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Cover Page Footnote

Gideon Parchomovsky; Madeleine Schachter; David Wolf; Hugh Hansen; IPLJ

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Adam Goldstein*

INTRODUCTION

Imagine buying a twelve-pack of soda and a pair of shoes, both manufactured by ABC Corporation. Of the twelve cans of soda, five were filled with nothing but plain water and two others, which were originally full of soda, explode in the package as you bring it home. When you try lacing up your ABC Shoes, the sole separates from the rest of the shoe. You try to contact ABC for a refund, but when your attempts to remedy the situation with ABC's customer service department fail, you decide to air your complaints to the world. You might try calling a local television or radio station, but broadcast media airtime is limited and you have a very slim chance of having your concerns aired. You could try writing to a local newspaper, but your odds of being heard are not much better. Alternatively, for a relatively small amount of money, you could take your case to the World Wide Web. Deciding to go online, you make a simple Web page that starts with your bold, if vague, assertion that "ABC Sucks" and includes pictures of the defective goods. In order to increase the chances that people using a search engine will find your web site, and to increase word-of-mouth advertising for your site, you register the easy-to-remember domain name ABCsucks.com. ABC Corporation sends you a letter the next day ordering you to cease your use of its trademark.¹ You respond that the use is a "fair use" (any noncommercial or non-competitive use) of the mark under trademark law and that you intend to keep using the domain name.

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¹ "Trademark" is meant to include service marks throughout this paper.

Currently, your odds of successfully keeping this domain name with a company's trademark are not very good—perhaps as poor as five to one against, or worse.² Systems originally designed to return domain names registered in bad faith to their rightful owners are being used to curtail the ability of good-faith speakers to share information and viewpoints about products and companies. Consequently, the ability of third parties to advertise their opinions is being restricted by the current methods of resolving disputes involving trademarks and domain names.

This paper explores why “fair use” of trademarks in domain names is currently under-protected by domestic law, international law, and arbitration proceedings. It begins by reviewing the history of domain names and traditional trademark protection. Next, it shows how the early controversies and concerns about the limited number of available domain names resulted in policies that are highly restrictive of “fair use” of trademarks. It continues by using recent arbitrations and cases to show flaws in the two most commonly used methods of recovering domain names in the United States and offers well-decided cases as a counterpoint. Finally, it concludes with four proposals on how “fair use” of trademarks could be protected better by domain name arbitration and recovery proceedings.

II. THE PURPOSE OF DOMAIN NAMES

Domain names were not created in order to put valuable intellectual property online, but in order to give end-users something easier to remember when entering Internet addresses. Computers identify each other via an Internet Protocol (hereinafter “IP”) address, which is a numerical string of four numbers between zero

² See *infra* note 98 and accompanying text. Note that the five-to-one figure applies to the overall odds of retaining any domain name under the Uniform Domain Name Resolution Policy [hereinafter UDRP]; the small sample size of sucks.com domains makes any statistical inference based on that subset questionable. Nevertheless, the *overall* statistical odds of retaining a name, regardless of whether it is a <trademark>sucks.com name or other disputed domain name, are less than five to one. There are thousands of examples. The <trademark>sucks.com names conform to the overall trend.

and 255 separated by periods, such as 130.9.159.78.³ Since this is an inefficient way for users to remember where to locate their favorite online bookseller or their employer's web site, the Internet Assigned Numbers Authority (hereinafter "IANA"), the group initially in charge of both IPs and domain names established domain names.⁴ By assigning a name such as the late Kozmo.com to an IP, it is easier for users to find and remember sites of importance. When Kozmo.com is typed in, the computer refers to a Domain Name Server that searches for the IP address associated with the domain, then uses the numerical address internally as it communicates with the target computer.

Top-level domain names (hereinafter "TLD") come in three basic varieties: general, restricted, and country code.⁵ General domain names (.com, .net, .org, .info) are available for open registration for a nominal fee assigned by the registrar.⁶ Second, there are restricted TLDs that allow certain groups or individuals to register second-level domains; for example, .gov only allows arms of the U.S. Federal government to register names, while the recently-approved .pro will allow only professionals (defined as doctors, lawyers and accountants) to register.⁷ Finally, there are country code domain

³ IP addresses as we understand them are simplified for end-users; computers read them as a single 32-bit number. Breaking them into four 8-bit sections using periods was merely an early attempt to make them easier for users to remember and to type. Of course, those who needed to remember them at the time were scientists and computer programmers.

⁴ See Rebecca W. Gole, *Playing the Name Game: A Glimpse at the Future of the Internet Domain Name System*, 51 FED. COMM. L.J. 403, 406 (1999). Domain names had an even more humble origin as a single file (HOSTS.TXT) in the ARPANET Network Information Center that was shared among the timeshare hosts. See also *The History of Domain Names*, COTSE.com: The Computer Professional's Reference, at <http://webmail.cotse.com/CIE/RFC/1034/3.htm> (last visited Mar. 15, 2001).

⁵ Some commentators, such as Gole, *supra* note 4, have observed four categories separating the U.S.-only restricted domains (.mil, .gov, and .edu) from .int, designed for international treaties. Others, including the authoritative, late John Postel, a designer on the TCP/IP protocol, identified only two, generic and country. See J. Postel, *Domain Name System Structure and Delegation*, Network Working Group, at <http://www.isi.edu/in-notes/rfc1591.txt> (last visited March 15, 2002).

⁶ See *Frequently Asked Questions*, Internet Corporation for Assigned Names and Numbers [hereinafter ICANN], at <http://www.icann.org/general/faq1.htm> (last visited Mar. 15, 2002).

⁷ See *New TLD Program*, ICANN, at <http://www.icann.org/tlds/> (last visited Mar. 15, 2002).

names, which are two-letter extensions, assigned to countries of the world recognized by the United Nations.⁸ As of mid-November 2001, 244 country codes have been assigned.⁹ The fate of a country's domain, once assigned, varies. Some countries track the structure of general TLDs and create further subdivisions of the domain within their namespace.¹⁰ Some are purchased by corporations and offered as general TLDs at a premium.¹¹ Still others are deleted when the country itself changes its name.¹²

Trademark law became rapidly important to domain names because only three general TLDs, .com, .net, and .org, were available until recently. Domains tend to be viewed as a limited resource. While Checkpoint Systems and Check Point Software can peacefully co-exist in the real world, there can be only one checkpoint.com in cyberspace, so litigation is bound to follow.¹³

⁸ See generally *ICP-1: Internet Domain Name System Structure and Delegation*, Internet Assigned Numbers Authority [hereinafter IANA], at <http://www.icann.org/icp/icp-1.htm> (last updated July 7, 2002). Despite IANA's protests that this is a non-political way of assigning country-level domain names, it merely abdicates the political decisions to the U.N. Recently, the .ps domain was assigned to the Palestinian territories.

⁹ See generally *Root-Zone Whois Information: Index by TLD Code*, IANA, at <http://www.iana.org/cctld/cctld-whois.htm> (last visited Mar. 15, 2002).

¹⁰ See Nominet.uk, The UK Internet Names Organisation (describing the .uk domain), at <http://www.nominet.org.uk> (last visited Mar. 15, 2002).

¹¹ The .tv domain, assigned to the small Pacific island nation of Tuvalu, was essentially purchased (perpetually licensed) by the .tv Corporation and used for general registration at prices starting at \$50 a name for the first year. Tuvalu gets at least \$4 million a year for the next ten years. See *About Tuvalu*, The .tv Corporation (explaining .tv's development), at http://www.tv/en-def-4a703a6cebe4/en/about/about_tuvalu.shtml (last visited Mar. 15, 2002).

¹² See *IANA Report on Deletion of the .zr Top-Level Domain*, IANA, at <http://www.iana.org/reports/zr-report-20jun01.htm> (June 20, 2001) (removing the ccTLD for Zaire and replacing it with .cd for the subsequent Democratic Republic of Congo) (last updated Nov. 25, 2001).

¹³ See *Checkpoint Sys., Inc. v. Check Point Software Techs.*, 2001 U.S. App. Lexis 22524 (3d Cir. 2001), *aff'g* 104 F. Supp. 2d 427 (D.N.J. 2000).

III. TRADITIONAL SCOPE OF TRADEMARK PROTECTION

Understanding how trademark law has been abused online to prevent “fair use” requires highlighting the normative use of trademark law offline in the United States. The forces that shaped the various legal remedies to recover domain names were not concerned with “fair use,” but with preventing infringement. Examining how the two potentially conflicting trademarks of ABC Foods and ABC Electronics could co-exist in the “real world” will reveal why trademark protection of domain names has become so draconian.

First, it is important to note that “real-world” marks (with the exception of famous or well-known marks, discussed *infra*) are often geographically limited. In the absence of a federal registration, ABC Foods could do business in Maine, and ABC Electronics could do business in Ohio, and both companies would have enforceable marks with respect to others who would attempt to enter their market with the ABC name.¹⁴ Even where a federal registration exists, a prior user might retain rights to use the name in a limited area.¹⁵ The same rule applies with respect to countries; a company in Europe can safely use the ABC trademark, provided it does not conduct business in the United States.¹⁶ Obviously, domain names—even domain names in country code TLDs, such as ABC.co.uk—function on any internet-connected computer in the world, and just as there can only be one checkpoint.com, there can be only one abc.com.¹⁷ Also, in cases dealing with marks that are not famous or well known, two

¹⁴ See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2nd Cir. 1959) (holding that separate companies selling identical goods in different geographic markets may use the same trademark).

¹⁵ See generally *Burger King of Fla., Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968) (holding that prior user could continue using “Burger King” name in the limited area it had previously operated).

¹⁶ See Graeme B. Dinwoodie, *(National) Trademark Laws and the (Non-National) Domain Name System*, 21 U. PA. J. INT'L ECON. L. 495, 500 (2000) (noting that a trademark registration in one country secures rights in that country, but that a different person may own the rights to the same mark for the same goods in a different country).

¹⁷ See *Checkpoint Sys.*, 2001 U.S. App. Lexis 22524, *supra* note 13 and accompanying text.

companies can use the same mark on unrelated goods and services.¹⁸ ABC Foods could sell hamburgers in the same city as the ABC Electronics headquarters, provided no one could reasonably mistake the electronics products for hamburgers.

Famous marks, or marks that are household names, such as McDonalds and Microsoft, are entitled to protection even against competitors in unrelated businesses. For example, McDonalds might reasonably worry that consumers will associate it with McSleep Inns because McDonalds restaurants are virtually omnipresent.¹⁹ If ABC Electronics intended to introduce the McRadio, it could reasonably expect a letter from the general counsel of McDonalds to follow. Here, there is a strong similarity to domain names. There can be only one McDonalds.com; if McDonalds could have its way, there would not be any McDonald.com, MacDonalds.org, or *McAnything.anywhere*, regardless of what is being sold.²⁰ Furthermore, domain names are an international medium, and international treaties contain language about “well-known marks” that has been interpreted by many courts to mean famous marks. The World Intellectual Property Organization’s (hereinafter “WIPO”) Paris Convention, adopted by the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter “TRIPs”), protects well-known marks against “conflicting marks, business identifiers and domain names” once those marks become well known in the country where the dispute takes place.²¹ Even a

¹⁸ See *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2nd Cir. 1961) (setting out a nine-factor test to see whether a mark can be used on non-competing goods by another user).

¹⁹ See *Quality Inns Int’l v. McDonald’s Corp.*, 695 F. Supp. 198 (D. Md. 1988) (finding dilution of the McDonalds mark under Illinois state law where Quality intended to introduce McSleep Inns).

²⁰ Interestingly, McDonalds had to recover McDonalds.com from a journalist who taught the company a very important lesson about registering early. See Joshua Quittner, *Billions Registered*, 2 WIREd #10, Oct. 1995, at 50, available at <http://www.wired.com/wired/archive/2.10/mcdonalds.htm> (last visited Apr. 10, 2002).

²¹ Lynda D. Oswald, “Tarnishment” and *Blurring Under the Federal Trademark Dilution Act of 1995*, 36 AM. BUS. L. J. 255, 270 n.87 (1999) (citing Agreement on Trade-Related Aspects of Intellectual Property Rights, 33 I.L.M. 1197, in General Agreement on Tariffs and Trade: Multilateral Trade Negotiations Final Act Embodying the Results of the Uruguay Round of Trade Negotiations, Apr. 15, 1994, 33 I.L.M. 1125, 1197 Annex 1C); see also *Joint Recommendation Concerning Provisions on the Protection of Well-*

famous or well-known mark, however, is subject to real-world limitations on how strongly it can be enforced. The federal dilution statute allows uses of a famous mark for purposes of comparative commercial advertising,²² noncommercial use,²³ and news reporting and news commentary.²⁴

Indeed, even a use for profit of another's trademark for no reason other than to subject the mark to ridicule is permitted, provided that the use is not to identify goods or services in commerce.²⁵ In *Charles Atlas v. D.C. Comics*, the defendant company parodied the plaintiff's advertisements for a bodybuilding course in defendant's comic book. Even though the plaintiff advertised in comic books (suggesting that someone accustomed to seeing the plaintiff's advertisements could be confused upon seeing defendant's parody) and the use was commercial, the court stated, "[t]he Lanham Act is construed narrowly when the unauthorized use of a trademark is made . . . for the expressive purposes of comedy, parody, allusion, criticism, news reporting and commentary."²⁶ Because the use was protected by the First Amendment, the defendant prevailed.²⁷

In fact, noncommercial uses of a mark do not technically fall into a "fair use" exception of general trademark law; instead, traditionally, they are not actionable at all.²⁸ In *Lucasfilm v. High Frontier*, the

Known Marks, WIPO, September 29, 2000, at http://www.wipo.int/about-ip/en/development_iplaw/doc/pub833.doc (last visited Mar. 15, 2002). Note that the U.S. anti-dilution statute was an obligation under GATT, even before TRIPs and the Paris Convention.

²² See 15 U.S.C.A § 1125 (c)(4)(a) (2001).

²³ See *id.* § 1125 (c)(4)(b)

²⁴ See *id.* § 1125 (c)(4)(c).

²⁵ See *Charles Atlas v. D.C. Comics, Ltd.*, 112 F. Supp. 2d 330 (S.D.N.Y. 2000) (holding that plaintiff's claims of infringement and dilution could not prevail where the defendant published a parody of a well-known advertisement).

²⁶ *Id.* at 335.

²⁷ *Id.* at 341.

²⁸ See generally 15 U.S.C. §§ 1114, 1125(a) (2001). Note that two kinds of "fair use" exist. Traditional "fair use", as generally described *supra*, allows for use of a mark in its descriptive sense where it has been used in good faith. *Bihari v. Gross*, 119 F. Supp. 2d 309, 322 (S.D.N.Y. 2000). There is also nominative "fair use", where the mark is the only reasonably available term to describe the good or service. *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 306 (9th Cir. 1992), *aff'g* 745 F. Supp 1540 (C.D. Cal. 1990). The latter form, however, requires that the use of the mark is minimal, making it

D.C. District Court permitted the defendant to describe the Strategic Defense Initiative as the “Star Wars” program, even though there was no question that the plaintiff was using the term as a registered mark. The court noted that because the defendant was not “selling anything but ideas,” it was “not the type of use that the laws against trademark infringement . . . are designed to restrict.”²⁹

IV. HOW AND WHY TRADEMARK LAW WAS MISAPPLIED TO DOMAIN NAMES

For a number of years, the only general TLDs were .com, .net., and .org.³⁰ When those TLDs were originally named, the idea was that companies would be in the .com, or COMmercial, domain space; computers primarily used for Internet services would be in the NETwork, or .net, domain space; and noncommercial ORGanizations would register a .org name. Accordingly, among businesses, there is a great deal of competition for .com names, and the perception arose in case law that domain names were a limited resource.³¹

A similar “limited resource” situation occurred earlier in the law, when 1-800 telephone numbers were introduced. Previously, letters on a telephone keypad had allowed local businesses to advertise telephone numbers as letters. For example, ABC Foods might very well have the local number (212) CALL-ABC, corresponding to (212) 225-5222. If ABC Electronics then acquired the national number 1-800-CALL-ABC and started advertising in the same market as ABC Foods, clearly a trademark conflict would arise consumer confusion arose.

In *Dial-a-Mattress Franchise Corp. v. Page*,³² a local holder of the telephone number corresponding to M-A-T-T-R-E-S had previously

difficult to imagine a genuine nominative “fair use” of a trademark in a domain name. The use would at the very least be the first thing a user types (or clicks) to reach the site.

²⁹ *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931, 933-34 (D.C. Cir. 1985).

³⁰ See *supra* note 6 and accompanying text.

³¹ See, e.g., *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1053 (9th Cir. 1999). See also *supra* note 13 and accompanying text.

³² 880 F.2d 675 (2d Cir. 1989).

adopted it in advertising when the 1-800-M-A-T-T-R-E-S number had been introduced. The Second Circuit held that M-A-T-T-R-E-S was generic as applied to mattresses and thus could not be a trademark, but that the "[p]laintiff does not lose the right to protection against defendant's use of a confusingly similar number . . . just because the letters spell a generic term."³³ The ruling upheld an injunction preventing the 1-800 number from advertising or doing business in the area codes where the M-A-T-T-R-E-S number had been in use prior to his adoption of the 1-800 number.³⁴ The parallel that can be drawn with domain names is that in a medium where there are a limited number of combinations and the consumer has to dial the number (or type in the address) before realizing that an error has been made, courts will go so far as to enforce the use of a *generic* term as a trademark if made distinctive by being used in the limited resource.

Current laws governing domain names that use trademarks have been strongly influenced by early cases which dealt primarily with cybersquatting (where an individual registers domain names in order to extort money from the trademark holder), as well as by outright anti-competitive behavior that was bound to result in strong negative reactions from policymakers. Current laws have also been influenced by unsympathetic plaintiffs (discussed *infra*).

An early example of cybersquatting is the *Panavision* case.³⁵ The pioneering (and infamous) cybersquatter³⁶ Dennis Toeppen had registered Panavision.com and directed a name to a web site with pictures of Pana, Illinois. When Panavision demanded that he discontinue use of the name, Toeppen stated that he had the right to use the name and "[i]f your attorney has advised you otherwise, he is

³³ *Id.* at 678.

³⁴ *Id.* at 675.

³⁵ See *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

³⁶ As the term cybersquatter had not yet pervaded the legal discourse, Panavision described Toeppen somewhat less charitably as a "cyber pirate." See *id.* at 1318. Note that by "infamous," the author means only that Toeppen is a serial cybersquatter whose name appeared in several pioneering cases. The court in *Panavision* noted that corporations such as Delta Airlines, Neiman Marcus, Eddie Bauer, and over 100 other companies were victims of Toeppen's cybersquatting. See *id.* at 1319. Perhaps, even by the standards of cybersquatting, Toeppen is a cyber pirate.

trying to screw you.”³⁷ Toeppen coupled his response with an offer to sell the domain name for which he paid \$100 to register³⁸ to Panavision for \$13,000 and a promise not to “acquire any other Internet addresses which are alleged by Panavision to be its property.”³⁹ When Panavision declined his offer, Toeppen registered another Panavision trademark as a domain name, Panaflex.com. The court found traditional trademark infringement - the commercial use of Panavision’s marks in the attempted sale of those marks as domain names.⁴⁰ Toeppen could no more sell a trademarked domain name back to its owner than he could write “Panavision” on goods of another manufacturer and offer to sell *those* back to Panavision. The threat was not only to deny Panavision the use of its mark at the expense of increased consumer search costs but also to extort Panavision.

A case of direct competition online between two companies in attempting to use the same mark took place in 1995. The Princeton Review, a company that offers classes and materials to help students score higher on standardized tests, registered the domain name Kaplan.com, utilizing the trademark of its direct competitor in the test aid field, Kaplan.⁴¹ An arbitrator barred the use.⁴² Obviously, the Princeton Review could not distribute flyers with the name Kaplan offering testing services with the Princeton Review’s telephone number. This intentional consumer misdirection is exactly what trademark law is designed to protect against. Deciding this case did not require *any* cyberspace-specific law of domain names.

Although unsympathetic plaintiffs who register names that innocently infringe or constitute “fair use” of another’s trademark differ from either cybersquatters or direct competitors, early cases involving unsympathetic plaintiffs turned the tide of jurisprudence

³⁷ *Panavision*, 141 F.3d at 1319.

³⁸ *See id.* at 1318.

³⁹ *Id.* at 1319.

⁴⁰ *Id.* at 1327.

⁴¹ See David Yan, *Virtual Reality: Can We Ride Trademark Law to Surf Cyberspace?*, 10 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 773, 777 n.19 (2000) (citing *Trademarks: Anti-Counterfeiting Group’s Fall Meeting Explores Infringement On The Internet*, BNA PAT. TRADEMARK & COPYRIGHT L. DAILY (Oct. 18, 1995)).

⁴² *Id.*

against trademarks being used in domain names by *any* entities other than the trademark holder. In *Hasbro v. Internet Entertainment Group*,⁴³ an Internet pornography web site had registered and was using the name candyland.com. Hasbro manufactures the game “Candy Land,” and registered the trademark for that game in 1951. The court held that the defendant’s domain name disparaged Hasbro’s mark and issued a preliminary injunction preventing the defendant from using the mark in any form on its web site.⁴⁴

Faced with a proliferation of cases such as these, in 1999, both the Internet Corporation for Assigned Names and Numbers (hereinafter “ICANN”) (which is in charge of administering who can offer .com, .net, and .org addresses as part of a deregulation scheme designed to break the monopoly on registration once held by Network Solutions) and the U.S. Congress acted to protect trademark rights in domain names. The policies that resulted, while strong against potential cybersquatters, were also unforgiving when “fair use” defenses were raised.

V. ICANN’S UNIFORM DISPUTE RESOLUTION POLICY

ICANN’s Uniform Dispute Resolution Policy (hereinafter “UDRP”) was adopted on August 26, 1999 as a method of allowing trademark holders to recover domain names involving their trademark from other registrants.⁴⁵ When ICANN licenses a registrar to offer .com, .net, .org, .info, .biz, or, shortly, .name second-level domains, that registrar agrees to incorporate the UDRP into its agreement with the registrant;⁴⁶ therefore, all domain names in those TLD’s are subject to its terms. It requires that all registrants submit to a mandatory⁴⁷ arbitration whenever a third party alleges (1) the registrant’s “domain name is identical or confusingly similar to a

⁴³ 40 U.S.P.Q. 2d (BNA) 1479 (W.D. Wash. 1996).

⁴⁴ *See id.* at 1480. Evidently this ended the dispute; candyland.com now points to Hasbro’s web site and no subsequent proceeding can be found.

⁴⁵ ICANN, UDRP (October 29, 1999), at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last updated Feb. 5, 2002).

⁴⁶ *See id.* para. 1.

⁴⁷ *Id.* para. 4(a).

trademark or service mark in which the complainant has rights”; (2) the registrant has “no legitimate rights in respect of the domain name;” and (3) the domain name “has been registered and is being used in bad faith.”⁴⁸ In the arbitration proceeding, the complainant must prove each element. The registrant can protect his or her ownership in the name by (1) demonstrating that prior to the dispute, he or she used or prepared to use “the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods and services;” or (2) that the registrant has “been commonly known by the domain name,” even if the name is not a mark; or (3) “legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.”⁴⁹ Although arbitration can be suspended to allow either party to file a lawsuit,⁵⁰ the only recourse for a party who refuses to enter arbitration is to surrender the name.

The policy on its face would seem to be relatively clear and to offer exemptions for “fair use,” but these exemptions are not reflected in the decisions. In fact, it is difficult to discern a pattern of *when* a name is acceptable, and when it is not, under the policy. A comparison of the following two decisions highlights several of the UDRP’s pervasive weaknesses that are applicable to cases where “fair use” arguments are present even though neither case involved a “fair use” argument. These arbitrations, which were decided ten days apart, involve the same complainant, AdminSolutions, Inc., and the same trademark, AdminSolutions, before different arbitrators against two different registrants—one who registered *adminsolutions.net* and one who registered *adminsolutions.com*.

⁴⁸ *Id.* para. 4(a)(i)-(iii).

⁴⁹ *Id.* para. 4(c)(i)-(iii).

⁵⁰ *See id.* para. 4(k).

In *AdminSolutions, Inc. v. Daidalos Software Engineering*,⁵¹ the U.S.-based complainant initiated arbitration to recover *adminsolutions.net* and *adminsolutions.org* from the Italy-based respondent. AdminSolutions, Inc. registered its name as a trademark in 1999; the respondent registered the names in 2000; and in 2001, the complainant sought to obtain them. No use had been made of the names at the time. The respondent company did not file a response to the complaint, and the arbitrator resolved the dispute based on the representations in the complainant's filing.⁵²

First, the arbitrator found that the U.S. registration of the AdminSolutions name was sufficient to demonstrate the complainant's rights and noted that a registration in "some jurisdiction" was sufficient to show ownership. On the second point that the UDRP requires complainants to prove—that the respondent has no rights to the domain name—the arbitrator simply said that in the absence of a response, it was appropriate simply to accept the complainant's representation that there are no rights.⁵³ Perhaps most disturbingly, the arbitrator found that the registrant's mere holding of a domain name without using it was evidence of bad faith.⁵⁴

In *W. David Moore and Adminsolutions Inc. v. Sung Nam Kim*, the respondent was a Korean citizen who had registered *adminsolutions.com*, initially linked it to a web site saying that anyone "interested in" the domain could send an e-mail to the provided address, and later linked it to another web site, *noisevibration.com*.⁵⁵ AdminSolutions alleged that the domain was

⁵¹ *AdminSolutions, Inc. v. Daidalos Software Eng'g*, Nat. Arb. Forum, claim no. FA0107000098247 (2001) (Buchele, Arb.) [hereinafter *adminsolutions.net*], available at <http://www.arbforum.com/domains/decisions/98247.htm> (last visited Mar. 15, 2002). Note that arbitration decisions under the National Arbitration Forum are not paginated, nor are the paragraphs numbered or lettered, and therefore, citations to these decisions will not include specific references.

⁵² *Id.*

⁵³ Obviously, this standard is significantly more lenient than requiring the complainant to actually prove no rights exist. Although it is impossible to prove a negative, the standard as enforced in *adminsolutions.net*, *supra* note 51, does not require even a showing of due diligence to attempt to find out if the registrant has any rights.

⁵⁴ *adminsolutions.net*, *supra* note 51.

⁵⁵ *W. David Moore and Adminsolutions Inc. v. Sung Nam Kim*, Nat. Arb. Forum, claim no. FA0107000098248 (2001) [hereinafter *adminsolutions.com*], available at <http://www>.

offered for sale (a factor the cybersquatting-concerned UDRP lists as indicating bad faith⁵⁶) until AdminSolutions contacted the respondent, at which point it was linked to another site and a story about starting a business was fabricated. The respondent stated that “interested in” was not intended to invite offers to purchase the domain.⁵⁷

The arbitrator in this case took a very different view of the threshold issues. First, she stated that although the complainant had established AdminSolutions as a mark in the U.S., it had failed to either allege or establish that the mark was *famous*; therefore, the territorial scope of its mark was limited to the United States, tending to show that there was no bad faith on the part of the respondent (as there was no reason to believe the respondent knew of the mark). Second, the arbitrator found that the mark was in fact generic because it consisted of two generic terms (“admin,” which commonly refers to system administrators online, and “solutions,” an English word). Therefore, concluded the arbitrator, even if the domain was offered for sale, doing so did not infringe the rights of the complainant, because in effect, the complainant did not have a mark. The complainant alleged that the respondent did not intend to use the mark, but instead to sell it, citing evidence that he had not yet built a web site at adminsolutions.com. In response, the panelist wrote that the respondent’s stated intent to use the mark was sufficient to rebut the presumption that no such intent existed, despite not having built such a web site so far.⁵⁸

arbforum.com/domains/decisions/98248.htm (last visited Mar. 15, 2002).

⁵⁶ The UDRP para. 4(b)(i) states that evidence of bad faith includes “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.”

⁵⁷ *adminsolutions.com*, *supra* note 55.

⁵⁸ *See id.* There is no appellate system under the UDRP; once a domain’s fate has been arbitrated to conclusion, the only recourse for the losing party is litigation. Whether that litigation would even be appropriately conducted in the U.S. is questionable. At any rate, adminsolutions.com still points to the web site of the respondent.

As these close in time, but divergent in result, decisions indicate, the application of the UDRP is far from consistent, and even the arbitrators making decisions under the policy are unsure of what basic inquiries to use. The conflict over whether registration in “some jurisdiction” is sufficient to show an interest becomes more complicated in a case where, arguably, “fair use” is involved: the trademark-vs.-trademark case of *Madonna.com*.⁵⁹ Here, the pop singer Madonna forced arbitration to recover the domain name identical to her first name, which she had also registered in the U.S. as a mark for entertainment services and related goods. The respondent had registered a number of other trademarks as domain names as well, but in the case of *Madonna.com*, had obtained a trademark registration in Tunisia.⁶⁰ Prior to being contacted by Madonna, the respondent used the domain name in connection with a pornography site, which included a disclaimer of any connection to a number of groups, including the singer and the Catholic Church. After being contacted, he offered to donate it to Madonna Hospital.⁶¹ The respondent’s arguments included, *inter alia*, that Madonna’s allegation that he had no rights to the name was incorrect because he had obtained a registration from Tunisia and that he only needed to show that he had rights to the name “somewhere;” and that the term “Madonna” was a well-known word in English meaning the Virgin Mary.⁶²

In addressing the value of a Tunisian registration, the three-arbitrator panel stated—quite accurately, but perhaps for reasons they did not intend—that “[i]f an American-based Respondent could establish ‘rights’ vis a vis [sic] an American Complainant through the expedient of securing a trademark registration in Tunisia, then

⁵⁹ *Madonna Ciccone, p/k/a Madonna v. Dan Parisi and “Madonna.com”*, WIPO Arbitration and Mediation Center, case no. D2000-0847 (2000) (Partridge, Arb.) [hereinafter *madonna.com*], at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0847.html> (last visited Mar. 15, 2002). Perhaps aware of the significance of the decision, the WIPO arbitrators did offer an outline-style set of headings, which will be used to identify portions of the decision.

⁶⁰ *Id.* para. 4.

⁶¹ *Id.* The arbitration panel was not convinced that the negotiations to transfer the name to the hospital were as advanced as the respondent claimed they were. *See id.* para. 6(c).

⁶² *Id.* para. 4.

the ICANN procedure would be rendered virtually useless.”⁶³ The panel further complained that the registration was obtained only to protect the registrant’s interest in the domain name.⁶⁴ The panel seemed to ignore that the only reason to *ever* register a mark is to protect one’s interest in the mark. Finally, the panel noted that marks in Tunisia are not subjected to any “substantive examination” upon registration.⁶⁵ The standard that a registration system must subject a mark to “substantive examination” falls between the two standards set out less than a year later in *adminsolutions.net* (any registration is valid) and *adminsolutions.com* (registration is inconclusive unless the mark is famous). Such a standard is not present anywhere in the UDRP.

In addressing the registrant’s argument that Madonna is a generic word in the English language, the panel took an even more bizarre position—that Madonna may be a generic dictionary term, but that the respondent failed to provide a reasonable explanation for why he chose Madonna as a domain name. Further, the panel concluded that people who like the pop singer are looking for pornography and that the respondent’s registration was attempting to divert them to his pornography instead of the pornography sanctioned by and/or starring the pop singer.⁶⁶

It seems suspect to assume that anyone who types in the domain name *Madonna.com* is looking for pornography. It also seems suspect to assume that he/she is looking for the pop singer given that the Virgin Mary had the mark in prior use around two millennia ago. The panel’s seeking of justification for why a dictionary term was *arbitrarily* chosen for a business seems to ignore that *arbitrary* names are regularly chosen as trademarks. In fact, they are considered among the strongest marks because they are inherently distinctive. In effect, the panel’s position was that because Madonna the pop singer had been in pornography, and because the respondent was associating the name with pornography, someone might eventually type in the name looking for copies of Madonna’s

⁶³ *Id.* para. 6(c).

⁶⁴ *madonna.com*, *supra* note 59, para. 6(c).

⁶⁵ *Id.*

⁶⁶ *See id.*

pornography and would be diverted from buying Madonna's porn.⁶⁷ Completely ignored by the panel was the possibility that the respondent was perhaps making a commentary on Catholicism.⁶⁸

Obviously, the respondent was an unsympathetic plaintiff; his pattern of registering trademarks suggests he was indeed a cybersquatter intending to profit from the name.⁶⁹ Even a cybersquatter, however, should be allowed to profit from the exploitation of a *generic* domain name. That Madonna has been photographed nude should no more preclude the use of that word as a pornography-related domain name than her decision to have children should preclude Madonna Hospital from having a maternity ward.

Another panel that has considered a very similar case agrees with the panel in the madonna.com decision. In the sting.com arbitration, the English musician Sting, who is also known as Gordon Sumner, sought to recover the domain name sting.com from an American registrant who had taken the name in 1995 and made no use of it since then.⁷⁰ Upon being contacted by the complainant, the registrant first linked the name to a site involving person-to-person gun sales and later offered to sell it to the complainant for \$25,000.⁷¹ At the time of arbitration, the respondent claimed to have planned for five years to make a web site at the address and to have used the name as an online "nickname" for a period of eight years.⁷²

The panel held that Sting had failed to establish that there was bad faith on the defendant's part despite the offer of sale and use on a

⁶⁷ Should a man named John Amazon who works in a bookstore be able to recover Amazon.com from the online bookseller? After all, it's a generic term that happens to be his name and certain people would know he sells books.

⁶⁸ Many artists have explored the concept of the Madonna as a whore or a woman of low moral character. A review of one such exploration can be found online at <http://www.fountain.btinternet.co.uk/theology/new.html> (last visited Mar. 15, 2002).

⁶⁹ See *madonna.com*, *supra* note 59 and accompanying text.

⁷⁰ Gordon Sumner, p/k/a Sting v Michael Urvan, WIPO Arbitration and Mediation Center, case no. D2000-0596 (2000) (Christie, Arb.) [hereinafter *sting.com*], at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0596.html> (last visited Mar. 15, 2002). It is relevant to note that Sting did not obtain a registration for his use of the name as a mark; that fact, however, is clearly isolated by the panel as being unrelated to the basis of the decision. See *id.* para. 6.2.

⁷¹ *Id.* para. 4.3.

⁷² *Id.* para. 4.4.

commercial site,⁷³ and second, because “the mark in question is a common word in the English language, with a number of meanings.”⁷⁴ Although Madonna might not have a number of meanings, it has at least two, and either meaning has been associated with sex long before the registrant of Madonna.com pointed that name to a pornography site.⁷⁵

As a balancing test that tries to weigh the intangible (the strength of the complainant’s mark) against the unknowable (the bad faith, or lack thereof, on the part of the respondent), the UDRP was bound to result in a broad range of decisions.⁷⁶ After two years and thousands of arbitration proceedings, however, one might wonder why the arbitrators do not even know what the UDRP’s standards are. Later, this paper will examine how mutually exclusive rationales are used under the UDRP to limit one area of free speech: <trademark>sucks.com names.

VI. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT⁷⁷

Although many more cases have been decided under the UDRP than the Anticybersquatting Consumer Protection Act (hereinafter “ACPA”), the ACPA remains a significant force in the world of domain name disputes, if for no better reason than that the UDRP allows either party to initiate a lawsuit that could suspend, and potentially make moot, the arbitration.⁷⁸ Furthermore, one court has already said its decision on ownership of a domain name would not be controlled by the outcome of a UDRP proceeding.⁷⁹

⁷³ *Id.* at 6.10-11.

⁷⁴ *Id.* at 6.12.

⁷⁵ *See supra* note 68 and accompanying text.

⁷⁶ *See generally* Gideon Parchomovsky, *On Trademarks, Domain Names, and Internal Auctions*, 2001 U. ILL. L. REV. 211, 213-16 (2001) (discussing the negative effects of bad faith standards in the UDRP and ACPA from a law and economics perspective).

⁷⁷ 15 U.S.C. § 1125(d) (2000).

⁷⁸ *See supra* note 50 and accompanying text. However, because the ACPA is so rarely used, the discussion of it will be brief.

⁷⁹ *Weber-Stephen Prods. Co. v. Armitage Hardware & Bldg. Supply, Inc.*, 54 U.S.P.Q.2d (BNA) 1766 (N.D. Ill. 2000) (“We conclude that this Court is not bound by the outcome of the ICANN administrative proceedings”).

The ACPA was enacted into law in 1999 and prevents anyone from retaining a domain name who registers a domain name that (1) “is identical or confusingly similar to” a distinctive mark,⁸⁰ (2) “is identical or confusingly similar to or dilutive of” a famous mark,⁸¹ and (3) is a trademark, word or name protected by 18 U.S.C. § 706 (relating to the Red Cross) or 36 U.S.C. § 220506 (relating to the Olympic Games).⁸² The ACPA also requires a “bad faith intent to profit” from the registered mark.⁸³

The ACPA’s bad faith requirement suffers from the same infirmities as the UDRP’s bad faith requirements.⁸⁴ Furthermore, it lists nine factors to consider in deciding whether an individual acted with bad faith intent.⁸⁵ Several of these factors have been interpreted by courts in ways that conflict or cause friction with the UDRP.

In *People for the Ethical Treatment of Animals v. Doughney*,⁸⁶ (hereinafter “PETA”) the defendant registered the name peta.org in 1995 and set up a web site parodying the plaintiff, which had registered the mark PETA in 1992. The site purported to belong to a group called “People Eating Tasty Animals,” an ideology obviously at odds with that of the plaintiff’s.⁸⁷ Six months later, the animal rights group had Network Solutions, the peta.org registrar (indeed, the only registrar at the time), place the name on hold; in 1999 (after the ACPA’s passage), PETA sued Doughney to recover peta.org.⁸⁸

Doughney responded that the site was a “fair use” of the trademark, as a parody of the plaintiff. Indeed, the ACPA’s bad faith balancing test lists as one of its factors “the person’s bona fide noncommercial or “fair use” of the mark *in a site accessible under the domain name.*”⁸⁹ The district court held that the site could *not* be

⁸⁰ 15 U.S.C. § 1125(d)(1)(A)(ii)(I).

⁸¹ *Id.* at § 1125(d)(1)(A)(ii)(II).

⁸² *Id.* at § 1125(d)(1)(A)(ii)(III).

⁸³ *Id.* at § 1125(d)(1)(A)(i).

⁸⁴ See Parchomovsky, *supra* note 76, at 213-16, 227-28 and accompanying text.

⁸⁵ 15 U.S.C. § 1125(d)(1)(B) (2000).

⁸⁶ 263 F.3d 359 (4th Cir. 2001), *aff’d*, 113 F. Supp. 2d 915 (E.D. Va. 2000).

⁸⁷ *Id.* at 363.

⁸⁸ *Id.*

⁸⁹ See 15 U.S.C. § 1125(d)(1)(B)(i)(IV) (emphasis added).

a parody of PETA, however, on the grounds that the parody meaning was not simultaneous and the site could create initial interest confusion for consumers.⁹⁰ The Fourth Circuit agreed.⁹¹ In doing so, the Fourth Circuit did not use the balancing factor outlined by congress—to weigh the “fair use” of the mark *in the site accessible under the domain name*—but chose its own test of weighing the parody interest in the domain name itself. This is not to say properly considering the question would preclude the court from returning the name to the animal rights group, but because bad faith can result in an award of attorney’s fees,⁹² a proper balancing of the interests is vital regardless of the eventual ownership of the domain name.

Note additionally that the ACPA’s balancing test requires only noncommercial *or* “fair use.”⁹³ To reject the notion that the Doughney’s site was noncommercial, the Circuit court upheld the district court’s finding that Doughney’s site was commercial because it included links to *other* entities that offered goods and services.⁹⁴ In doing so, the court cited *OBH v. Spotlight Magazine*, a case where the defendant registered the plaintiff’s mark and set up an alleged parody web site that included links to the defendant’s own web site.⁹⁵ The court in *PETA* failed to recognize the crucial difference: that there was no evidence that Doughney had any economic *interest* in any of the goods or services offered by sites linked to peta.org. In *OBH*, the defendant’s action was much closer to the directly anticompetitive action of The Princeton Review’s registration of Kaplan.com; the plaintiff was a competitor of the defendant. Here, there was no economic competition, and the Fourth Circuit erred in applying the *OBH* test.

⁹⁰ 113 F. Supp. 2d 915, 921 (2000). Although avoiding initial interest confusion (which result when a consumer types in a name for one company and arrives at the web site of another) is an underlying goal of trademark law, it should not trump “fair use”. You could eliminate initial interest confusion entirely by granting absolute global monopolies in every industry, but that does not make it a good idea.

⁹¹ See People for the Ethical Treatment of Animals, 263 F.3d at 366 [hereinafter *PETA*].

⁹² See 15 U.S.C. § 1117 (200).

⁹³ See *supra* note 89 and accompanying text.

⁹⁴ See *PETA*, 263 F.3d at 364.

⁹⁵ *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D. N.Y. 2000).

To say that the UDRP and ACPA are far from perfect is to understate the case. They have practically eliminated any serious “fair use” considerations from the use of trademarks in domain names.

VII. <TRADEMARK>SUCKS.COM: ONE AREA WHERE “FAIR USE” IS UNFAIRLY RESTRAINED

Whereas attorneys and scholars who are not sophisticated in trademark law can quickly see why <trademark>.com names are almost always handed over to the owner of the mark, they often have a difficult time understanding why <trademark>sucks.com names are almost always handed over as well. After all, nobody would genuinely think that a company would register a domain name saying that their trademark sucks. Furthermore, the companies that are attempting to recover these marks are not victims of cybersquatting because the <trademark>sucks.TLD domain name registrants are not displacing the trademark holders since the trademark holders already have an online presence usually under the same name, without the word “sucks.”⁹⁶

Trademark holders argue that metatags, HTML code that lists terms relevant to the content of the page and indexed on some search engines, can be used instead of -sucks.TLD names.⁹⁷ Metatags, however, are visible only to search engines, and not to people, and the collateral benefits of having an easy-to-remember domain name could be lost by using metatags instead of a memorable domain name. Why not, then, use a domain name that is related to the content but does not use the trademark? Indeed, returning to the example in the introduction, it would be possible to use the domain name shoereviews.com instead of ABCsucks.com. This ignores the key question in choosing between the names: *what is the content of the site?* Is it better described as a review of shoe products, or as simply saying ABC Corporation “sucks?” Using alternate domain

⁹⁶ See, e.g., notes 99 and 110 *infra*.

⁹⁷ Metatagging itself is not without trademark implications. See, e.g., *Playboy Enters. v. Terri Welles, Inc.*, 78 F. Supp. 2d 1066, 1091-97 (S.D. Cal. 1999) (holding that use of plaintiff's trademarks in metatags is “fair use” where the use of marks is descriptive of the defendant).

names that poorly describe the content actually raise consumer search costs, because someone looking to see a review of XYZ Company's shoes at shoereviews.com will not find it; but they would not waste time looking at ABCSucks.com. Since a primary purpose of trademark law is to lower consumer search costs, this policy is clearly not favorable.

Examining why these <trademark>sucks.com names are turned over to the trademark holders reveals exactly how poor the UDRP and ACPA are when it comes to identifying and protecting "fair use". As of the writing of this paper, a total of thirty-five -sucks.TLD (.com, .net, or .org) names have been submitted to ICANN for UDRP arbitration. Of those, two are pending, and one was withdrawn. Of the remaining thirty-two domains, twenty-seven were transferred to the complainant, and only five were retained by the respondent.⁹⁸ So far, then, trademark owners are more than five times (5.4) more likely under the UDRP to gain control of a -sucks.com domain name involving their mark than the respondent is to retain it. Note that out of 6842 domain names submitted for UDRP arbitration *overall*, 5032 names have been transferred to the complainant and 981 were retained by the respondent (with the discrepancy in names cancelled, split decisions, and cancellation/transfers). That corresponds to complainants winning just over 5.1 times more often than respondents—meaning that -sucks.TLD domains are even more likely to be turned over to trademark holders than the general cybersquatting, typo, and other domain names submitted to arbitration (although whether the small sample size of -sucks.TLD domains reflects a trend is unclear). How can this be, if the UDRP allows for "fair use" of trademarks, and parody is a "fair use"? Again, reviewing two UDRP decisions highlights weaknesses in both the policy itself and its application.

⁹⁸ See generally *List of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, UDRP Proceedings—Arranged by Domain Name, at <http://www.icann.org/udrp/proceedings-list-name.htm> (last updated Mar. 8, 2002).

In *ADT Services AG v. ADT Sucks.com*,⁹⁹ the complainant security company, a Swiss corporation whose use of the name ADT extends as far back as 1903 and who obtained U.S. federal registrations for the mark associated with various goods and services from 1961 to 1976, initiated arbitration to recover the domain name adtsucks.com from the respondent. The Florida-based respondent not only registered adtsucks.com, but was also listed as the owner of cbsucks.com, bellatlantic-sucks.com, gm-sucks.com, and several domain names of an adult nature, including porno.com and orgy.com.¹⁰⁰ As is required by the UDRP, the claimant alleged the mark adtsucks.com was confusingly similar to its mark, ADT.¹⁰¹

The arbitration panel found that there was indeed a likelihood of confusion between the marks, saying, “[a]lthough ‘sucks’ could make an English speaker consider that the name does not promote the Complainant or its products, not every user of the Internet is well-versed in the English language.”¹⁰² The panel offered no rationale, however, for why someone who does not speak English would type in the English word “sucks,” nor why if presented with a link he or she did not understand, the natural reaction would be to follow it. Instead, the panel cited an earlier decision that held that because the trademark comes before the word “sucks,” it is the most “striking” element in the domain, and therefore people are inherently likely to follow it.¹⁰³ Although it reiterated the fascinating sociological theory that people who read domain names stop after three letters, the ADT panel did not offer any additional evidence for

⁹⁹ *ADT Services AG v. ADT Sucks.com*, WIPO Arbitration and Mediation Center, case no. D2001-0213 (2001) [hereinafter *adtsucks.com*], available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0213.html> (last visited Mar. 15, 2002).

¹⁰⁰ See *id.* at 4.

¹⁰¹ See *supra* note 48 and accompanying text.

¹⁰² *adtsucks.com*, *supra* note 99, at 6.

¹⁰³ See *id.* at 6 (citing *Direct Line Group Ltd & Ors v Purge I.T. Ltd*, WIPO Arbitration and Mediation Center, case no. D2000-0583 (2000) [hereinafter *directlinesucks.com*], available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0583.html>).

why it believes this happens, or that it ever has happened; nor did the panelist it quoted.¹⁰⁴

One of the three panelists suggested that had the web site associated with the domain name been noncommercial in nature, it might not have been confusingly similar.¹⁰⁵ The panelist evidently did not understand the nature of the UDRP's bad faith requirement; the UDRP requires that the complainant prove that the respondent's use of the trademark is confusingly similar (4(a)(i)) *and* in bad faith (4(a)(ii)), and allows noncommercial use of the site to support a finding that no *bad faith* exists, not that the mark is not confusing.¹⁰⁶ Indeed, with a valid, noncommercial use, a respondent could (and in theory should be able to) concede that the domain name was confusingly similar but that its use was in good faith as evidenced by the noncommercial nature of the site. In *adtsucks.com*, on the other hand, the panelist (and, evidently, his or her co-panelists) either did not read the UDRP carefully enough, or did not read the UDRP at all.

The *adtsucks.com* panel gives an equally poor analysis of the second item the plaintiff is required to prove—that the respondent has no legitimate rights or interest in the domain name.¹⁰⁷ Here, the panel writes:

Respondent's 'free speech' claim is untenable. The evidence clearly displays a pattern of registering names which include famous marks plus the word 'sucks.' There is just no evidence of demonstrable preparations for a

¹⁰⁴ See *id.* It should be noted additionally that *directlinesucks.com* was a case of stunning bad faith, involving a respondent who had registered the domain name then contacted the complainant to offer to sell it, and had made statements before the fact that the sole purpose of registering the name was to sell it after the fact. That said, the strained contortions of logic the panelist went through to find for the complainant in *directlinesucks.com* show only how negatively panelists react to bad faith and, as a practical matter, reflect in no way on the merits of the respondent's right to register the name.

¹⁰⁵ See *adtsucks.com*, *supra* note 99, at 6.

¹⁰⁶ See *supra* notes 48-49 and accompanying text.

¹⁰⁷ See *id.*

business, or of any of the other matters which could assist a Respondent under the Policy.¹⁰⁸

It is unclear why the panel believes that registering a series of -sucks.TLD domain names somehow suggests that free speech considerations are not present. We have already seen that free speech considerations come into play during examinations of trademark “fair use.”¹⁰⁹ The implication is that if only the name adtsucks.com had been registered, they would be more willing to consider a “fair use” defense. However, because the respondent has registered many <trademark>sucks.TLD names, none of them could be used for free speech. If each individual domain name is a “fair use” of the trademark, it does not lose that status by being grouped with other equally protected domains. The panel’s holding is no less than that one loses his or her right to “fair use” of trademarks by exercising that right. The panel provides no authority to support that proposition; nor does legal common sense support it.

In contrast to the *adtsucks.com* panel, the panel in *Bloomberg L. P. v. Secaucus Group*¹¹⁰ took a very different view of the UDRP and its application to -sucks.TLD names. Here, the respondent registered the name michaelbloomborgsucks.com in 1999, and thereafter never associated it with a web site.¹¹¹ In 2001, the complainant contacted the respondent and demanded that the latter refrain from any “further” use of the domain name.¹¹² The respondent offered to turn the name over to the complainant if the complainant donated money to two charities of the respondent’s choice; the complainant did not respond to that offer, and the respondent pointed the michaelbloomborg.com domain name to a web site it owned: sucks.com.¹¹³ The sucks.com site advertised itself as a place where

¹⁰⁸ See *adtsucks.com*, *supra* note 99, at 6.

¹⁰⁹ See *supra* notes 25-27 and accompanying text.

¹¹⁰ *Bloomberg L. P. v. Secaucus Group*, Nat. Arb. Forum, claim no. FA0104000097077 (2001) [hereinafter *michaelbloomborgsucks.com*], at <http://www.arbforum.com/domains/decisions/97077.htm> (last visited Mar. 15, 2002).

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.*

visitors could “vent their grievances about Corporate America, American Politics and Politicians.”¹¹⁴ The respondent also owned other -sucks.TLD domain names and never offered them for sale.¹¹⁵

The majority opinion on the panel (note that the third panelist also found for the respondent, but on different grounds) held that there was a likelihood of confusion.¹¹⁶ First, it stated that adding a generic word such as “sucks” to a trademark does not create a new or different mark, but noted that another panel held that, with respect to -sucks.TLD domains, “Both common sense and a reading of the plain language of the Policy support the view that a domain name combining a trademark with the word “sucks” . . . cannot be considered confusingly similar to the trademark.”¹¹⁷ Nevertheless, the possibility of a search engine returning michaelbloomborgsucks.com instead of bloomberg.com was reason enough, in the panel’s eyes, to find that there was a likelihood of confusion.¹¹⁸

However, unlike the *adtsucks.com* panel,¹¹⁹ the majority on the *michaelbloomborgsucks.com* panel did not stop when there was a finding of a likelihood of confusion. Instead, it correctly read the UDRP¹²⁰ and required that the complainant also establish that the respondent not have legitimate rights to the name and that the registration and use of the mark was in bad faith.¹²¹ The majority then found that the respondent’s use of the name fell within the “fair use” exception, writing that “[t]he exercise of free speech for criticism and commentary also demonstrates a right or legitimate

¹¹⁴ *Id.*

¹¹⁵ *michaelbloomborgsucks.com*, *supra* note 110. Note, however, that this defendant was not nearly as sympathetic a First Amendment speaker as he appears to be at a glance. He finances his <trademark>sucks.com domains by using the revenues from his infamous pornography site, WhiteHouse.com. See Amy Standen, *The Saga of Sucks.com*, Salon.com, at <http://www.salon.com/tech/feature/2001/06/25/sucks/> (June 25, 2001) (last visited Mar. 15, 2002).

¹¹⁶ *Id.*

¹¹⁷ *Id.* (quoting *Lockheed Martin Corp. v. Parisi*, WIPO Arbitration and Mediation Center, case no. D2000-1015 (2001)).

¹¹⁸ *Id.*

¹¹⁹ *adtsucks.com*, *supra* notes 101-05.

¹²⁰ See *supra* note 47 and accompanying text.

¹²¹ *michaelbloomborgsucks.com*, *supra* note 110.

interest in the domain name under Paragraph 4 (c)(iii) of the Policy.”¹²² Although it did not reach the third inquiry—registration and use in bad faith—the panel’s majority addressed it anyway, writing that “[b]y submitting evidence that the disputed name is being used in connection with a free speech website, the Respondent has effectively foreclosed the Complainant’s ability to prove bad faith.”¹²³

The third panelist disagreed on the first point of the UDRP and never reached the other two.¹²⁴ He wrote that, by virtue of the inclusion of -sucks in the domain name, “the disputed domain name on its face fails to fall within the scope of the UDRP, being neither identical to nor confusingly similar to any trademark owned by Complainant.”¹²⁵

At first glance, it is possible to distinguish the decision in *adtsucks.com* from the decision in *michaelbloombergsucks.com* on the grounds that the former involved a registrant who did not associate the name with an actual free speech site,¹²⁶ while the latter involved a name that was eventually associated with a free speech site, albeit after the complaint was made.¹²⁷ When someone registers a <trademark>sucks.TLD domain but does not use it, that registration *prevents* an actual speaker from registering the name and using it.

While this is a valid distinction, it is inapplicable to the UDRP proceedings we have seen so far. The parties in these proceedings are the trademark holder and the registrant. If the registrant is not using the domain and is essentially a cybersquatter, it is because he or she does not intend to put up a free speech site under the domain name—but then again, neither does the trademark holder. In fact, the whole interest of a trademark holder—whether it is ADT in *adtsucks.com* or Bloomberg in *michaelbloombergsucks.com*—is to

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ See *adtsucks.com*, *supra* note 99 and accompanying text.

¹²⁷ See *michaelbloombergsucks.com*, *supra* notes 110-115 and accompanying text.

prevent any use of the mark, fair or unfair.¹²⁸ Whatever costs are imposed on society by allowing someone to “squat” on a -sucks.TLD domain, those costs are multiplied exponentially by giving the name to the corporation with the resources and incentives to make sure no free speech site ever appears under that domain name.¹²⁹

Another problem with distinguishing registrants who have used a -sucks.TLD domain from those who have not is the difficulty in determining whether a given registrant has a bona fide intent to use the name. Transferring a -sucks.TLD name before a registrant has an opportunity to build a site underneath it could amount to a prior restraint on free speech.¹³⁰

The outcome of a -sucks.TLD dispute under U.S. law is, as of yet, unclear. Of the two cases involving -sucks.TLD domains already decided, one protects the use as a “fair use”, but the case predates the ACPA;¹³¹ in the other, the court did not reach the merits of the case.¹³² What is clear is that at least one new TLD’s owner is not waiting to see whether these disputes start to end in favor of the -sucks.TLD camp; instead, it has unilaterally taken action to prevent them within its top-level domain.¹³³

¹²⁸ See *adtsucks.com*, *supra* note 99; *michaelbloombergsucks.com*, *supra* note 110.

¹²⁹ In fact, if arbitration panels were to take free speech considerations seriously, they would consider ADT an “ideological cybersquatter” with respect to the name *adtsucks.com* because the company’s only interest in registering the name is to prevent someone else from making use of it. Even more amusing would be if the registrant in *michaelbloombergsucks.com*, who also owns the domain name *sucks.com*, were to sue ADT for cybersquatting; after all, their domain name *adtsucks.com* infringes on his mark, *sucks.com*.

¹³⁰ See also *Juger v. Daley*, 209 F.3d 481, 484 (6th Cir. 2000) (“‘all ideas having even the slightest redeeming social importance,’ including those concerning ‘the advancement of truth, science, morality, and the arts’ have the full protection of the First Amendment.”) (*citing* *Roth v. United States*, 354 U.S. 476, 484 (1957)). Certainly the association of a domain name to a Web site can involve an idea, and if the content is valid parody, has the slight “redeeming social importance” envisioned by the Supreme Court in *Roth*.

¹³¹ *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998).

¹³² *Lucent Techs., Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528 (E.D. Va. 2000). This case is a watershed decision, however, in ruling that the site of the registration of a domain name is where the domain name resides for purposes of proceeding *In Rem* against an intellectual property holder.

¹³³ See *infra* notes 134 to 138 and accompanying text.

One of the seven new domain names added last year by ICANN is .biz, administered by NeuLevel Inc.¹³⁴ Whereas a genuinely unrestricted TLD such as .info has its purpose listed as “unrestricted use” the .biz domain space lists its purpose as “businesses.”¹³⁵ To figure out what this means, one needs to visit NeuLevel’s web site and read its Frequently Asked Questions page, which explains that the .biz domain can only be used for a “bona fide business or commercial use.”¹³⁶ It lists these uses as: “(a) To exchange goods, services, or property of any kind; (b) In the ordinary course of trade or business; or (c) To facilitate (i) the exchange of goods, services, information, or property of any kind; or, (ii) the ordinary course of trade or business.”¹³⁷

At first glance, it would seem that a <trademark>sucks.biz domain name would fit into (c)(i). After all, the purpose of registering a domain name is, at its very least, to facilitate the exchange of information—if ideological information about a certain company—by letting search engines and Web surfers alike know that you think a given company “sucks.” NeuLevel, however, further clarifies its registry by saying that “for illustration purposes,” a bona fide commercial use does not include using a domain name for (a) personal, noncommercial uses, or:

(b) Using or intending to use the domain name exclusively for the expression of noncommercial ideas (i.e., registering abcsucks.biz exclusively to criticize or otherwise express an opinion on the products or services of ABC company, with no other intended business or commercial purpose).¹³⁸

¹³⁴ See generally *New TLD Program*, ICANN, at <http://www.icann.org/tlds/> (last updated Mar. 6, 2002).

¹³⁵ *Id.*

¹³⁶ *.BIZ Top-Level Domain, .BIZ*, at http://www.neulevel.biz/faqs/biztld_faqs.html (last visited Mar. 17, 2002).

¹³⁷ *Id.*

¹³⁸ *Id.*

This interpretation is grossly out of sync with the ACPA interpretation of commercial, as illustrated by *PETA*.¹³⁹ The operative difference, however, is that the .biz policy tries to find sites *noncommercial* in order to revoke the domain name;¹⁴⁰ the *PETA* standard under the ACPA tries to find sites *commercial* in order to revoke the domain name.¹⁴¹ Although no cases have yet been brought, it remains to be seen whether, after losing a .biz arbitration on the grounds that the site was purely ideological, a domain name registrant can sue in federal court (not bound by the arbitration).¹⁴²

This pattern should not be allowed to continue. The importance of -sucks.TLD domain names is no less than the importance of any parody use of a trademark, and this importance can be illustrated by looking at a traditional trademark case that involved parody or ridicule of the trademark holder. In *Yankee Publishing v. News America Publishing Inc.*, the publisher of the *Old Farmer's Almanac* sued the publisher of the *New Yorker* when the latter featured a holiday cover that was fashioned to look similar to the former.¹⁴³ Although the defendant argued that this was a parody, the court agreed with the plaintiff's position that the message expressed—that New York's traditional free-spending attitudes needed to change for the holidays during a sour economy—was not a parody of the *Almanac*.¹⁴⁴ Nevertheless, the court found for the defendant, writing, “the First Amendment confers a measure of protection for the unauthorized use of trademarks when that use is a part of the expression of a communicative message.”¹⁴⁵

The Supreme Court has already held that the Internet is a medium protected by the First Amendment.¹⁴⁶ The obvious communicative message of a domain name such as michaelbloomborgsucks.com cannot be ignored, and accordingly, such names should be afforded

¹³⁹ See *supra* notes 86, 93-95 and accompanying text.

¹⁴⁰ See *supra* text accompanying note 126.

¹⁴¹ See *supra* note 88 and accompanying text.

¹⁴² See *supra* note 79 and accompanying text.

¹⁴³ *Yankee Publ'g, Inc. v. News America Publ'g, Inc.*, 809 F. Supp. 267 (S.D.N.Y. 1992).

¹⁴⁴ *Id.* at 279.

¹⁴⁵ *Id.* at 275.

¹⁴⁶ See *Reno v. ACLU*, 521 U.S. 844, 867 (1997).

the First Amendment protection that limits the reach of trademark law in every other context.

VIII. RECENT CHANGES THAT ERODE ANTI-“FAIR USE” ARGUMENTS

Even as arbitration panels and courts consider pending controversies regarding trademark use in domain names, changes in the world of domain names are taking place that could (and should) influence future decisions to respect “fair use” of trademarks. First among them is the addition of seven new TLDs by ICANN last year.¹⁴⁷ Insofar as earlier panels were influenced by the perception of domain names being a limited resource,¹⁴⁸ the addition of these names should help alleviate that misconception. Furthermore, the seven TLDs that were selected were picked from over 200 that were proposed.¹⁴⁹ Indeed, one of the proposed domains was .sucks.¹⁵⁰ It is not hard to imagine that other TLDs, equally suitable for “fair use” purposes, will be proposed and eventually approved.

In addition, more country code TLDs are being commercialized and opened to registration, adding some of the over two hundred country code TLDs names into the available pool of where to register a name.¹⁵¹ In a world with hundreds of TLDs, there is no reason to give non-famous, non-distinctive marks exclusive use to a name in every TLD; admin solutions does not need .net, .com, .biz, .co.uk, .info, and hundreds of other domains to do its business, and other registrants and potential users should be allowed to use admin solutions.TLD names. Any other result creates an unnecessary strain on the technology of the domain name system; adding new TLDs only serves to replicate the pre-existing domain names, creating more work for the infrastructure of the internet and offering

¹⁴⁷ See *supra* note 134 and accompanying text.

¹⁴⁸ See *supra* notes 24-28 and accompanying text.

¹⁴⁹ *TLD Applications Lodged*, ICANN, at <http://www.icann.org/tlds/tld-applications-lodged-02oct00.htm> (last updated Oct. 10, 2000).

¹⁵⁰ See *id.*

¹⁵¹ Of course, with changes, new controversies will develop; is the name Egypt.co.uk primarily geographically misdescriptive if the company is Egyptian but has no business in the UK?

no additional benefits to either consumers (in the form of more choice online) or businesses (in the form of an easier-to-remember domain name).

Finally, there is now a secondary market for domain names,¹⁵² meaning that a term that was either generic or simply too weak to protect could very well have a higher value than the alleged *offline* trademark; in effect, a registered domain name could be a stronger mark than a pre-existing, not inherently distinctive mark.

1. Proposals for Reform

Even though the above changes indicate a possible trend away from the anti-“fair use” decisions currently observed under the UDRP and ACPA, additional changes could help to protect “fair use” of trademarks in domain names.

A. The UDRP Should Allow Interested Third Parties to Either Bring an Arbitration Proceeding or Join an Existing Arbitration to Allow the Quickest and Most Accurate Resolution of Trademark Ownership and “Fair Use” Disputes.

The UDRP already publishes on its web site a list of pending claims that interested parties could check to see if a domain name using a mark they have a stake in is already subject to arbitration.¹⁵³ Allowing third parties to join the arbitration will both avoid future arbitration over the same domain name and create an adversarial process where, as between the original complainant and respondent, neither party has a particularly strong interest in the name.

Imagine the one-on-one arbitration proceedings that would be required to properly assign the name RaysPizza.com. The directory web site 411.com lists 31 businesses with the name “Ray’s Pizza” in

¹⁵² For one example of a domain reseller, visit <http://domainreseller.com>.

¹⁵³ See *supra* note 98 and accompanying text.

New York City alone.¹⁵⁴ Even assuming that some are owned by the same company, it would likely take as many as ten proceedings to even decide who has the rights to the name in New York City, let alone in the rest of the country and the world. Those who have an interest in the name should be allowed to take part in the initial arbitration to lead to a quicker and more accurate resolution.

Additionally, once UDRP proceedings respect “fair use” arguments, arbitration for -sucks.TLD names (and other names that rely on a juxtaposition of ideas within the domain to convey a parody or other “fair use” meaning) would be effective in guaranteeing that these names go to someone intending to actually use the name. If the registrant does not intend to actually use the name, and the trademark holder is only seeking to avoid letting someone else use the name, allowing someone with a pre-existing web site critical of the trademark holder to intervene would benefit not only that party but also consumers as a whole. More speech would enter the marketplace of ideas, and consumer search costs for that information would be lowered.

B. The UDRP Should Provide Remedies other than Cancellation and/or Transfer.

The UDRP already compels the parties to either surrender the name or submit to arbitration by contractually binding them to do so at the time of registration; why not bind the parties to other results, subject to the penalty of forfeiting the domain name in question if the results are not followed? For example, in the *adtsucks.com* arbitration (or as a better example still, a case involving actual bad faith), the defendant could have simply been enjoined from advertising any competing or related products. In addition, in cases where the arbitrator (or panel) knows of a third party who potentially has a right in the trademark as great or greater than either of the parties currently in the arbitration, the proceeding can be suspended and the third party can be contacted at the arbitrator’s discretion.

¹⁵⁴ *Yellow Pages*, 411.com, at <http://www.411.com> (last visited Mar. 17, 2002).

C. The Arbitrator or Court Should Consider a Trademark De Novo under both the UDRP and ACPA.

Even in the U.S., trademark registrars typically err on the side of caution and register questionable marks, allowing a third party to challenge the mark later if it is needed for business. Given that, the ACPA should take into account that a mere registration of a mark is not necessarily a valid indicator of someone's right to a mark. In arbitration proceedings, panels vary greatly on what significance the UDRP accords a trademark registration in a given country, with opinions ranging from a registration creating an automatic presumption of rights to a name to a registration having no value.¹⁵⁵

Since either a UDRP or ACPA proceeding is essentially challenging the strength of the mark, courts and arbitration panels should make the validity of the mark itself a formal part of the judging procedure. By doing so, it reduces the incentive for companies to pursue *every* use of a trademark, particularly those that might be "fair uses," by threatening to weaken (in the case of the UDRP) or outright revoke (in the case of the ACPA) the complainant's own intellectual property. Furthermore, in the case of the UDRP, such evaluation would create a *standard* trademark law, eliminating the problem that arises when adverse parties have valid registrations in two different jurisdictions.

D. An Appellate Level of Review Should be Created for the UDRP to Create Precedent that Will Lead to More Accurate Arbitration Process.

One of the reasons for the inconsistent results under the UDRP is the lack of an appellate level of review. When a panel incorrectly interprets or applies the UDRP to a given dispute, no group reviews that decision for its accuracy; nevertheless, panels cite prior arbitration decisions in making their own decisions. Because there are precedents involving similar domain disputes that were decided using mutually exclusive rationales (e.g., Madonna.com and

¹⁵⁵ See *supra* note 65 and accompanying text.

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Sting.com), the actual value of these precedents is virtually nothing. The panel in a given case will just decide offhand which party should win and then insert the name of the case supporting that outcome.

Until there is consistency in the application of the UDRP, “fair use” of trademarks in domain names will not be adequately protected. Also, companies will not be adequately protected against infringing or dilutive uses of their marks because future incorrect and/or inconsistent decisions could go in either party’s favor. Creating an appellate level to the process would create certainty for domain name registrants and trademark holders by establishing a standard interpretation of the UDRP and ending the widely varying analysis seen *supra*. Also, such an appellate level would reduce the overall amount of arbitration by (hopefully) providing some guidance as to which practices are acceptable and which are forbidden.

E. Individuals and/or Companies who Allege that a Registrant’s Use of a Trademark in a Domain Name is Libelous or Defamatory Should Be Required to Prove Actual Malice, even in Cases of Alleged Third-Party Defamation Republished by the Registrant.

Although not directly related to the registration process, offering registrants of trademark-holding domain names this higher standard of review offers benefits to both parties and added protection for the registrant. It benefits the trademark holder by offering the registrant an incentive to keep all statements truthful (or at least opinion). It benefits the registrant by deterring frivolous claims of libel by trademark holders who are unhappy with criticism.

Protecting against third-party defamation claims encourages registrants to open public spaces where others are free to either agree or disagree with the registrant’s assertions. Obviously, opening such a board will result in some negative comments. The owner of michaelbloombergsucks.com said in one interview that:

[I]f you run a site like Sucks.com, there's obviously going to be stupid things posted there There's like 100,000 posts on the [MichaelBloombergsucks.com] Web site, so one-tenth of 1 percent of them—you've got some idiots posting them.¹⁵⁶

Obviously, the same free speech considerations that make -sucks.TLD domain names important also make discussion boards such as that one important, and ensuring that owners of such sites are not held liable for the defamation of others supports those considerations.

CONCLUSION

There will never be a "fair use" standard that does not employ some form of a balancing test. The very nature of "fair use" is to weigh the trademark owner's rights against the social value of the fair user's intent. The effort is nevertheless worthwhile. The ability to identify goods and services in domain names reduces consumer search costs and, over time, leads to better-educated consumers; better-educated consumers are more careful with their money, which in turn creates an incentive for companies to offer better goods and services. When a bad faith user obtains control of a company's trademark, one company suffers. When a company prevents anyone else from using its trademark, the whole world suffers.

¹⁵⁶ Amy Standen, *supra* note 111.