

CAN YOU BE MASTER OF YOUR DOMAIN IN A WEB OF
CYBERSQUATTERS AND REVERSE DOMAIN HIJACKERS?

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Recently, I represented a client in a case under ICANN's new Uniform Domain Name Dispute Resolution Policy (UDRP) which involved a racy mix of alleged cybersquatters and reverse domain name hijackers. Who exactly are these new breeds of miscreants in cyberspace, and what is ICANN?

ICANN is the Internet Corporation for Assigned Names and Numbers, a not-for-profit private-sector corporation created in October 1998 by a coalition of Internet business, technical, academic, and user representatives to provide technical coordination for the Internet, including the assignment of Internet domain names. Until recently, there have been seven top level domain names, ending in the suffixes .com, .net, .org, .edu, .gov, .us, and .mil. This past November 2000, ICANN authorized seven new domain names, .info, .biz, .name, .pro, .coop, .museum and .aero.

The most popular of the current domain name is .com, and therefore most of the disputes that have arisen thus far have involved firms and individuals competing for the coveted .com designation. Domain names have been bought and sold for thousands, even tens and hundreds of thousands, of dollars. One of my clients, for example, registered the domain name dreamcast.com in 1996 because she liked the sound of the name. Four years later, she found herself \$50,000 richer because the computer game company Sega decided on the name "Dreamcast" for its new video game, and purchased the domain name from her.

Before the current policy was instituted, an aggrieved party that felt that its name had been appropriated by a "cybersquatter", someone not entitled to register the domain name, could resort to the dispute resolution policy of Network Solutions, Inc. (NSI), the principal organization that assigned domain names. NSI's dispute policy permitted trademark owners to place "on hold" domain names that were identical to a trademark owner's federally registered trademark. However, since January 1, 2000, NSI has agreed to abide by and implement ICANN's policy and it no longer places domain names on hold.

Under the UDRP, the dispute policy implemented by ICANN, when a complaint is filed against the owner of a domain name, the owner must submit to a mandatory administrative proceeding conducted before a dispute resolution service provider approved by ICANN. Among these are the World Intellectual Property Organization (WIPO), Disputes.org, the National Arbitration Forum, and eResolution. Under the UDRP, a complainant may assert a cause of action against a domain name holder if (1) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) the domain name holder has no rights or legitimate interest with respect to the domain name; and (3) the domain name has been registered and is being used in bad faith. In the dispute resolution proceeding, the complainant must prove all three elements.

The panel considers several elements to be evidence of registration and use of a domain name in bad faith, including (1) circumstances indicating that the domain name holder has registered or acquired a domain name primarily for the purpose of selling, renting or otherwise transferring the domain name registration to the complainant; or (2) registration of the domain name to prevent the owner of a trademark or service mark from registering the domain name; or (3) registration of the domain name primarily for the purpose of disrupting the business of a competitor; or (4) use of the domain name to intentionally attract for commercial gain Internet users to a web site or other online location by creating a likelihood of confusion. If the panel finds that the complainant has proved all these elements, the panel may order the transfer of the domain name.

The fees charged by the dispute resolution provider must be paid by the complainant, and all communications are made in writing via e-mail, mail or fax. There are no actual hearings held on the matter. The entire dispute resolution proceeding is designed to cost less than \$1,000 and last for about 45 days.

The first proceeding under the UDRP was filed in December 1999 by the World Wrestling Federation over the domain name worldwrestlingfederation.org. World Wrestling Federation Entertainment, Inc. v. Michael Bosman, WIPO Case No. D99-0001, Jan. 14, 2000). The WWF filed in obtaining the transfer of the domain name from a cybersquatter, who had no legitimate right to use the WWF's name.

In the case I handled, I represented an individual who had adopted and registered the domain name tradesite.com with Network Solutions in June 1996, and began carrying live traffic on the site in September 1997. The site originally hosted online auctions for the public to post products for sale without fee or commission. He continued to operate the site in that manner until July 1999, when he temporarily suspended operations to update, modify, and enhance the site so it could be developed into a commercial auction site. The site remained active, but carried no auctions and had not been updated in over a year at the time the complaint was filed. My client intended to reactivate his site and filed an application with the U.S. Patent and Trademark Office to register the service mark for business-to-business auction services in July 2000.

The complainant was a company that owned a U.S. trademark registration for the trademark TradeSite for computer software used for business-to-business transactions over the Internet. In its trademark application, the complainant said it first used the mark in November 1997, and registered it in June 2000. In December 1997, the complainant attempted to register the domain name tradesite.com with Network Solutions but found that it was unavailable. The company did a search to determine who owned the domain name, and attempted to access my client's website, but did nothing further.

In July 2000, the complainant sent a letter to my client offering to buy his domain name for \$5,000. The next day, the company's president claimed he talked to my client by telephone, and was told that the domain name was for sale for a million dollars. My client denied that he had offered to sell the name for that amount, and said only that he had told the complainant's president that the name might be for sale with other assets of his company.

The complainant filed its complaint with eResolution, one of the dispute resolution services, on September 29, 2000. The company contended that my client's domain name, tradesite.com, which he used for business-to-business Internet auctions, was identical or confusingly similar to the complainant's registered trademark, TradeSite, which was used for e-commerce computer software. The complainant further contended that my client had no legitimate interest or rights in the domain name because he was not actively using the domain name, and had abandoned any possible previous rights in the domain name. Finally, the complainant contended that my client had registered and was using the domain name in bad faith because he had maintained a nonfunctional site and allegedly offered to sell the domain name for an exorbitant amount, one million dollars. The complainant asked the panel to order the domain name to be transferred to the complainant.

In our response, we argued that my client was the first user of the name tradesite, so his rights pre-dated the complainant's rights. Thus, he could not have registered the domain name in bad faith. We said that he had suspended active use of the domain name only temporarily, while upgrading his site and changing it from a free to a paid business model. We denied that there was any confusion between the marks. Finally, we argued that the complainant had engaged in "reverse domain name hijacking" and had abused the Uniform Domain Name Dispute Resolution Policy by filing the complaint.

The panel unanimously agreed with us (eResolution Case. No. AF-0473, Dec. 15, 2000), and in addition found that the complainant had indeed engaged in reverse domain name hijacking. Under paragraph 15(e) of the UDRP Rules, if the panel finds that a complaint was brought in bad faith, for example in an attempt at reverse domain name hijacking or primarily to harass the domain name holder, the panel may declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding. Here, citing two earlier disputes over the domain names qtrade.com and thyme.com (eResolution Case Nos. AF-0169 and AF-0104), the panel noted that "bad faith should be found if the complainant has an obvious interest in obtaining the respondent's domain name for its own use, yet lacks even a plausible argument on each of the elements set forth in the ICANN Policy." In another case, involving the name smartdesign.com (WIPO Case No. D2000-093), a panel found bad faith where a complainant pursued a complaint that it knew was unsupportable or with reckless disregard as to whether its allegations were supportable.

Here, the panel found that the facts demonstrated a high likelihood that the complainant either knew that its allegations of bad faith against my client were unsupportable or filed its complaint with reckless disregard as to whether its allegations were supportable. The complainant knew or should have known that my client registered his domain name earlier than the complainant began its use or attempted registration of its TradeSite mark, alleged no instances of actual confusion, and took no action with respect to my client's use of the domain name for nearly three years after discovering it.

The panel said further that it was difficult to conceive how the complainant could have believed in good faith that it had a supportable claim of bad faith against my client. Quoting the smartdesign.com panel, the panel said: "Had the complainant sat back and reflected upon what it was proposing to argue, it would have seen that its claims could not conceivably succeed." The panel also noted that the complainant's lack of candor in its negotiations with my client lent further support to a finding of bad faith.

Accordingly, the panel found that the complaint was brought in bad faith, either in an attempt at reverse domain name hijacking or primarily to harass my client, and constituted an abuse of the administrative proceeding. Unfortunately for my client, the panel's harsh words against the complainant brought, not only moral and legal vindication. This is because no monetary compensation, neither damages, costs, nor attorney's fees, may be awarded in a UDRP proceeding, no matter how outrageous the complaint or grievous the injury to the respondent.

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