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BUSINESS LAW & LITIGATION

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TO: Clients & Interested Parties

FROM: NLG Professional Staff

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RE: UDRP Actions

In today's marketing environment, one thing has not changed for brand owners. They are obliged to take reasonable measures to police uses of their trademarks to protect the public from deception and their rights from erosion. Today, they face new challenges in combating cybersquatting. Cybersquatting does not always fit the traditional mold of trademark infringement. Its new challenges have allowed for new solutions that supplement the civil litigation option. This memorandum reviews an important anticybersquatting enforcement option, the Internet Corporation for Assigned Names and Numbers (ICANN) Uniform Domain Name Dispute Resolution Policy (UDRP) process as implemented by the World Intellectual Property Organization (WIPO). It also discusses cases that show recurring issues.

Anticybersquatting Trademark Enforcement

We are beyond the early days of cybersquatting when trademark owners viewed virtually every brand simulating domain name as something that must be pursued with all remedies available. Today, it is doubtful even the most vigilant and aggressive brand owners can realistically take action against every offensive domain name or register defensively all conceivable domain name variations of its own trademarks, including foreign language character equivalents.

The proliferation of unauthorized brand-based domain names probably exceeds the enforcement budgets of many brand owners, and it may be unrealistic to sue every one of them. Prioritization is required. Typically, the priorities take these factors and questions into account:

- Is the domain name just passively registered or being offered for sale, or does it resolve to an active Web site?
- Does it link to a Web site for competitive or gray market products and divert trade?

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- Does it link to a pornographic Web site or content otherwise incompatible with corporate standards?
- Is the domain name one that the trademark owner wants to use but finds the domain equivalent of its trademark blocked?
- Is the domain name a close version of the trademark owner's company name or key brand, or is it an intentional misspelling ("typosquatting")?
- Is the domain name being offered for sale to the trademark owner or at auction?
- Is the domain name registered to a competitor or commercial adversary?
- Is the domain name registered or used by a fan or user group or other friendly forces?
- Is the domain name used for a gripe site or critical commentary?

UDRP as Part of Trademark Policing

UDRP procedures were created to deal with the unique problems of domain names. Cybersquatting today ranges from the casual but stubborn teenager in his basement to the entrepreneur who registers a large number of infringing domain names. In one case, the domain name ticketmaster.org had been registered by a young man in Illinois. He also applied to register the name as a trademark. His trademark application was refused and Ticketmaster filed a UDRP proceeding to recover the name. The young man then set up an Indiana corporation with the same name and tried to transfer the domain name to it. This did him no good in the UDRP proceeding where the arbitrator found that the registration of a corporate name creates no intellectual property rights. He also found that the transfer or intent to transfer is not sufficient to find he had been commonly known by the domain name.

UDRP proceedings are not perfect or a substitute for other remedies. You cannot get an injunction in a UDRP proceeding to prevent someone from registering other infringing domain names in the future, displaying infringing content or advertising, or using the brand on one's products or services. Likewise, they cannot award any money damages or attorney fees. UDRP proceedings are generally less expensive than civil litigation and can reach foreign registrants with ease. They are a fairly straightforward way of recovering the infringing domain name(s), which is often the heart of the owner's objectives.

Essential Elements

Even when the registrant defaults, which is often but not always the case, the owner still must prove the three essential elements of its case. The UDRP Policy says the complainant must establish: (1) the respondent's domain name is identical or confusingly similar to a trademark in which the complainant has rights; (2) the respondent has no rights or legitimate interests in respect to the domain name; and (3) the respondent's domain name has been registered and is being used in bad faith.

Identical or Confusingly Similar

Panelists apply a trademark infringement-type of comparison in UDRP cases. Complainant's mark need not be registered. Common law trademarks are considered as well as registered trademarks. The basic analysis is shown by a General Electric Co. case. Respondent registered, without any authorization, the domain name gelightingsystems.com. GE did not have a trademark registration of

that exact name but had a huge business unit with that name, had used it as a trademark on an unregistered basis, and had a large portfolio of "GE" registrations. The panelist ruled in GE's favor. The panelist reasoned that insofar as domain names are not case sensitive and the elimination of the spacing between words in domain names is dictated by technological factors and common practice among domain name registrants, the use of the lower case letter format and elimination of the space between the words were differences without legal significance.

Likewise, the addition of the generic top-level domain (gTLD) name ".com" was without legal significance as use of a gTLD is required of domain name registrants.

Adding non-distinguishing verbiage does not alter confusing similarity if the complainant's mark is simulated. In another Ticketmaster case the panelist held that the addition of the characters "urn2" ("You Are Into") to the trademark did not alter the mark in a way that would reduce the likelihood of confusion.

The domain name jobsinjava.com was awarded to Sun Microsystems where panelist ruled the addition of the generic phrase 'jobs in' failed to detract from the dominant presence of the JAVA mark. The generic phrase held no meaning without the association of the JAVA mark. Internet users encountering the domain name were likely to believe, incorrectly, that it related to opportunities for careers.

No Legitimate Interest in the Domain Name

The complainant also has to show the respondent has no legal rights or any legitimate interest in owning or using the domain name. Using a domain name that is a slight misspelling of a trademark to divert traffic to a competitive Web site is not a legitimate interest in the domain name.

A pattern of other infringing activity tends to show a lack of legitimate interest and bad faith. In a case involving budgetrentalcar.com, the complaint was sustained with evidence that: (1) respondent had registered over 1,300 domain names using assumed names; (2) some of the registered names were virtually identical to names of other trademark holders; and (3) various courts and administrative bodies had held against respondent regarding the domain names registered by respondent.

Registration and Use in Bad Faith

The complainant must prove the respondent has registered and is using the domain name in bad faith. Evidence of a pattern of sharp practices is often taken as proof of bad faith, the third element, as well as lack of legitimate interest as noted above. Evidence of respondent's cybersquatting on the well-known trademarks of others will meet this requirement.

Showing infringing content from the respondent's Web site is also evidence of bad faith. In a Budget case involving the name budgetcarcarriers.com, the respondent's Web site and advertising contained simulations of Complainant's design logo. This helped counter arguments that the "budget" mark was merely being used descriptively. It was noted that the respondent was also using a close variation of a Budget design mark in close conjunction to the word BUDGET. That created a likelihood of confusion as to whether respondent's web site and services were sponsored by, affiliated with, or endorsed by Budget.

Some cybersquatters link the trademark-simulating domain name to an offensive site to extort money from the trademark owner to make them stop. This is often viewed as evidence of bad faith.

Putting the domain name up for auction is often seen as classic cybersquatting, which is what happened in a Gateway dispute. The respondent made various arguments to counter the assertion that the domain name was confusingly similar to the GATEWAY mark. These were based on unsupported propositions that : (1) "Gateway" was generic; (2) confusing similarity cannot exist unless the domain name is linked to a Web page that offers sales or services similar to those of the owner; and (3) the domain name was registered in a time frame when the respondent could not necessarily understand the complainant's marks without visiting a database or a publication which he never did. The respondent also countered the assertion that the domain name was registered and was used in bad faith by saying, (1) he intended, when he registered the domain name, to use it in connection with his own business; (2) proof was inadequate with respect to the amount of money expected from a sale of the name; and (3) when the respondent prepared his response, the domain name was no longer being offered for sale.

Sometimes respondents say the subject domain name is merely passively registered and is not being used in bad faith. One way to overcome that argument is to refer to respondent's deceptive assertions of ownership of and control over the domain name. This is even more persuasive when accompanied by evidence of a pattern of deceptive conduct.

Sometimes, after the UDRP case is filed, a respondent tries to evade a complaint by assigning title to a related or friendly entity, even though this is prohibited by the rules. This is viewed as additional evidence of bad faith. Other evasive action and subterfuge by the respondent also helps the complainant win the case.