
<thead>
<tr>
<th></th>
<th>Case Name</th>
<th>Year</th>
<th>Court</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Godfrey v Demon Internet</td>
<td>1999</td>
<td>High Court</td>
<td></td>
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Chapter 6

Conclusive Suggestions for Amendments to the UDRP

The only people entitled to change the policy – ICANN – have never found the time to discuss changes

Keiren McCarthy

I Introduction

The past five chapters provided information and discussion concerning the legislative approaches to solving domain name disputes. Chapter 1 recounted the growth of Internet technology, the transition that trade marks and other signs have made to the Internet, problems arising from the use and display of trade marks on the Internet, and the current resolutions to these problems. The Chapter was designed to provide the background information necessary to understand the problems associated with domain name dispute resolution and the need for a proper, uniform dispute resolution policy. The discussion, commentary, and analysis in the four subsequent chapters, regarding the various legislative approaches of different four legal approaches, are better understood after having read Chapter 1.

Chapter 2 discusses the Nominet Domain Name Dispute Resolution Service (DRS). Chapter 2, along with its update, reviewed the special characteristics of Nominet DRS and proposes some suggestions for the UDRP. Chapter 3 reviewed the policies and rules used especially for .eu Top Level Domain Name (TLD) dispute resolution. EC Regulation No. 874/2004 is the model law for the Czech Arbitration Court’s (CAC) Alternative Dispute Resolution (ADR) Policies and Rules, which are the regulations for ADR proceedings and administrative procedures. All registrants and registrars of .eu domain names are bound to comply with the ADR’s Policies and Rules. After the discussion and analysis, some suggestions were made for amending the UDRP, modeled after the positive aspects of the ADR Policies. Chapter 4 analysed the US federal law applicable to trade mark-domain name disputes. An abundance of interesting case law was discussed and proposals made for amending the UDRP. Similarly, Chapter 5 analysed the corresponding UK legislation and case law as well as proposed amendments to the UDRP.
Chapter 6 will reiterate and summarize the suggested amendments of Chapters 2, 3, 4, and 5. There will be no discussion, commentary or analysis in this chapter.

II Suggestions from the Study of Nominet Dispute Resolution Service

To sum up, Nominet DRS is a very unique domain dispute resolution policy. It was the first system that combined mediation with arbitration in a system of domain name dispute resolution. It does not follow the UDRP, but has its own way of accepting disputes. The mediation process only requires a few telephone calls and the posting of a few documents, while arbitration requires the services of an expert to decide the dispute. An arbitration proceeding requires: (1) that the complainant has a right in the name or mark, which was itself identical with or similar to the domain name; and (2) that the domain name constituted an abusive registration. In addition, an expert will be selected randomly according to a rotating system after either a complainant or respondent pays the fee. The DRS also has an appeal process, which in itself is different from other domain name dispute resolution systems. Below are the suggestions formed from the study of Nominet DRS, both versions 2 and 3.

A. Nominet DRS Policy

1. The UDRP should specify what signs that are recognized and protected.

2. The UDRP should provide examples of circumstances indicating bad faith, such as providing false contact details.

3. The UDRP should explicitly accept domain name trading and the sale of traffic, such as parking sites and pay-per-click pages as a legitimate means of doing business and not evidence of bad faith.

4. The UDRP should have a provision for a summary decision with a cheaper fee structure and shorter turnaround times for a panellist to consider a dispute in the case where there is no response from the respondent.

5. The UDRP should list those circumstances indicating bad faith and legitimate interest. The use of the language “in particular but without limitation” should be eliminated.
6. The UDRP should explicitly state that generic and descriptive words will not receive protection under the policy, so as to prevent monopolization of everyday words which is detrimental to the public’s freedom of expression. However, this does not include those words that can acquire a secondary meaning.

7. The UDRP should use the term “without prejudice” to designate certain submissions of documents for panellists to select documents for consideration.

8. The UDRP should have its own appeal process; one specifying the time limits, fees, and method of selecting an appeal panel.

9. The UDRP should consider a provision for mediation, as it can solve many disputes at less expense.

B. Nominet DRS Procedure

1. The UDRP needs a public consultation before any modification to gather ideas and make the public aware of changes that may happen, as well as to balance the interests of every party using the UDRP.

2. The Rules of the UDRP should have a provision concerning word limits for the complaint and response.

3. The Rules for the UDRP should provide for a reply to a response by a complainant; one which only allows the complainant to raise new issues that were raised in the complaint.

4. The Rules for the UDRP should consider a method of selecting panellists by using a system of rotation.

5. There should be more information, help, and guidelines for the UDRP, as well as its Rules, provided on ICANN’s website.

6. The UDRP should explicitly state that submissions in electronic form are compulsory, while hard-copy form is the alternative.
7. The UDRP should give a respondent the opportunity to pay the one-member panellist’s fee in the case where a complainant refuses to pay the fee.

8. The UDRP should have a group of specialists to control the quality of decisions.

9. The period for a panel to submit its decision should be extended to at least 20 days after the appointment of the panel.

III Suggesteds from the study of .eu Alternative Dispute Resolution

Generally, EC Regulation No. 874/2004 lays down the core provisions for .eu domain name ADR Policies and Rules. Under the ADR, the CAC is the sole dispute resolution provider for .eu domain name disputes and it can only use ADR Policies and Rules when resolving disputes. The Regulation provided for a sunrise period for those who had prior rights in names or trade marks to be able to register their domain names before the general public was allowed to do so. It also added the unique provision that a complainant could file a complaint against the registry. The Policies and the Rules were developed while keeping in mind the flaws of the UDRP. Yet, there are many provisions that seem inferior to the UDRP. For example, the ADR accepts a complaint regarding any right recognised under the national law of any member of the EC countries. This is a problem in that it is too broad. Almost every .eu domain name will conflict with rights leading to an increase in the number of disputes. As stated in Chapter 3, there is not much the UDRP can learn from the ADR. Nonetheless, some provisions of the ADR are still worth consideration when crafting amendments to the UDRP. Below are reiterations of the proposals from Chapter 3.

A. The ADR Policies

7. The UDRP should have a provision for a domain name registrants to make a complaint against a registry for such instances as the incorrect assignment of a domain name.

8. The UDRP should protect more rights than just trade mark and service mark rights, but those rights must be explicit and not in the form of examples.
9. The UDRP should provide a definition for “confusingly similar” in the applicable dispute criteria.

B. The ADR Proceeding

1. The UDRP should have a provision for phased registration period to reduce speculators and cybersquatters at the first stage of domain name registration.

2. The UDRP should extend the time limits for many procedures such as the period for making a complaint and the period for a respondent to initiate a court procedure; because these limits are too short.

IV Suggestions from the study of the US federal laws

Chapter 4 was a study of the US federal law dealing with the problems of trade mark-domain name disputes in the US. The laws discussed were (1) the Lanham Act, (2) the Trademark Dilution Revision Act (TDRA), and (3) the Anticybersquatting Consumer Protection Act (ACPA). Each law has its own focus. For instance, the ACPA is a sui generis law designed to lessen domain name disputes involving cybersquatting. Its performance is satisfactory since it has reduced the number of cybersquatting cases since its first use. The research also analysed, commented on, and discussed the case law related to each of these US laws. Suggestions for amendments to the UDRP have therefore been distilled from both US federal law and the related case law. Below are suggestions for an amending the UDRP.

C. The Lanham Act—Trade Mark Infringement by Confusion

Section 32(1) of the Lanham Act is a provision for the infringement of registered trade marks and Section 43(a) is a provision for the infringement of unregistered trade marks. Both provisions have been applied in the resolution of trade mark-domain name disputes, as well as cases involving domain names and other intellectual property rights. Suggestions for the amendment of the UDRP are made below.

9. The UDRP should provide a definition for “confusingly similar”.

10. The UDRP should provide a test to find what is “confusingly similar”.

11. The UDRP should protect personal names from being infringed.
12. The UDRP should consider a monetary penalty for the losing party to that they bear the cost of the proceedings.

13. The UDRP should have an appeal process.

14. Fairness must be the concern and the priority of the UDRP.

15. The UDRP should have a middle-ground decision, not just the cancellation or transfer of the domain name. For example, it can have a decision that lets a domain name stay with a registrant but prohibits the commercial use of the domain name or its website, so as to prevent the registrant from riding on a complainant’s goodwill.

16. Providers under the UDRP should not concern with precedents or forum shopping.

D. The TDRA and the FTDA—Trade Mark Infringement by Dilution

The TDRA is concerned with the prevention of and the remedies for trade mark dilution. The Act is in Section 43 of the Lanham Act. From the study in Chapter 4, suggestions for amendments to the UDRP are reiterated as follows.

9. The UDRP can provide examples of bad faith circumstances, such as the explicit intent to dilute a trade mark, especially a famous mark.

10. The UDRP should have a method for determining if the respondent had a genuine intent to deceive or dilute a trade mark by the use of domain name.

11. The UDRP should provide a test to find dilution, such as (1) a famous mark, (2) is used in commerce, (3) by the use or registration of a domain name, (4) which destroys the mark’s distinctiveness or tarnishes the mark.

12. The UDRP should specify that the registration of a .com domain name is not a use in commerce per se.

13. The UDRP should specify that the likelihood of harm or actual harm can prove dilution and it can be a new, unstated type of bad faith.
14. The UDRP can list new bad faith circumstances, such as the case where the famous mark is associated with a website of unsavoury content.

15. The UDRP should specify that the use of pejorative words in conjunction with a mark, in a domain name, is lawful or falls under the fair use defence.

16. The UDRP should make it clear that criticism or consumer product review websites that use a mark will not dilute its distinctiveness or tarnish the mark.

E. The Anticybersquatting Consumer Protection Act

The ACPA was legislated in 1999 and has resolved a great number of cybersquatting domain name cases in the US. Chapter 4 showed that the provisions of the ACPA could be beneficial as a model for amendments to the UDRP. Below are suggestions for the UDRP from the study of the ACPA and related case law.

14. The UDRP should specify that distinctive and famous marks tend to be associated with bad faith registrations of domain names.

15. The UDRP should include criteria for determining what are distinctive and famous marks, as in s.43(c) of the Lanham Act.

16. The UDRP should consider the “confusingly similar” issue according to the background of each case.

17. The UDRP can provide, in particular but without limitation, factors to consider the “confusingly similar” requirement.

18. The UDRP should protect other intellectual property rights, such as personal names or geographical identifications.

19. The UDRP should adopt the words “prior use” instead of the words “before any notice to you of the dispute”.

20. The UDRP should provide that tarnishment and disparagement constitute bad faith circumstances.
21. The UDRP should clearly distinguish between cybersquatting and the domain name trading business.

22. The UDRP should provide that registering or acquiring multiple domain names with the proven intention of profiting from them constitutes bad faith circumstance.

23. The UDRP should state that warehousing domain names as parking sites and receiving revenue from online advertisements on such sites demonstrates bad faith.

24. The UDRP should have a cause that a mark when incorporated into a domain name must still be distinctive

25. The UDRP should consider adding a safe harbour provision, especially to expedite the proceedings

26. The UDRP should specify that commercial use can be fair use so long as there is no finding of bad intention.

V Suggestions from the study of the UK trade mark laws

Trade mark law is the only law used to resolve trade mark-domain name disputes in the English courts. The law can be divided into the written legislation and the doctrines found in the common law. Legislation, such as the Trade Mark Act 1994, has provisions protecting and remedying the infringement of registered trade marks. The common law of passing off is a doctrine used to protect and resolve disputes involving unregistered trade marks. Normally, plaintiffs in cases involving trade marks and domain names will claim trade mark infringement by passing off because the trade marks in the cases are always well-known and have wide-spread reputation. It is not a surprise that domain names would be registered for the purpose of resembling those well-known marks. Chapter 5 provided discussion and analysis of the law as applied to domain name cases. Below are reiterated the suggestions found in Chapter 5.

A. The Trade Mark Act 1994

1. The UDRP should issue guidelines to explain each of its policies.

2. The guidelines should explain how to consider whether a trade mark and domain name are identical or confusingly similar.
3. The global appreciation doctrine should be used when considering the identity or confusing similarity of trade marks and domain names.

4. Products or services supplied under domain names and trade marks should be compared in order to determine whether they are identical or confusingly similar.

5. The UDRP should specify that prefixes, suffixes and hyphens will not be considered when determining identity or confusing similarity.

6. The UDRP should specify that trade marks and domain names that sound alike are confusingly similar.

7. The UDRP should define “use in the course of trade”, and how or whether it relates to honest practices.

8. The UDRP should more clearly define “bad faith circumstances”.

B. The Passing off doctrine

1. The UDRP should specify that selling products or services on a website under a domain name constitutes a legitimate interest in the use of that domain name.

2. The UDRP should specify that the registration of a domain name for use as a pathway to a third party website, or that to gain dishonest interest, are examples of circumstances indicating bad faith.

3. The UDRP should define and protect the delicate balance between adequate trade mark protection and the freedom of Internet users.

4. The UDRP should require the panel to write a simple and straight-to-the-point opinion.

5. The UDRP should specify that a panel should try to avoid quoting too much precedent.
6. The UDRP should stress that the more distinctive the trade mark is, the greater the chance for a likelihood of confusion on the part of the public will be.

7. The UDRP should specify that an association in the mind of the public regarding the source of a domain name and a trade mark can lead to a likelihood of confusion.

8. The UDRP should specify that initial interest confusion is not to be counted as damage resulting from bad faith circumstance.

9. The UDRP should specify that the registration of a domain name incorporating a well-known trade mark can be a circumstance indicating bad faith.

10. The UDRP should provide an adequate test to assess the reputation of the trade mark. The greater the reputation of a trade mark, the more likely the registration of the domain name was in bad faith.

11. The UDRP should pay proper attention to claims of reverse domain name hijacking.

12. The UDRP should specify which signs will receive its protection.

13. The UDRP should require evidence of actual damages or the possibility of damages as a result of the registration or use of the disputed domain name.

14. The UDRP should extend the period in which the panel must make its decision, so that all the facts of the case may be carefully considered, as well as the intention of each party. Proper decisions should be made. If there is any inclination that a respondent will re-register a domain name, the registration of the domain name should not be just cancelled. The domain name should be transferred to a right owner instead.

15. The UDRP should have its own appeal process; one that is unique, fast, inexpensive and free of redundancies. A panellist should have sufficient background in the fields of trade marks AND domain
names. A veteran panellist will most likely make a clear and precise decision.

16. Those provisions of the UDRP that show a bias should be eliminated.

VI Concluding Remarks

The UDRP has been used since 1999 and has never been amended. Each of the above systems have interesting characteristics that the UDRP should learn from. Most of the above suggestions seek to create a UDRP that clarifies its terms, such as the term “confusingly similar”. The UDRP should also provide a test for finding what is “confusingly similar” – ideally the global appreciation test that was proposed in Chapter 5. Therefore, if the organizations having the power to amend the UDRP adopt some of these suggestions, this research will contribute something to the Internet community and society.
Conclusion

The ambit of the UDRP is to create a speedy and cost efficient procedure to counter the narrow ambit of cybersquatting cases. Within this scope the procedure has been successful indeed.

Julia Horne
Online Dispute Resolution (2002)

Trade marks play a major part in the brick and mortar world, such as making consumers recognize the origin of products or services. When it comes to the virtual world, the roles of trade marks are not diminished. A domain name which is an address of a location on the Internet becomes a place where trade marks can be presented. In such instances, a trade mark and a domain name are usually mistaken as coming from the same source, although they tend not to be. The possibility of consumer confusion leads to numerous abusive behaviours by registrants hoping to actually create that confusion, especially where famous trade marks are concerned. The most well-known of these behaviours is cybersquatting which refers to the act of registering a domain name at a low cost and then selling it at a high price to the corresponding trade mark owner.

Since 1996 many lawsuits have been brought to courts by trade mark owners in order to cancel or transfer a domain name. The national law used to resolve such disputes is the trade mark law. However, trade mark law is too rigid for application to the infringement of trade mark rights on the Internet because the technology has features that are not suitable for traditional trade mark law. Moreover, a court proceeding is too lengthy for the electronic commercial world as well. Therefore, *sui generis* dispute resolution policy was designed to be fast, inexpensive and cross-jurisdictional, to correspond with the characteristics of these domain name problems. The Uniform Domain Name Dispute Resolution Policy (UDRP) was issued as a result.

The UDRP has been in effect since 1999 and has been used up to today without any amendment. Statistical evidence demonstrates that it is an effective tool for trade mark owners in their fight against abusive domain name registrations, given that the number
of these disputes has continuously decreased in the period from 1999–2004. However, the number of such disputes has increased since 2005 and continues to do so year after year. The rise of domain name disputes may be caused by any number of factors. The use of internationalised domain names (IDN), the inefficient interpretation of the UDRP, and the technology of automatic registration of expired domain names are all equally plausible reasons. Yet, the UDRP is worth researching because it is a major tool and is of significant benefit to the public in lessening online disputes.

The UDRP has been commented on in the past by academics and reported via various sources. The UDRP’s main problem seems to stem from the malpractice of its users. The UDRP cannot exactly cater to what a trade mark owner would want because, most of the time, a trade mark owner wants to have the disputed domain name transferred to himself; while, the aim of the UDRP is to decrease cybersquatting and uphold the rights of legitimate domain name registrants. Nonetheless, one of most frequent criticisms of the UDRP is that it favours a trade mark owner because they tend to win domain name decisions under the UDRP. Its decisions are also viewed as inconsistent. Given these problems, the UDRP needs to be reviewed thoroughly in order that proposals may be made to resolve them, which is the primary objective of this thesis.

In order to further examine the UDRP’s problems they must be broken down, organised into categories, and then explained. Thereafter, solutions can be sought by various methods. The methodology used in this thesis was to compare the UDRP with other legislative approaches. As seen throughout the thesis, the research proposed suggestions for amending the UDRP after studying 4 systems of domain name dispute resolution and comparing each system with the current policies of the UDRP. The systems studied were Nominet Dispute Resolution Service (DRS), .eu Alternative Dispute Resolution (ADR), various relevant US law (including the Lanham Act, the Anticybersquatter Consumer Protection Act and the Trade Mark Dilution Revision Act), and UK trade mark law (including the Trade Mark Act 1994 and the doctrine of passing off). The study analysed the decisions and case law of each system as well.

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Generally, it can be said that these systems represent some unique methods to resolving domain name disputes. For instance, Nominet DRS has a mediation process preceding arbitration - the mediation could under the UDRP if it was adopted. In addition, the use of the global appreciation method to determine what is confusingly similar, as required by an applicable dispute of the UDRP will also be beneficial to parties because they will know how a panellist will judge identity or similarity. However, there are systems from which the UDRP can learn very little, such as the .eu ADR system. The ADR uses the UDRP as its model, but it deviates greatly from the UDRP and not for the better, despite its first intention to improve upon the failings of the UDRP. All the recommendations produced by the study were combined in Chapter 6 as conclusive suggestions for an amendment of the UDRP.

To sum up, after analyzing the UDRP and its Rules, seeing their failures and the criticism, there is so much in these regulations that needs to be improved. Studying these four approaches to resolving domain name disputes contributed new ideas to the discussion of how to amend the UDRP. It can be claimed that the current version of the UDRP is not too bad at all. This is because, when considering everything together, the UDRP has been used for almost a decade without any change and is still able to address the great number of cybersquattings. This is despite a growth in technology and the release of new Top Level Domain Names, including the IDN. However, how the efficiency of the UDRP is judged depends on its purpose. If the UDRP was released only to control the number of cybersquattings, then the UDRP is a success. Hence, if the purpose of the UDRP is to reduce every kind of domain name dispute, the UDRP needs to be improved because disputes it involves itself only with trade marks, but the disputes may arise over any type of sign that is able to appear as a domain name, such as a geographical identification. The amendment should be able to diminish the negative criticism of the UDRP as well.

The hypothesis of this thesis was that the UDRP is too rigid for the problems associated with trade marks and domain names. After the research, the author still believes that the UDRP needs amendment because the UDRP should be able to resolve every domain name dispute. Yet the problem of cybersquatting is just too simple for the policy. The UDRP should be a central policy for every domain name dispute, not only those involving trade marks. Otherwise, there must be a new policy specifically dealing with each problem and this would be too burdensome for the issuers and users of such a variety of policies.
The proposed suggestions should be more or less helpful to the future resolutions of the UDRP to every type of domain name disputes. If any of the resulting suggestions can be developed into amendments that are useful to the public, it will please the author. The author bears in mind that to make the UDRP suit every possible dispute arising from domain name registrations is to make a fixed law for a continually developing technology. Like Professor Lessig once stated, to create a regulation for the Internet is to make a rule for a horse. If we propose too many restrictions to the UDRP as solutions for domain name disputes, it will be difficult for the rules to follow the constantly evolving technology. Therefore, any amendment must be made after thorough consideration and, as suggested, public consultation, because it would help balance the interests of all parties involved.

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