

UIC John Marshall Journal of Information Technology & Privacy Law

Volume 16
Issue 4 *Journal of Computer & Information Law*
- Summer 1998

Article 2

Summer 1998

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Recommended Citation

G. Peter Albert, Jr., Eminent Domain Names: The Struggle to Gain Control of the Internet Domain Name System, 16 J. Marshall J. Computer & Info. L. 781 (1998)

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EMINENT DOMAIN NAMES: THE STRUGGLE TO GAIN CONTROL OF THE INTERNET DOMAIN NAME SYSTEM

by G. PETER ALBERT, JR.[†]

*From its origins as an United States based research vehicle, the Internet is rapidly becoming an international medium for commerce, education and communication.*¹

I. INTRODUCTION

As the popularity of the Internet continues to grow, businesses are recognizing the tremendous economic potential associated with this new medium. As such, they are scrambling to position themselves to take advantage of this new opportunity. However, business professionals are finding that the on-line world does not always conform to traditional, well established principles of business. This is especially true when it comes to the notion of intellectual property rights in domain names, trademarks, brand names and other trade indicia.

Adding to the confusion is the unsettled status of the domain name system ("DNS"). Domain names in the popular ".com," ".net," and ".org" top-levels have been registered by Network Solutions, Inc. ("NSI") under contract with the National Science Foundation ("NSF"). Due to the rapid growth of the Internet and the increasing number of disputes over domain names assigned by NSI, the International Ad Hoc Committee ("IAHC") was created to provide recommendations for enhancing the

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1. See U.S. Department of Commerce, *A Proposal to Improve Technical Management of Internet names and Addresses* (last modified Jan. 30, 1998) <<http://www.ntia.doc.gov/gov/ntiahome/domainname/dnsdrft.htm>>.

general class of gTLDs. In January 1998, the U.S. government came out with their own proposal for the future administration of the DNS which recommended, among other things, adding new generic top-level domain.² Furthermore, in March 1998, the cooperative agreement between NSI and the NSF expired and the NSF announced that it would not renew NSI's contract.³

As a result, control of the DNS and the enormous potential business of domain names is currently up for grabs, leaving trademark owners wondering what they need to do to protect their valuable intellectual property assets on the Internet. This article examines the dispute resolution policies of the leading proposals for the registration of domain names and administration of the DNS and proposes an alternative solution to the problem of so-called "cybersquatting" and other trademark-related domain name issues, which fosters the Internet's continued growth while adapting the Internet to more closely parallel well-established trademark system principles.

II. THE INTERNET DOMAIN NAME SYSTEM

The domain name system is one method of hiding the complexity of the technology underlying the Internet from the millions of people that use it. For example, Internet sites are identified by an Internet Protocol ("IP") address, which is a string of *numbers* separated by periods. The DNS allows an Internet site to be identified by an easy-to-remember alphanumeric "domain name."⁴

The DNS automatically converts a domain name to an IP address.⁵ Prior to implementation of the domain name system, the domain names and IP addresses of every host on the Internet were kept in a domain name host table on every network which made up the Internet. Each domain name host table was manually maintained by a local network administrator for that network. New host names and addresses would become known to other computers on the Internet only when new information was inserted into the host table, and the new host table was downloaded to the individual networks. Each time the host table was updated every computer on the Internet had to download an updated

2. See Amy Harmon, *U.S. Plan on Internet Names Lacks Support From All Users*, N.Y. TIMES, Feb. 2, 1998, at C1.

3. See Ron N. Dreben & Johanna L. Werbach, *Domain Names Lawsuits Trigger Plans For Reforms*, NAT'L L.J., Jan. 26, 1998, at C14.

4. Remembering "microsoft.com" to access the Microsoft Corporate Internet site is easier than the corresponding IP number: 207.68.137.43.

5. The DNS was codified by Paul Mockapetris in RFC 1034 and RFC 1035. See e.g., P. Mockapetris, *Domain Names - Concepts and Facilities* (visited Nov. 16, 1996) <ftp://internic.net/rfc/rfc1034.txt>; P. Mockapetris, *Domain Names - Implementation and Specification* (visited Nov. 16, 1996) <ftp://internic.net/rfc/rfc1035.txt>.

host table containing the new information. Eventually, the host table became very big making it difficult to maintain and causing a large strain on the Internet each time a new version of the host table was downloaded to the individual networks. Thus, the current DNS was designed to provide a database of host names and addresses which is easier to maintain and which quickly makes changes known to the whole Internet.

A. WHAT IS THE DNS?

The DNS consists of three parts: a database containing the name and address space; name servers on which the database resides; and name resolvers, which are programs used by Internet applications to process requests and responses to and from the name servers for domain name information.

1. *The Domain Name Database*

The domain name database is distributed, hierarchical, and redundant. A distributed database is one in which the information is spread across many different servers which can be physically located in many different places. The advantage of using a distributed database is that the huge domain name database does not have to be maintained on one centralized name server. The database is hierarchical because each name server only has the address information for computers in its zone. It is redundant in that the domain name information for any given zone is maintained on at least two name servers.

The domain name database contains domain names and their assigned IP addresses. As the names suggest, the domain name space comprises all of the possible domain names in the database and the IP address space comprises all valid IP addresses.

a. *The Domain Name Space*

Domain names are read from left to right—moving from the most specific to the least specific groupings. A typical domain name like “www.whitehouse.gov” has three parts. The first, “www,” is the host name of a specific computer at the “whitehouse” site. In this case, the host name refers to the World Wide Web server.⁶ The second, “whitehouse,” is the second-level domain name and identifies the person’s or organization’s Internet site as a whole. The third, “gov,” is the top-level domain name and is meant to describe the purpose of the organ-

6. See *InterNIC Registration Services: DNS Background Materials* (last modified Apr. 22, 1998) <<http://rs0.internic.net/nic-support/15min/modules/webserver/sed02.html>>. See also ED KROL, *THE WHOLE INTERNET USER’S GUIDE & CATALOG* 25-30 (1993) (discussing how to read an Internet domain name and determine what information it contains).

ization that registered the name. In this case, the top level domain "gov" is meant to signify a government agency.

Until very recently, there was only one domain name space. That is the name space available from the nine Internet Assigned Numbers Authority ("IANA") controlled root name servers. Most computers on the Internet only have access to the IANA approved domain name space. This name space is limited to the ".com," ".edu," ".org," ".net," ".gov," ".mil," and ".int" generic top-level domains as well as the two letter national top-level domains.

Recently, other top-level domains that are located on name servers that are not pointed to by the IANA root name servers have begun to appear. They are extensions to the IANA name space. So far, these alternate domain name registries have only created new top-level domains that do not conflict with the IANA approved ones, but that may not last long. There is no technical reason to prevent organizations from creating their own top-level domains or even to create whole new root structures. In fact, there have recently been several competing proposals for the future administration of the DNS leaving business wondering which proposals will be implemented and how to best protect their intellectual property.

b. The IP Address Space

The IP address space comprises all of the valid IP addresses. The current implementation of the Internet Protocol is IP version 4 ("IPv4"). IPv4 requires that each host on the Internet have a unique thirty-two bit number for an address. This means that almost 4.3 billion numbers are potentially available for addresses.⁷

Like domain names, IP addresses are hierarchical. A typical IP address is a group of four numbers that are less than 256 separated by dots. i.e. 198.105.232.4. This is called dotted-decimal notation. Each number represents eight bits of the whole thirty-two bit number. The first number signifies the computer's geographic region; the second number is assigned to a specific ISP; the third number is assigned to a specific group of computers; and the fourth number signifies a specific computer within the group.

7. A thirty-two bit number is converted to decimal by raising two to the power of thirty-two. $2^{32}=4,294,967,296$. Not all of these numbers are available for addresses. Whole sections of the number space have been held back for experimental use, or because their special format would greatly increase the routing tables, placing extra strain on the backbone routers. Other individual numbers are reserved for special functions and cannot be used to identify particular hosts. See Chuck Semeria, *Understanding IP Addressing: Everything You Ever Wanted to Know* (visited Apr. 21, 1998) <<http://x2.usr.com/nsc/501302s.html>>.

2. *Resolving a Domain Name*

The process of translating a domain name into the corresponding IP address is called name resolution. The remaining two parts of the DNS, the name resolver and the name server, are responsible for name resolution.

When a user enters a domain name into an application like a web browser, the application asks the name resolver to get the IP address corresponding to the requested domain name. The name resolver is typically located at the user's ISP, or perhaps somewhere on the user's network if the user is part of a large organization. The name resolver could immediately return the corresponding IP address if the authoritative name server for the requested domain name is residing on the same network or on the same computer. The name resolver could also immediately return the corresponding IP address if it recently had a request for that same domain name and kept the corresponding IP address in its cache.

To get an unknown IP address, the name resolver must contact a root name server. A root name server is a special name server that has a list of the addresses of name servers for every supported top-level domain. Every name resolver has a list of addresses for a set of root servers. Most of the name resolvers on the Internet point to the IANA controlled root name servers provided by the InterNIC.⁸ When the resolver contacts a root server, it asks for the IP address of the name server that has the DNS information for the requested top-level domain. The resolver then contacts that name server and asks for the IP address of the name server that has the DNS information for the requested second-level domain. Finally, the resolver contacts the appropriate name server and asks for the IP address of the requested host computer. At all stages in this process, the user's resolver is caching the IP address so that the next time anyone from that location needs a translation for that name, the information will be available in the resolver's cache.

3. *Important DNS Characteristics*

A domain name does not indicate where a computer is physically located.⁹ The computer can be moved from one place to another, while maintaining the same domain name. The IP address that represents the network address may change, but the domain name can remain unchanged. Thus, a domain name is not an address as typically defined, but instead is a mark which identifies a particular person or organization on the Internet.

8. See *Root Name Servers* (visited Apr. 23, 1998) <[ftp://rs.internic.net/domain/named.root](http://rs.internic.net/domain/named.root)>.

9. See KROLL, *supra* note 6, at 29.

As a result of the identification function of domain names, domain name registries have been forced to deal with disputes between domain name holders and trademark owners over the registration and use of domain names which correspond to trademarks. Below is a discussion of the administrative dispute resolution policies of the leading proposals for administration of the Internet Domain Name System.

III. NSI'S DOMAIN NAME CHALLENGE PROCEDURE

NSI has been registering domain names since January 1, 1993. However, NSI did not have a formal domain name dispute policy in place until July 28, 1995.¹⁰ Since that time NSI's domain name dispute policy has been revised three times—once in November 1995,¹¹ once in September 1996¹² and again in February 1998.¹³ At this time, it is unclear whether the later domain name dispute policies can be retroactively applied to domain names registered before the revised policies were adopted. Therefore, it seems appropriate to discuss the procedures and effects of each policy separately.

A. CHRONOLOGICAL SUMMARY OF NSI DISPUTE POLICIES

1. *Past NSI Policies*

a. *Prior to July 28, 1995*

Prior to July 28, 1995, NSI had not published a formal domain name dispute policy. However, RFC 1591, published in March of 1994, included a section which addressed possible disputes between domain name holders and trademark owners.¹⁴ RFC 1591 states that, in disputes between domain name holders and trademark owners regarding the rights to a particular domain name, the registration authority responsible for registering the domain name has no role or responsibility in the dispute, other than to provide contact information to all parties in the dispute.¹⁵ According to RFC 1591, registration of a domain name

10. See *NSI Domain Dispute Resolution Policy Statement* (visited Apr. 23, 1998) <ftp://rs.internic.net/policy/internic/internic-domain-1.txt> [hereinafter *NSI Policy Statement*].

11. See *NSI Domain Dispute Policy Statement (Rev 01)* (visited Apr. 23, 1998) <ftp://rs.internic.net/policy/internic/internic-domain-4.txt> [hereinafter *NSI Policy Statement (Rev 01)*].

12. See *Network Solutions' Domain Dispute Policy (Rev 02)* (visited Apr. 23, 1998) <ftp://rs.internic.net/policy/internic/internic-domain-6.txt> [hereinafter *NSI Policy Statement (Rev 02)*].

13. See *Network Solutions' Domain Name Dispute Policy (Rev. 03)* (visited Apr. 28, 1998) <ftp://rs.internic.net/internic/policy/internic-domain-6.txt> [hereinafter *NSI Policy Statement (Rev 03)*].

14. See J. Postel, *RFC 1591, Domain Name System Structure and Delegation* (visited Apr. 23, 1998) <ftp://rs.internic.net/rfc/rfc1591.txt> [hereinafter *Domain Name System*].

15. See *id.* at ¶4(1).

does not necessarily establish trademark rights in the registered name and it is up to the domain name holder to make sure that no one's trademark rights are violated.¹⁶

b. July 28, 1995 to November 22, 1995

On July 28, 1995, NSI published its first domain name dispute policy.¹⁷ Contrary to RFC 1591, NSI's policy statement established a procedure, administered by NSI, allowing third parties to challenge the registration of a domain name.¹⁸ Under this dispute policy, the trademark owner must present NSI with evidence that the registered domain name violates the trademark owner's rights.¹⁹ If the evidence does not include a challenger-owned, valid and subsisting trademark or service mark registration identical to the registered domain name, the domain name owner is permitted to continue using the contested domain name, unless and until a court order or arbitrator's judgment to the contrary is presented to NSI.²⁰

If the challenging party produces a trademark or service mark registration that is identical to the contested domain name, the domain name holder is required to produce a certified copy of a federal or foreign trademark or service mark registration owned by the domain name holder.²¹ The registration must be in full force and effect and identical to the contested domain name.²² If the domain name holder produces proof of trademark or service mark registration within fourteen days, NSI allows continued use of the contested domain name.²³ In addition, the domain name holder must agree to indemnify NSI from any liability relating to the registration or use of the domain name, and the domain name holder must post a bond in an amount sufficient to meet any damages sought by the challenging party.²⁴ If the domain name holder does not agree to indemnify NSI and post the required bond, NSI places the domain name on "hold" status.²⁵

If the domain name holder cannot produce proof of trademark or service mark registration within fourteen days, NSI will assist the domain name holder in obtaining a new domain name.²⁶ In order to ease the

16. *See id.*

17. *See NSI Policy Statement, supra* note 17.

18. *Id.* at ¶ 6(b)-9.

19. *Id.* at ¶ 6(b).

20. *See id.*

21. *Id.* at ¶ 6(c)(1).

22. *See id.*

23. *Id.* at ¶ 6(c)(2).

24. *Id.* at ¶ 6(c)(4).

25. *See id.*

26. *Id.* at ¶ 6(c)(2).

transition to the new domain name, NSI allows the domain name holder to maintain both domain names simultaneously for up to ninety days.²⁷ At the end of the transition period, NSI places the contested domain name on "hold" status. If the domain name holder does not agree to accept a new domain name or relinquish use of the contested domain name, NSI places the contested domain name on "hold" status.²⁸

A domain name placed on "hold" status is unavailable for use by anyone. It remains on "hold" status until the dispute is settled. NSI will reinstate the use and registration of a domain name placed on "hold" status if it is presented with an order from a United States court or an arbitration panel of the American Arbitration Association that states who is entitled to register and use the domain name.²⁹ NSI will also reinstate the registration and use of a domain name if it is presented with evidence that a dispute has been resolved.³⁰

NSI's dispute policy also states that any dispute regarding the right to register or use a domain name can be resolved through binding arbitration by the American Arbitration Association upon request of NSI and agreement of the challenging party.³¹ The commercial rules in effect in San Diego, California, are used in any such binding arbitration.³² A single arbitrator is selected to conduct the arbitration in accordance with the substantive laws of the State of California, without regard for California's choice of law rules, and the California Evidence Code.³³

No discovery is allowed in the arbitration without the written consent of the other party.³⁴ However, either party may seek the arbitrator's permission to take any deposition which is necessary to preserve the testimony of a witness who is or may become outside the subpoena power of the arbitrator, or is otherwise unavailable to testify at the arbitration.³⁵

The arbitrator has the power to enter almost any award that could be entered by a Judge of the Superior Court of California.³⁶ However, the arbitrator does not have the power to award punitive damages, treble damages, or any other damages which are not compensatory against NSI, NSF, or IANA.³⁷ The arbitration award, which is to be paid by the

27. *See id.*

28. *Id.* at ¶ 6(c)(3).

29. *Id.* at ¶ 6(c)(5).

30. *See id.*

31. *Id.* at ¶ 8.

32. *See id.*

33. *See id.*

34. *See id.*

35. *See id.*

36. *See id.*

37. *See id.*

losing party, covers the entire cost of the arbitration, including reasonable attorneys' fees and the arbitrator's fee.³⁸ The arbitration award is enforceable in any court having jurisdiction over the parties and subject matter.³⁹

c. November 23, 1995 to September 8, 1996

In October, 1995, NSI revised its domain name dispute resolution policy. The new policy took effect on November 23, 1995.⁴⁰ Most significantly, the policy addresses situations in which a trademark owner challenges the registration of a domain name which was registered and used prior to the actual or effective first-use date of the trademark.⁴¹ In this case NSI allows the domain name holder to continue using the challenged domain name as long as the domain name holder agrees to post a bond and indemnify NSI.⁴² If the effective date of the trademark registration or the date of first use of the trademark is prior to the activation date of the challenged domain name, and the trademark registration meets the other requirements discussed previously, the domain name will be put on "hold" status.⁴³

NSI also extended the time limit for a domain name holder to respond to a challenge by a trademark owner from fourteen days to thirty days,⁴⁴ clarified that a challenge to a domain name must be based on a foreign or federal, not state, trademark registration,⁴⁵ required a domain name holder to request assistance from NSI in the assignment of a new domain name,⁴⁶ and required written evidence of a binding arbitration award before reinstating a domain name on "hold" status.⁴⁷ It is also interesting to note that NSI renamed the policy NSI Domain Name Dispute Policy Statement, removing the word "resolution" from the title.

d. September 9, 1996 to February 24, 1998

NSI's dispute policy statement was revised a second time on September 9, 1996.⁴⁸ Several significant changes were made to the policy statement, including requiring a trademark owner to notify a domain name holder that the domain name violates the legal rights of the trade-

38. *See id.*

39. *See id.*

40. *See NSI Domain Dispute Policy Statement (Rev 01)*, *supra* note 11.

41. *Id.* at ¶ 6.

42. *Id.* at 6(c)(2).

43. *Id.* at ¶ 6(c)(1).

44. *Id.* at ¶¶ 6(c)(3), (4).

45. *Id.* at ¶ 6(b).

46. *Id.* at ¶ 6(c)(3).

47. *Id.* at ¶ 6(c)(6).

48. *See Network Solutions' Domain Dispute Policy (Rev 02)*, *supra* note 12.

mark owner before requesting NSI to take action under the policy.⁴⁹ To initiate a challenge, the trademark owner must provide both the federal trademark registration and notification letter to NSI before NSI will take any action under the policy statement.⁵⁰ In addition, any trademark registration the domain name holder produces in defense of a challenge must have a registration date prior to NSI's request for proof and the trademark owner's notification letter to the domain name holder.⁵¹

Prior to this revision, it had become common practice for a domain name holder faced with a challenge to a domain name to obtain a quick foreign trademark registration for the challenged domain name in order to avoid having it put on "hold," pending the outcome of the dispute. Tunisia became the country of choice for obtaining these quick foreign trademark registrations. The revision of paragraph 6(c) closed this loophole somewhat by requiring that any defensive trademark registration presented by the domain name holder be registered before NSI requests proof of ownership or before a third-party notification of dispute.⁵²

The revisions requiring the trademark owner to send a notification letter to the domain name holder and to provide NSI with a copy of the notification letter appear to be an attempt to prevent domain name holders from being unexpectedly challenged. Also, by requiring the trademark owner to send a notification letter to the domain name holder alleging in unequivocal terms that the domain name violates the trademark owner's rights, the domain name holder has unequivocal grounds for bringing a declaratory judgment action against the trademark owner. Thus, by paving the way to the courtroom, NSI seems to be urging the parties to resolve their disputes without involving NSI.

Several other revisions seem to follow this theme. For example, NSI's policy statement says that it will abide by all court orders without being named as a party to a law suit.⁵³ NSI also revised its policy to include placing the domain name into the registry of a court when a suit is filed, instead of placing the domain name on "hold."⁵⁴

Other revisions to the policy statement include deleting the bonding requirement for domain name holders who meet the requirements for keeping a domain name active while the dispute is pending,⁵⁵ substituting first-class mail as the preferred method of providing notice,⁵⁶ and removing a fleeting reference to notice by electronic transmission, pre-

49. *Id.* at ¶ 5(b).

50. *Id.* at ¶ 5(c).

51. *Id.* at ¶ 6(c).

52. *Id.* at ¶ 6(c).

53. *Id.* at ¶ 7(c).

54. *Id.* at ¶ 7.

55. *Id.* at ¶ 6(b).

56. *Id.* at ¶ 9.

sumably e-mail.⁵⁷

2. *The Current NSI Dispute Policy*

a. *February 25, 1998 to Present*

NSI's dispute policy statement was most recently updated on February 15, 1998.⁵⁸ The most significant change to NSI's policy is that under the new policy, NSI may not only revoke a domain name registration but may also "suspend, transfer or otherwise modify" a domain name registration.⁵⁹ Among other things, the new dispute policy statement now recognizes orders from any court of competent jurisdiction (not just United States courts) as well as arbitration awards,⁶⁰ makes it the registrants responsibility to maintain the continued accuracy of the registration record,⁶¹ removes the requirement of operational service from at least two DNS servers prior to registration of a domain name, and removes all references to the ".gov" gTLD.

The new dispute policy statement specifically identifies violation of trademark rights as being cause to initiate a challenge to a domain name registration.⁶² Trademarks incorporating designs cannot be used to initiate a challenge under the new dispute policy statement.⁶³ Furthermore, the new policy requires a challenger to indicate the mode of delivery of the so-called "notice letter" to the domain name holder and the factual basis on which the challenger believes the domain name holder received the letter.⁶⁴ Also, the new policy requires that the "notice letter" allege that the disputed domain name violates the trademark rights of the challenger including allegations of the factual and legal basis for this belief.⁶⁵

When comparing dates between a trademark registration and a domain name registration, the new policy now compares the creation date of the domain name registration to the effective date of the trademark registration.⁶⁶ The new policy does not specifically define the effective date of a trademark registration and there is some question of whether it refers to the registration date, filing date or the date of first use.⁶⁷

57. *Id.* at ¶ 9.

58. *See Network Solutions' Domain Name Dispute Policy (Rev 03)*, *supra* note 13.

59. *See id.*

60. *Id.* at ¶¶ 7, 10.

61. *Id.* at ¶ 2.

62. *Id.* at ¶ 8.

63. *Id.* at ¶ 8(a).

64. *Id.* at ¶ 8(b).

65. *See id.*

66. *Id.* at ¶ 9.

67. *See NSI Flawed Domain Name Policy information page* (visited Apr. 21, 1998) <<http://www.patents.com/nsi.sht>> [hereinafter *NSI Information Page*].

The new policy also specifically sets out that the domain name holder is subject to all provisions of the registration agreement during the pendency of a domain name dispute.⁶⁸ This means that the domain name holder must continue to pay registration maintenance fees on the domain name registration even if the domain name is on "hold" status.

b. Challenges Under NSI's Current Policy

Under the current NSI domain name dispute policy, NSI will remove a domain name registration if there has been a breach of the Policy Statement, or if ordered to do so by the proper authority.⁶⁹ The removal for breach of the Policy Statement is at the discretion of NSI.⁷⁰ The removal by order is mandatory.⁷¹

Under the Policy Statement, a third party does not have the right to require or demand removal of a domain name for breach of the Policy Statement.⁷² Thus, a trademark owner who believes that his or her trademark rights are being infringed has no real direct cause of action with NSI for removal because NSI retains the right to decide whether to enforce or disregard the alleged breaches.

Although the Policy Statement provides NSI with an easy way to dispose of situations of obvious infringement, trademark owners cannot and should not rely on this course of action. NSI is notorious for failing to follow its own policy without explaining why the policy is enforced in some instances and ignored in other.⁷³

All NSI domain name challenges must be based on a valid and subsisting foreign or federal trademark registration.⁷⁴ NSI does not recognize Supplemental Register registrations, state trademark registrations, common law trademark rights, or rights based on trademark registrations which incorporate a design.⁷⁵

The first step in initiating a challenge under NSI's current policy is to provide the domain name holder with written notification that specifically alleges the registered domain name violates the challenger's trade-

68. *See id.* at ¶ 9(g).

69. *Id.* at ¶ 10(c).

70. *Id.* at ¶ 15.

71. *Id.* at ¶ 10(c).

72. *Id.* at ¶ 9.

73. In a dispute over the domain name "juris.com," Juris, Inc., owner of a trademark registration for "juris" notified Comp Examiner, holder of the domain name "juris.com" of its rights in the trademark "Juris" and, pursuant to NSI's policy, requested that NSI put the domain name on "hold." In response, NSI notified Comp Examiner of the challenge and presented Comp Examiner with the options available under the Policy Statement. Even though Comp Examiner failed to provide a timely response to the notification letter, NSI contrary to its Policy Statement, did not place the domain name on "hold."

74. *Id.* at ¶ 8.

75. *Id.* at ¶ 8(a).

mark rights including the factual and legal bases for the allegation.⁷⁶ A copy of the notification must be kept for later submission to NSI.⁷⁷

After notifying the domain name holder, the challenger can initiate a challenge by requesting that NSI put a domain name on hold and supplying NSI with a copy of the notification along with a representation indicating the mode of delivery of the notification to the domain name holder and the factual basis for believing the domain name holder received the notification and a certified copy of the challenger's foreign or federal trademark registration. The trademark registration must be identical to the second level of the disputed domain name.⁷⁸

It is unclear what NSI considers to be "identical." In one instance, NSI ruled that the trademark *Esquire* was not identical to the second level of the domain name *esquire.com*.⁷⁹ In another instance, NSI ruled that the trademark *Microsoft* was identical to the second level of the domain name *microsoft.com*.⁸⁰

Upon receiving the registration and notice, NSI will determine the creation date of the domain name and compare that date to the effective date of the registration.⁸¹

If the creation date of the domain name is prior to the mark's effective date of registration, NSI will take no further action on the complainant's request.⁸² If the creation date of the domain name is *after* the effective date of the registration, NSI will request from the domain name holder a certified copy of a foreign or federal trademark registration identical to the second-level of the disputed domain name.⁸³ The registration's effective date must be before the earlier of NSI's request from the domain name holder or the challenger's notification to the domain name holder.⁸⁴

If the domain name holder supplies the requested registration, NSI will take no further action on the complainant's request.⁸⁵ However, If the domain name holder is unable to provide the requested registration, NSI will, if requested by the domain name holder, assist the domain name holder with the assignment of a new domain name.⁸⁶ Then, after

76. *Id.* at ¶ 8(b).

77. *See id.*

78. *Id.* at ¶ 8(a).

79. *See Docket* (visited Dec. 6, 1997) <<http://www.esquire.com/docket2.htm>>.

80. *See Not Quite Domain Name Grabbing* (visited Apr. 23, 1998) <<http://www.law.georgetown.edu/internic/recent/rec3.html>>.

81. *See Network Solution's Domain Dispute Policy (Rev 03)*, *supra* note 13.

82. *Id.* at ¶ 10(b).

83. *Id.* at ¶ 10(c).

84. *See id.*

85. *Id.* at ¶ 10(c).

86. *Id.* at ¶ 10(d).

ninety days of simultaneous use of the challenged and new domain names, NSI will place the challenged domain name on "hold."⁸⁷

A domain name placed on "hold" is unavailable for use by anyone. The domain name will remain on "hold" until the dispute is settled. NSI will reinstate a domain name which has been placed on "hold" if presented with a court order stating who is entitled to the domain name, if presented with other appropriate evidence of resolution of the dispute between the parties, such as a settlement agreement, or if the complainant requests that the domain name not be placed on hold.⁸⁸

In the event a law suit is filed related to the registration and use of the challenged domain name before the domain name is placed on "hold," NSI will deposit control of the domain name into the registry of the court pending a resolution of the matter.⁸⁹ Furthermore, NSI will stipulate to abide by all court orders without being named as a party to the suit.⁹⁰

B. ANALYSIS OF NSI'S DOMAIN NAME DISPUTE PROCEDURES

Using NSI to place a domain name on "hold" can be a very powerful tool for the trademark owner whose goal is to simply stop the domain name holder from using the domain name. Since likelihood of confusion or dilution need not be proven, the trademark owner can get relief similar to what would be granted in a preliminary injunction, without having to prove any of the facts necessary to obtain the injunction. Furthermore, the trademark owner can obtain relief without having to post a bond, which would normally be required before a preliminary injunction is issued.

However, the policy is not without its disadvantages for the trademark owner. Once the domain name is placed on "hold," the name is unavailable for use by anyone, including the trademark owner. Therefore, if the ultimate goal of the trademark owner is to secure the right to use the domain name, the trademark owner must settle the dispute either by negotiating a settlement with the domain name holder or by submitting the dispute to a third party, such as an arbitrator or the courts or convince NSI to transfer the domain name instead of putting it on hold. Furthermore, this course of action is only available to the trademark owner if the trademark owner has a pre-dated foreign or federally registered trademark identical to the disputed domain name, and the domain name holder does not own a federal or foreign trademark registration.

87. *See id.*

88. *Id.* at ¶ 10(f).

89. *Id.* at ¶ 10.

90. *Id.* at ¶ 10(c).

NSI's dispute policy has been met with overwhelming criticism, including that NSI is merely protecting its own self-interest and has not taken into consideration the interests of the Internet community as a whole.⁹¹ It has even been argued that NSI's dispute policy is unconstitutional.⁹² Nonetheless, as long as NSI continues to be responsible for registering the second-level domain names in the almighty ".com," ".org," and ".net" top levels, and the policy remains in effect, it will continue to be an option worth consideration for trademark owners around the world.

IV. CORE / WIPO DOMAIN NAME CHALLENGE PROCEDURE

Due to the rapid growth of the Internet and the increasing number of disputes over domain names assigned by NSI in the ".com," ".net," and ".org" generic top-level domains ("gTDLs"), the International Ad Hoc Committee ("IAHC") was created to provide recommendations for enhancing the general class of gTDLs. The formation of the IAHC was announced by the Internet Society ("ISOC") on October 22, 1996. The IAHC was formed at the initiative of the ISOC and at the request of the Internet Assigned Numbers Authority ("IANA"), which is responsible for assigning and coordinating the use of Internet parameters such as Internet addresses and domain names.

The IAHC was comprised of delegates from various Internet and intellectual property groups such as the IANA, the ISOC, the World Intellectual Property Organization ("WIPO"), the International Telecommunications Union ("ITU"), the Federal Networking Council ("FNC"), the International Trademark Association ("INTA"), and the Internet Architecture Board ("IAB"). Its duties included defining, investigating and resolving issues resulting from the international debate over proposals to establish global domain name registries and additional international top-level domain names ("iTDLs").⁹³ The original proposal was written by Jon Postel, the long-time head of the IANA.

Unlike NSI, whose policies were conceived of and designed in private by NSI's attorneys, the IAHC conducted an open discussion and consid-

91. See e.g., Nathenson, *Showdown at the Domain Name Corral: Property Rights and Personal Jurisdiction over Squatters, Poachers and Other Parasites*, 58 U. PITT. L. REV. 911 (1997); Jeff Wilson, *Forcing a Square Peg: Why Federal Trademark Law Does Not Protect Internet Domain Names*, (visited Apr. 24, 1998) <<http://www.libraries.wayne.edu/~jlitman/pwilson.html>>; G. Peter Albert, *Right On the Mark: Defining the Nexus Between Trademarks and Internet Domain Names*, 15 J. MARSHALL J. COMPUTER & INFO. L. 277 (1997); see also NSI Information Page, *supra* note 67.

92. See *Is the InterNIC's Dispute Policy Unconstitutional?* (visited Apr. 24, 1998) <<http://www.mids.org/legal/dispute.html>>.

93. See *Charter of the International Ad Hoc Committee* (visited Apr. 24, 1998) <<http://www.iahc.org/iahc-charter.html>> [hereinafter *Charter*].

ered comments and suggestions from the public in establishing its recommendations. In its charter, the IAHC established that it would "operate in the style of an Internet standards 'design team', formulating criteria and procedures but seeking review, modification and consensus from the rest of the Internet community. Internet standards are developed according to the principal of 'rough consensus', which means a strongly dominant sense of preference with the community that is seeking to achieve forward progress, in spite of differing opinions."⁹⁴

In February 1997, the IAHC published its final report which included recommendations that seven new gTLDs be created and administered according to uniform global standards by registrars to be established throughout the world.⁹⁵ Also included in the report were provisions for bringing challenges to domain name registrations assigned under the seven new gTLDs before mediators, arbitrators, or Administrative Domain Name Challenge Panels ("ACPs"). A Council of Registrars ("CORE") was established to register these new gTLDs and procedures for the creation of ACPs and for bringing challenges were set forth in the Council of Registrars Memorandum of Understanding ("CORE-MoU").⁹⁶

On May 1, 1997, over 145 interested organizations and companies signed or indicated their intention to sign a Memorandum of Understanding ("gTDL-MoU") adopting the IAHC recommendations for administration and management of seven new gTLDs.⁹⁷ After the gTDL-MoU signing, the IAHC was disbanded and replaced by several groups created by the gTDL-MoU to oversee gTDL-MoU policy.

A. ESTABLISHMENT OF CHALLENGE PROCEDURES BY IAHC

1. *Final Report of the IAHC*

The final report of the IAHC was published on February 4, 1997 and includes recommendations for the administration and management of gTLDs.⁹⁸ The recommendations included in the report are written to take into account comments and suggestions from the public regarding the administration and management of gTLDs.

94. *See id.*

95. *See Final Report of International Ad Hoc Committee: Recommendations for Administration and Management of gTLDs* (visited Apr. 24, 1998) <<http://www.iahc.org/draft-iahc-recommend-00.html>> [hereinafter *Final Report*].

96. *See Memorandum of Understanding for the Internet Council of Registrars ("CORE-MoU")* (visited Apr. 24, 1998) <<http://www.gtld-mou.org/docs/core-mou.htm>> [hereinafter *CORE MoU*].

97. *See Establishment of a Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System* (visited Apr. 25, 1998) <<http://www.iahc.org/gTLD-MoU.html>> [hereinafter *gTLD-MoU*].

98. *See id.*

The final report recognizes the jurisdictional and conflict of law problems of administering an international domain name system. Thus, the report recommends that all applications for second-level domain name registrations include:

- contact and intended use information;
- appointment of an agent for service of process;
- agreement to jurisdiction in the event of trademark litigation; and
- mediation and arbitration clauses.⁹⁹

This information is required to provide third parties with sufficient information for disputing a domain name registration which they believe violates their rights. The CORE gTLD-MoU registration agreement requires the domain name applicant to submit to the jurisdiction of the registry which registers the applicant's domain name.¹⁰⁰ This provides third parties with at least one court which has jurisdiction over both the domain name applicant and the domain name registry. The mediation and arbitration clauses require the domain name applicant to submit any dispute with the registry to mediation or arbitration.¹⁰¹

The final report also recognizes the need for dispute resolution mechanisms, besides litigation in the courts, to remedy trademark concerns involving second-level domain names. The final report suggests three alternative procedures for resolving disputes regarding second-level domain names registered in the new gTDLs: (1) mediation; (2) expedited arbitration; and (3) a specific administrative challenge process for second-level domain names which violate internationally known intellectual property rights.¹⁰² It is intended that these procedures be administered on-line if possible through the use of Internet e-mail and special software, which will be made available free of charge, permitting more than two persons to simultaneously communicate electronically on a dedicated channel which permits authentication of communications.

The final report suggests including clauses in each domain name application requiring the domain name applicant to agree to participate in on-line mediation and/or binding expedited arbitration when requested by a third party right holder.¹⁰³ The suggested mediation clause requires the domain name applicant to agree to participate in on-line mediation under the mediation rules of the Arbitration and Mediation Center of WIPO, if a request for mediation is initiated.¹⁰⁴ The suggested arbitration clause also requires the domain name applicant to agree to par-

99. See *Final Report*, *supra* note 95, at § 6.1.5.

100. See *CORE_MoU*, *supra* note 96.

101. See *id.*

102. See generally *Final report*, *supra* note 95.

103. *Id.* at § 7.1.1.

104. See registration application in *CORE-MoU* for actual clause.

ticipate in binding expedited arbitration under the corresponding rules of the WIPO Arbitration and Mediation Center, if such arbitration is requested by a third party right holder.¹⁰⁵

The final report suggests setting up administrative domain name challenge panels ("ACP") to handle administrative challenges.¹⁰⁶ The ACPs are established to administer the policy that second level domain names which are identical or closely similar to names which are, for the purposes of the Internet, internationally known, and for which demonstrable intellectual property rights exist, should only be held by, or with the authorization of, the owners of such demonstrable intellectual property rights.¹⁰⁷ The ACPs consist of international experts in the fields of intellectual property and Internet domain names. The procedures for creating the panels and for bringing challenges before the panels are administered by the WIPO Arbitration and Mediation Center. The challenges are to be heard on-line wherever possible.

If a challenge is initiated within sixty days of the registration for the domain name in question, the challenge is placed on a "fast track" requiring that it be concluded within thirty days of the initiation of the challenge.¹⁰⁸ Challenges and proposed decisions are made public on the Internet, and after a reasonable period of time for submission of comments by appropriate third parties (including relevant governmental or regional authorities) the decision is made final.¹⁰⁹

An administrative domain name challenge panel is able to decide when a challenged second-level domain name should be excluded from the gTDL in which it was registered and, in appropriate and exceptional cases, from some or all other gTDLs which fall within the gTLD-MoU.¹¹⁰ In appropriate cases, second-level domain names which are closely similar to the challenged domain name may also be excluded.¹¹¹ Exclusions are subject to exception, modification or cancellation on appropriate grounds, upon petition by a third party to an administrative domain name challenge panel.¹¹² The original challenging party has the right to full participation in any such procedure.¹¹³

An administrative domain name challenge panel has authority only over second-level domain names registered under the gTDLs administered by the Counsel of Registrars ("CORE"). That authority derives

105. *See id.*

106. *See Final Report, supra* note 95, at § 7.1.2.

107. *See id.*

108. *See id.*

109. *See id.*

110. *See id.*

111. *See id.*

112. *See id.*

113. *See id.*

only from the gTLD-MoU.¹¹⁴ An ACP therefore would not have authority over the parties in a given challenge, and would not have any authority to review or enforce national or regional intellectual property rights or obligations, other than to determine if a second-level domain name is held in violation of the policy set out above.¹¹⁵

No decision of an ACP affects the power of an appropriate national or regional sovereign court to hear cases interpreting and enforcing intellectual property rights that fall within its jurisdiction.¹¹⁶ Thus, this procedure does not prevent a party from bringing a case before a national or regional sovereign court, nor from initiating arbitration or mediation procedures either before or after an ACP decision.¹¹⁷ However, registrars are obligated to honor decisions of administrative domain name challenge panels with respect to exclusion of second-level domain names.¹¹⁸

In adopting the policy that second-level domain names which contain certain demonstrable intellectual property rights should only be able to be held by an owner of such a demonstrable intellectual property right, the IAHC recognizes that CORE registrars are not the appropriate entities to enforce this policy.¹¹⁹ The policy is to be enforced, rather, by means of ACPs. These panels do not substitute for national or regional sovereign courts; they have authority only over the domain names, not the parties. The challenge panels have the ability to exclude certain names, such as world-wide famous trademarks, from all of the CORE gTDLs. It is hoped that the ACPs will provide a useful alternative to litigation for solving disputes.

2. *Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System (gTDL-MoU)*

The gTDL-MoU, published a few weeks after the IAHC's Final Report on February 28, 1997, adopts the IAHC's suggestions.¹²⁰ In particular, the gTDL-MoU adopted the policy that second-level domain names in any of the CORE-gTDLs which are identical or closely similar to an alphanumeric string that, for the purposes of the policy, are deemed to be internationally known, and for which demonstrable intellectual property rights exist, may be held or used only by, or with the authorization of, the owner of such demonstrable intellectual property rights.¹²¹ Appro-

114. *See id.*

115. *See id.*

116. *See id.*

117. *See id.*

118. *See id.*

119. *Id.* at § 7.2.3.

120. *See gTDL-MoU, supra* note 97.

121. *Id.* at § 2(f).

priate consideration is given to possible use of such a second-level domain name by a third party that, for purposes of the policy, is deemed to have sufficient rights.¹²²

The gTLD-MoU calls for the establishment of Administrative Domain Name Challenge Panels ("ACPs") to administer this policy.¹²³ The procedures for creating the panels and for bringing the challenges are defined in the CORE-MoU, which requires registrars to honor all decisions of ACPs.¹²⁴ These procedures are delegated to the WIPO Arbitration and Mediation Center with the stipulation that WIPO staff are excluded from serving as members of any panel.¹²⁵

The gTLD-MoU reiterates that no decision of an ACP shall inhibit, affect or prevent an appropriate national or regional court from hearing cases interpreting and enforcing intellectual property rights that fall within their jurisdiction.¹²⁶ Likewise, the gTDL-MoU reiterates that nothing in the gTDL-MoU policies prevents any party, at any time, from bringing a case before a national or regional court or from initiating arbitration or mediation procedures that are otherwise available.¹²⁷

3. *Memorandum of Understanding for the Internet Council of Registrars ("CORE-MoU")*

The first draft of the CORE-MoU was published on July 17, 1997.¹²⁸ The CORE-MoU adopts and elaborates on the dispute policies set forth in the gTDL-MoU. It specifically sets forth that Registrars will not examine applications for second-level domain names for compliance with the gTDL-MoU policies.¹²⁹ However, each Registrar is required to establish Registration Agreements and application forms which require the domain name applicant to agree to certain dispute resolution policies and procedures.¹³⁰ The CORE-MoU includes a sample Registration Agreement and application form¹³¹ and Substantive Guidelines Concerning Administrative Domain Name Challenge Panels.¹³²

122. *See id.*

123. *Id.* at § 8(a).

124. *See Memorandum of Understanding, supra* note 96.

125. *See gTLD-MoU, supra* note 97, at § 8(b).

126. *Id.* at § 8(c).

127. *See id.*

128. *See generally Memorandum of Understanding, supra* note 96.

129. *Id.* at § 6(g).

130. *See id.*

131. *Id.* at app. C.

132. *Id.* at app. D.

B. WIPO RULES FOR ADMINISTRATIVE CHALLENGE PROCEDURES
CONCERNING INTERNET DOMAIN NAME
("WIPO ACP RULES")

The administrative procedures for creating the ACPs, assigning mediators and arbitrators, and for bringing domain name challenges are handled by the WIPO Arbitration and Mediation Center. The WIPO ACP Rules set forth the procedures for initiating an ACP challenge.¹³³

1. *Initiating an ACP Challenge*

An ACP challenge is a special administrative procedure in which a panel of experts decides the outcome of the dispute based on published Substantive Guidelines and evidence presented by the Challenger and the domain name holder. Under the WIPO procedures, a third party can request that an ACP exclude a specific domain name or a class of domain names from being registered. Petitions can also be filed for the exception, modification or cancellation of an exclusion of a domain name. The challenge proceedings are conducted on-line whenever possible.

However, in order to qualify for an ACP challenge, the challenger must be the owner of "internationally known" intellectual property rights which are "demonstrable."¹³⁴ These stipulations are discussed later in this article. They essentially require the challenger to be the owner of numerous intellectual-property rights registrations in various countries around the world. Common-law rights which have not been established by authoritative government sources do not meet the requirements.

To initiate a challenge, a party must file a Request for Challenge with the WIPO Arbitration and Mediation Center, along with a non-refundable administration fee.¹³⁵ The Request for Challenge should include:

- a request that the challenge be referred to an ACP;
- the names, postal and e-mail addresses, and the telephone and fax numbers of all parties and representatives involved in the challenge;
- an indication of the domain name being challenged and the applicable registrar;
- a brief description of the grounds on which the challenge is made;

133. See *WIPO Rules for Administrative Challenge Panel Procedures Concerning Internet Domain Names* (visited Apr. 23, 1998) <<http://www.wipo.int/eng/arbit/acprules.htm>> [hereinafter *WIPO Rules*].

134. [Revised] *Substantive Guidelines Concerning Administrative Domain Name Challenge Panels* (visited Apr. 24, 1998) <<http://www.gtld-mou.org/docs/racps.htm>> [hereinafter *[Revised] Substantive Guidelines*].

135. See *WIPO ACP Rules*, *supra* note 133, at art. 6.

a statement of the relief sought; and

if the Challenger wishes the ACP to be composed of three members, a statement to that effect.¹³⁶

Each Request for Challenge is assigned a case reference number and is posted on WIPO's web site under that case reference number.¹³⁷ The date of commencement of a challenge is the date on which the copy of the Request for Challenge is posted on WIPO's web site.¹³⁸ Requests for Challenge are transmitted to the respondent and both the challenger and respondent are notified of the date of commencement of the challenge.¹³⁹

Petitions for the exception, modification and cancellation of an exclusion can also be filed to remove or modify the exclusion of a domain name from registration.¹⁴⁰ A petition should include all the requirements of a Request for Challenge as well as the case reference number in which the corresponding determination for exclusion was made.¹⁴¹

Petitions for exception are assigned their own case reference numbers and are posted on WIPO's web site under those case reference numbers.¹⁴² A Petition for exception is transmitted to the Beneficiary of the Exclusion.¹⁴³

Third parties can request to participate in any challenge proceeding or Petition for Exception by filing a Request to Participate within ten days of the commencement of a challenge or petition.¹⁴⁴ A Request to Participate should include:

a specific request to participate in a challenge or petition, citing the case reference number of the challenge or petition;

the name, postal and e-mail address and the telephone and fax numbers of the proposed participant and of any representative of the proposed participant; and

a statement of the grounds on which the proposed participant considers that its participation is justified.¹⁴⁵

Requests to Participate are posted on WIPO's web site and transmitted to the challenge or petition parties.¹⁴⁶

136. *See id.*

137. *Id.* at art. 8.

138. *See id.*

139. *See id.*

140. *Id.* at art. 9.

141. *See id.*

142. *Id.* at art. 11.

143. *See id.*

144. *Id.* at art. 12.

145. *See id.*

146. *See id.*

If a Request for Challenge is filed within thirty days after the date of publication of the registration of a domain name, the registration of that domain name will be suspended for the duration of the challenge, provided the challenger posts a bond with the WIPO Arbitration and Mediation Center.¹⁴⁷ If the challenge is a pro-active challenge, WIPO will instruct CORE not to accept any application for registration of a second-level domain name corresponding to the challenged name.¹⁴⁸ The ACP may, at the request of the respondent, cancel the suspension if the ACP determines that the maintenance of the suspension would be more harmful to the respondent than the cancellation of the suspension would be to the challenger.¹⁴⁹

WIPO encourages the parties to submit materials for ACP challenges on-line, such as through the use of Internet e-mail.¹⁵⁰ WIPO will even establish a secure dedicated on-line communication channel, such as a secure chat facility, to allow the parties and the ACP to simultaneously communicate on-line.

2. *Establishing an ACP*

The Arbitration and Mediation Center of WIPO is responsible for keeping a list of available ACP members. By default an ACP consists of one member.¹⁵¹ However, the parties can agree to a three-member panel.¹⁵² In situations involving pro-active petitions involving only one party, the panel is selected by WIPO's Arbitration and Mediation Center.¹⁵³ If the proceeding involves two or more parties, at least one panel member is appointed by WIPO taking into consideration the preference of the parties.¹⁵⁴

Each party to a challenge or petition is sent an identical list of at least three ACP candidates accompanied by a brief statement of each candidate's qualifications.¹⁵⁵ Each party is entitled to delete the name of any candidate or candidates to whom that party objects.¹⁵⁶ The parties then number the remaining candidates in order of preference and return the marked list to WIPO within seven days after the date on which the list is received by each party.¹⁵⁷ Any party that fails to return a marked

147. *Id.* at art. 34.

148. *Id.* at art. 36.

149. *Id.* at art. 34.

150. *Id.* at art. 3.

151. *Id.* at art. 17(a).

152. *Id.* at art. 17(b).

153. *Id.* at art. 18(a).

154. *Id.* at art. 18(d)(iv).

155. *Id.* at art. 18(d)(i).

156. *Id.* at art. 18(d)(ii).

157. *Id.* at arts. 18(d)(ii), (iii).

list within that period of time is deemed to have assented to all candidates appearing on the list.¹⁵⁸

WIPO selects the panel member from the marked lists taking into consideration the preferences and objections expressed by the parties.¹⁵⁹ If the lists which have been returned do not reveal a person who is acceptable to both parties, WIPO independently appoints the panel member.¹⁶⁰

If the panel is to consist of three members, the member appointed from the marked list is designated as the presiding member.¹⁶¹ WIPO will appoint the two additional members independently.¹⁶² One member will have the same nationality as one of the parties and the second member will have the same nationality as the second party.¹⁶³ Unless the parties have the same nationality, the nationality of the sole or presiding member of the panel will not be same as that of either party.¹⁶⁴

3. *The Challenge Procedure*

Unless otherwise agreed to by the parties, the proceeding will be conducted in English.¹⁶⁵ The challenger is required to submit a Statement of Claim along with the Request for Challenge or within ten days of notification of establishment of the ACP.¹⁶⁶ The Statement of Claim should include a comprehensive statement of the facts and legal arguments supporting the challenge, including a statement of the determination sought, a detailed account of the documentary evidence upon which the challenger relies together with a schedule of the documents.¹⁶⁷

The respondent is allowed ten days to submit an Answer to the Request for Challenge or Petition, which should contain the respondents comments on any of the elements in the Request for Challenge or Petition.¹⁶⁸ The respondent has fifteen days after receipt of the Statement of Claim to submit a Statement of Defense, including the respondent's reply to the Statement of Claim and any documentary evidence supporting the respondent's defense.¹⁶⁹

Additional participants have fifteen days from receipt of the State-

158. *Id.* at art. 18(d)(iii).

159. *Id.* at art. 18(d)(iv).

160. *Id.* at art. 18(d)(v).

161. *Id.* at art. 18(c).

162. *See id.*

163. *See id.*

164. *Id.* at art. 19.

165. *Id.* at art. 40.

166. *Id.* at art. 41(a).

167. *Id.* at arts. 41(b), (c).

168. *Id.* at art. 13.

169. *Id.* at art. 42.

ment of Claim to file their Statement of Participant.¹⁷⁰ The Statement of Participant should set out any facts and legal arguments that the Participant considers pertinent to the determination of the issues raised in the Statement of Claim.¹⁷¹ The Statement of Participant should also be accompanied by documentary evidence.¹⁷²

Either party may amend or supplement their case during the duration of the proceeding.¹⁷³ A hearing may be requested by the parties to supplement the evidence.¹⁷⁴ The ACP may also schedule a hearing on its own motion if it determines that a hearing is necessary.¹⁷⁵ WIPO encourages the hearing be conducted on-line via a secure dedicated communication channel. If no hearing is held, the challenge is decided on the basis of the documents and materials submitted.¹⁷⁶

If the challenger fails to submit a Statement of Claim the panel will terminate the proceedings.¹⁷⁷ If the respondent fails to submit a Statement of Defense, the panel will proceed with the challenge or petition and make its determination based on the evidence provided unless there are exceptional circumstances.¹⁷⁸

If the parties agree on settlement before a panel determination is made, the panel will terminate the proceedings and, if requested jointly by the parties, record the settlement in the form of a consent determination.¹⁷⁹

The ACP is responsible for declaring the proceeding closed, preferably within not more than thirty days after the delivery of the Statement of Defense.¹⁸⁰ The ACP makes a final determination based on the evidence provided and published Substantive Guidelines giving due regard to the determinations made by other panels under the rules.¹⁸¹ The final determination is due within fifteen days after the close of proceedings.¹⁸²

The ACP can declare that the challenged domain name should be excluded from registration by any person other than the challenger and/or transferred to the challenger.¹⁸³ In exceptional cases, such as in the case of a trademark that is deemed to be globally known, the domain

170. *Id.* at art. 43(a).

171. *Id.* at art. 43(b).

172. *See id.*

173. *Id.* at art. 45.

174. *Id.* at art. 48.

175. *See id.*

176. *See id.*

177. *Id.* at art. 49(a).

178. *Id.* at art. 49(b).

179. *Id.* at art. 57.

180. *Id.* at art. 55.

181. *Id.* at art. 52.

182. *Id.* at art. 55.

183. *See [Revised] Substantive Guidelines, supra* note 134, at § IV(A)(a).

name can be excluded from registration in several, or all of the gTDLs under the gTLD-MoU.¹⁸⁴ The ACP can also modify the domain name to avoid conflict¹⁸⁵ or recommend arbitration, mediation or other means of dispute resolution, including the national or regional courts.¹⁸⁶ CORE will carry out any panel determination without delay.¹⁸⁷

The costs of the proceedings include:

the Panel's fees;

any properly incurred travel, communication and other expenses of the members of the ACP; and

any other expenses deemed necessary for the conduct of the proceeding, such as the cost of hearing facilities.¹⁸⁸

Additionally, the Challenger must pay a set administration fee with the filing of the Request for Challenge.¹⁸⁹

The fees of the members of an ACP are fixed in a schedule of charges.¹⁹⁰ Upon establishment of an ACP, the parties are required to submit a deposit, which will be used to pay the fees and costs.¹⁹¹ All fees and costs will be apportioned between the parties by the panel in light of all the circumstances and the outcome of the proceedings, unless agreed otherwise by the parties.¹⁹² Additionally, the ACP may order a party to pay all of the reasonable expenses incurred by the other party in presenting its case, including attorney and witness fees.¹⁹³

4. Appeals

Panel determinations can be appealed by transmitting a Notice of Appeal to WIPO within thirty days after receipt of a panel determination.¹⁹⁴ Appeals are based on the same information and material that were presented to the ACP in the proceeding that is being appealed.¹⁹⁵ Decisions are based on whether there was an obvious mistake of fact, or whether the determination of the ACP in that proceeding was manifestly unreasonable.¹⁹⁶ An appeal may be dismissed without examination if it is apparent that there were no obvious mistakes of fact and the determi-

184. *Id.* at § IV(A)(b).

185. *Id.* at § IV(A)(c).

186. *Id.* at art. IV(A)(d).

187. *See WIPO Rules*, *supra* note 133, at art. 56.

188. *Id.* at art. 67.

189. *Id.* at art. 64.

190. *Id.* at art. 65.

191. *Id.* at art. 66.

192. *Id.* at art. 67(c).

193. *Id.* at art. 68.

194. *Id.* at art. 59.

195. *See [Revised] Substantive Guidelines*, *supra* note 134, at § V(C).

196. *See id.*

nation of the ACP was not manifestly unreasonable.¹⁹⁷ The Notice of Appeal should include:

a request that the determination be referred to an Appeal panel for review and decision;

the case reference number of the challenge or petition in which the determination was made; and

a brief description of the grounds on which the appeal is made.¹⁹⁸

WIPO will assign an appeal reference number to the appeal, post a copy of the Notice of Appeal on its web site under the appeal reference number and transmit a copy of the Notice of Appeal to the other parties involved in the challenge or petition.¹⁹⁹ The date of commencement of the appeal is the date on which the Notice of Appeal is posted on WIPO's web site.²⁰⁰

The Appeal Panel consists of three members appointed by WIPO in accordance with the rules for appointing ACP members.²⁰¹ WIPO will provide each Appeal Panel member with a copy of the Request for Challenge and the Answer to the Request for Challenge.²⁰² Within ten days after being notified of the establishment of an Appeal Panel, the appellant is required to provide the Appeal Panel, the appellee and any Participants with a copy of all pleadings that were submitted in relation to the challenge together with any supplementary observations on the appeal.²⁰³ Within ten days after receiving the appellant's pleadings and supplementary observations, the appellee is required to provide the Appeal Panel, the appellant and any Participant with all pleadings it submitted together with its supplementary observations on the appeal.²⁰⁴ Participants have ten days from the receipt of the appellant's pleading and supplementary observations to submit their Statement of Participant and any supplementary observations on the appeal that they may wish to make.²⁰⁵

The Appeal Panel will review the evidence submitted, make its determination, and publish its decision within thirty days after receiving the pleadings and supplementary observations.²⁰⁶ Fees and costs of an appeal are apportioned between the parties by the Appeal Panel in a manner similar to the apportionment of the costs and fees in the original

197. *See id.*

198. *See WIPO Rules, supra* note 133, at art. 59.

199. *Id.* at Article 60.

200. *See id.*

201. *Id.* at art. 61.

202. *Id.* at art. 62(a).

203. *Id.* at art. 62(b).

204. *Id.* at art. 62(c).

205. *Id.* at art. 62(d).

206. *Id.* at art. 63.

challenge, unless the parties agree otherwise.²⁰⁷

C. SUBSTANTIVE GUIDELINES FOR DISPUTES DECIDED BY ACPS

To assist ACPs in making decisions in domain name challenges, the interim Policy Oversight Committee published a revised set of substantive guidelines on May 23, 1997.²⁰⁸ The guidelines are an annotated version of the gTDL-MoU dispute policy, which attempts to provide objective standards and tests for the ACPs.

The guidelines make it absolutely clear that the administration of the policy does not in any way usurp the role, authority or prerogative of national, regional or international authorities to adopt, apply or interpret standards relating to any intellectual property rights as applied to domain names.²⁰⁹ The determinations made under the gTDL-MoU policy are made for the purposes of the administration of the CORE-gTDL name space and for no other purpose.²¹⁰

The guidelines reiterate that the jurisdiction of an ACP is only over a second-level domain name registered in any of the CORE-gTDLs.²¹¹ An ACP is not a legal authority and does not have jurisdiction over persons or over the interpretation and enforcement of national or regional intellectual property laws.²¹² An ACP merely has authority to determine if a domain name holder has followed the gTDL-MoU policy.²¹³

The substantive guidelines indicate that one purpose of the dispute policy is to prevent "warehousing" of second-level domain names that correspond to existing intellectual property rights, sometimes referred to as "domain name grabbing" or "cybersquatting."²¹⁴ Under the substantive guidelines, ACPs will only hear disputes regarding alphanumeric strings that, for the purposes of the gTDL-MoU policy, are deemed to be "internationally known."²¹⁵ This standard is an "entry standard."²¹⁶ If an alphanumeric string in the second-level domain name is deemed not to be "internationally known," the challenge does not qualify for the ACP procedures. Objective standards for determining whether an alphanumeric string is "internationally known" are provided in the substantive guidelines²¹⁷ and are outlined later in this article.

207. *Id.* at art. 69.

208. *See generally* [Revised] *Substantive Guidelines*, *supra* note 134.

209. *Id.* at § II.

210. *See id.*

211. *Id.* at § I(c).

212. *See id.*

213. *See id.*

214. *Id.* at § I(a).

215. *Id.* at § II.

216. *See id.*

217. *Id.* at § IV(A).

The term “alphanumeric string” was adopted instead of the terms “name” or “word” to account for trademarks which are not names but combinations of letters and numbers. Trademarks which comprise graphical representations are not “alphanumeric strings” and are thus not covered under the policy.²¹⁸ However, an alphanumeric string used in conjunction with a graphical representation may be covered.²¹⁹

In addition to these requirements, the challenger must show “demonstrable” intellectual property rights in the “internationally known” alphanumeric string.²²⁰ The term “demonstrable” indicates that the rights must already be susceptible to documentary or other tangible demonstration.²²¹ The existence of rights cannot be established for the first time in the ACP proceedings.²²² Intellectual property rights include not only trademarks, but other intellectual property rights which are susceptible to documentary or other tangible demonstration.²²³ Objective standards for making a “demonstrable” showing are included in the substantive guidelines²²⁴ and are discussed later in this article.

A third requirement is that the alphanumeric string be identical or closely similar to the challenged second-level domain name.²²⁵ The phrase “identical or closely similar” appears to be broader than the “identical” standard used by NSI. The guidelines indicate that the “identical or closely similar” standard is used to include situations in which a trademark may be injured by the use of a second-level domain name which is not identical to a trademark.²²⁶ Objective criteria for assisting in determining what is identical or closely similar are included in the substantive guidelines²²⁷ and addressed later in this article.

If an alphanumeric string meets the policy requirements, an ACP may declare that the second-level domain name corresponding to the alphanumeric string “may be held or used only by, or with the authorization of, the owner of such demonstrable intellectual property rights.”²²⁸ However, since many intellectual property rights are not unique, the ACP will take into consideration the rights of a third party to use the second-level domain name.²²⁹ The substantive guidelines indicate that

218. *Id.* at § II.

219. *See id.*

220. *See id.*

221. *See id.*

222. *See id.*

223. *See id.*

224. *Id.* at § IV(B).

225. *Id.* at § II.

226. *See id.*

227. *Id.* at § IV(C).

228. *See gTLD-MoU*, *supra* note 97, at § 2(f).

229. *See [Revised] Substantive Guidelines*, *supra* note 134, at § II.

third party rights are not limited to intellectual property rights.²³⁰ Thus, even if an intellectual property owner is able to meet the policy requirements, an ACP may decide to allow a third party to own and use the second-level domain name despite the intellectual property owner's challenge.²³¹

1. *"Internationally Known"*

Under the substantive guidelines, thirty-five or more trademark registrations for an alphanumeric string held by the same person for the same goods or services in at least four geographical locations, as defined by the gTDL-MoU, is conclusive proof that the alphanumeric string is "internationally known."²³² Regional or international registrations are considered as having effect for the number of countries in which that registration has effect.²³³

Certain actions by a domain name holder can create a rebuttable presumption that an alphanumeric string is "internationally known." A spontaneous offer by the domain name holder to sell or rent the domain name to the challenger or the public at large creates such a presumption.²³⁴ In addition, if a domain name holder also holds additional domain name registrations that are identical or closely similar to alphanumeric strings which are the subject of intellectual property rights of others, and the domain name holder has no demonstrable rights in the domain names, a presumption is made that the alphanumeric string of the challenged domain name is "internationally known."²³⁵

An ACP can also use its own discretion in deeming an alphanumeric string "internationally known."²³⁶ The substantive guidelines provide a list of factors for the ACP to consider including:

third-party recognition as evidenced by letters from others in the trade, press reports, analyst reports, documents from third parties, etc.;

advertising;

the number of countries in which intellectual property rights are found to exist;

the population and market size of the countries in which intellectual property rights are found to exist;

the uniqueness of both the alphanumeric string (i.e. whether it is a coined term, etc.) and intellectual property rights within the alphanu-

230. *See id.*

231. *See id.*

232. *Id.* at § IV(A).

233. *See id.*

234. *Id.* at § IV(A)(1).

235. *Id.* at § IV(A)(2).

236. *Id.* at § IV(A).

meric string (i.e. a lack of trademark registrations by persons other than the challenger);

use, including use on or off the Internet, the length and type of use, advertising, sales volume, number of countries in which the associated product or service is marketed, market share and capital volume, etc.;

evidence of bad faith;

a spontaneous offer to sell or rent the domain name by the domain name holder;

a number of additional domain names, held by the domain name holder, which correspond to the intellectual property rights of others;

survey evidence, such as consumer surveys and Internet surveys;

evidence of credible plans to use an intellectual property right (presumably such as an intent to use trademark application); or

the capital value of the intellectual property right.²³⁷

An ACP can base its decision on an appropriate combination of some or all of these factors.²³⁸

2. *"Demonstrable Intellectual Property Rights"*

Only demonstrable intellectual property rights are considered by ACPs. An assertion of existing rights which are defined as not demonstrable by the substantive guidelines within the context of the gTDL-MoU policy include:

common law rights which have not been established by authoritative government sources (and must therefore be proven under national legal principles);

rights of unfair competition; and

tradename rights which are not the subject of registration with a governmental authority.²³⁹

Demonstrable intellectual property rights can be conclusively proven by submission of documentary evidence of one or more of the following:

intellectual property registration certificates;

court or other authoritative government opinions showing the existence of intellectual property rights;

declarations or attestations of relevant government authorities; or

other tangible evidence of existence of intellectual property rights.²⁴⁰

An intellectual property search report showing the existence of intel-

237. *See id.*

238. *See id.*

239. *Id.* at § IV(B).

240. *See id.*

lectual property rights can also be submitted.²⁴¹ When submitted, it creates rebuttable presumption of demonstrable intellectual property rights.²⁴²

3. *"Identical or Closely Similar"*

Identical is defined in the substantive guidelines exactly as one would expect. A second-level domain name is identical to an alphanumeric string if they are made up of identical alphanumeric characters and punctuation marks (such as hyphens, underlines, periods, etc.) in the identical order.²⁴³

Closely similar second-level domain names are divided into four categories: (1) ignoring punctuation; (2) minor changes; (3) translations; and (4) clearly misleading.²⁴⁴ Under the first category, a second-level domain name is closely similar to an alphanumeric string if they are made up of identical alphanumeric characters in the identical order ignoring punctuation marks.²⁴⁵

Under the second category, a second-level domain name which differs from an alphanumeric string in terms of minor differences, such as misspellings, homonyms or replacing letters by similar numbers, is considered to be closely similar to the alphanumeric string.²⁴⁶

Under the third category, a second-level domain name which is a translation of an alphanumeric string is closely similar to the alphanumeric string.

The fourth category is left to the discretion of the ACP. Under this category, a second-level domain name may be closely similar to an alphanumeric string if the second-level domain name only differs from the alphanumeric string in a way that would be clearly misleading to a user of the Internet.²⁴⁷

4. *Exceptional Cases*

General exceptions, effective for several or all of the gTDLs, may be granted for "exceptional cases" such as when an alphanumeric string is

241. *See id.*

242. *See id.*

243. *Id.* at § IV(C).

244. *See id.*

245. Thus "famous-trademark," "famous_trademark," and "famoustrade.mark" (if .mark were a top level domain name) would all be closely similar to the alphanumeric string "famoustrademark."

246. Thus, "famustrademark," "famoustraidmark," and "fam0ustrademark" would all be closely similar to the alphanumeric string "famoustrademark."

247. Thus, "famousmark.firm" or "trademarkfamous.firm" may be deemed closely similar to "famoustrademark" or "foryou.firm" may be closely similar to "4u.firm."

deemed to be “globally known.”²⁴⁸ An alphanumeric string will be deemed “globally known” if it is the subject of trademark registrations held by the same person, for the same goods or services, in seventy-five or more countries.²⁴⁹ An ACP may, at its own discretion, deem an alphanumeric string to be “globally known” based on an appropriate combination of the factors used for determining if a trademark is “internationally known” which are deemed to amount to the equivalent of registrations in seventy-five or more countries.²⁵⁰

5. “Sufficient Rights of Others”

ACPs make their determinations based on a balancing of relative circumstances and rights of the domain name holder and the challenger.²⁵¹ Thus, an ACP will give appropriate consideration to the possible use of a second-level domain name by anyone (including the domain name holder) deemed to have sufficient rights, even if the challenger meets all the requirements of the gTDL-MoU policy.²⁵² Sufficient rights may include:

- demonstrable intellectual property rights;
- rights of publicity;
- rights based on use of the domain name on the Internet with use for two (2) years creating a presumption of sufficient rights;
- evidence of public recognition on the Internet;
- other prior rights to use the name;
- a personal name used in a gTDL dedicated to personal names.²⁵³

Many factors may be considered when making a determination of sufficient rights. The substantive guidelines list the following factors which ACPs are instructed to consider:

- rights of the domain name holder;
- existence of other second-level domain names held by third parties;
- the contents of any web pages associated with the second-level domain name;
- the impact on the intellectual property right holder’s business;
- the impact on the intellectual property right holder’s visibility on the Internet;
- any prior right to use the name;

248. See [Revised] *Substantive Guidelines*, *supra* note 134, at § IV(D).

249. See *id.*

250. See *id.*

251. *Id.* at § V(A).

252. See *id.*

253. See *id.*

prior use on the Internet;
 abandonment or extended non-use of the domain name;
 impact on the domain name holder's business;
 impact on the domain name holder's visibility on the Internet; or
 whether a particular gTDL carries a specialized meaning that has a bearing on the conflict.²⁵⁴

Thus, the ACP is required to weigh the interests of both the intellectual property owner and the domain name holder when deciding domain name challenges.

D. WIPO MEDIATION RULES

Under the substantive guidelines, only "internationally known" trademarks can be brought before an ACP.²⁵⁵ However, as part of the CORE registration agreement, by default, domain name holders must agree to submit disputes over CORE domain names to WIPO for mediation. Mediation offers an alternative to domain name registration challengers who do not wish to submit their dispute to an ACP or who do not qualify under the substantive guidelines.

Unless otherwise agreed to by the parties involved, the mediation will be held on-line. Thus, the parties to the mediation will submit documentation and communicate with the mediator and other parties electronically through the use of e-mail, telephone, fax, etc.

WIPO offers two types or models of mediation—facilitative mediation and evaluative mediation. Facilitative mediation attempts to facilitate communication between the parties to help each side understand the other's perspective. Under evaluative mediation, the mediator typically provides a non-binding assessment or evaluation of the dispute which the parties are free to accept or reject.

Mediation offers important advantages in many situations. For example, since the goal of any mediation is to find a mutually agreeable resolution to a dispute, mediation is especially attractive when there is an ongoing relationship between the challenger and the domain name holder. Mediation also allows an opportunity to find a solution based on the business objectives of the parties and not just strict legal rights and obligations.

Even if the parties fail to reach an agreement during mediation, they typically walk away with a better understanding of the dispute and the views of the opposing side. In this respect, mediation can be said to be successful 100% of the time. Another advantage of mediation is that the commitment to mediation is typically low-risk, since the parties al-

254. *See id.*

255. *Id.* at § II.

ways remain in control of the dispute. Therefore, if either party believes that the mediation is not making progress or that the mediation is becoming too costly, they can terminate the mediation immediately.

However, mediation is not appropriate in all situations. For example, since mediation requires both sides to cooperate to mutually resolve the dispute, situations involving deliberate acts of bad faith are typically not good cases for mediation. Furthermore, if one party has a clear-cut case or in situations where one party wishes to establish a precedent or be publicly vindicated, mediation may not be an appropriate dispute resolution procedure.

If the mediation is not successfully completed within thirty days, the domain name challenger has the option to request that the mediation be converted into arbitration.²⁵⁶ By default, a domain name holder agrees to submit to arbitration by completing the CORE registration agreement.²⁵⁷ However, the domain name holder can opt out of the arbitration clause at the time of filing the domain name registration application by checking an "opt out" clause on the application.²⁵⁸ If the domain name holder checks the "opt out" clause, he or she is free to decline to participate in arbitration. If, however, the domain name holder does not opt out at the time the domain name application is filed, then he or she is bound to submit to conversion of mediation to arbitration.²⁵⁹

E. WIPO ON-LINE EXPEDITED ARBITRATION RULES

The WIPO On-line Expedited Arbitration Rules consist mainly of the WIPO Arbitration Rules modified in certain respect to shorten the time frame and reduce the cost of the arbitration.²⁶⁰ Unlike the ACP dispute procedures, arbitration under the WIPO expedited arbitration rules are decided based on regional or national intellectual property laws under WIPO's choice of law provisions.²⁶¹ Thus, the interim Policy Oversight Committee substantive guidelines do not apply. Since under the substantive guidelines only "internationally known" trademarks can be brought before an ACP, as discussed above with regard to mediation, the expedited arbitration option is offered to provide a cost-effective way for challengers of a domain name registration to settle a dispute, even though they may not qualify under the ACP procedure requirements.

256. See *CORE-MoU*, *supra* note 96, at art. 7(b)(II) (requiring Registrars to include certain provisions in Registration Agreements).

257. See *id.*

258. See *id.*

259. See *id.*

260. See *WIPO Expedited Arbitration Rules* (visited Aug. 5, 1997) http://www.wipo.int/eng/arbit/rules/expedite/exp_rules.htm.

261. See *id.*

F. SUMMARY OF GTLD-MOU DISPUTE RESOLUTION PROCEDURES

Challengers to domain names registered under the gTLD-MoU have several administrative dispute resolution options available to them. If the challenge is based on an "internationally known" trademark, the Challenger can request that an Administrative Challenge Panel resolve the dispute based on the Substantive Guidelines. Since an ACP has jurisdiction over gTLD-MoU domain names, the Challenger is not subjected to the inconvenience of finding a court which has jurisdiction over all of the parties. This is especially important due to the international nature of the Internet, in which the Challenger, the domain name holder and the domain name registrar may all be located in different countries.

The Challenger also has the option of having the domain name dispute mediated or arbitrated. Neither mediation or arbitration have the "internationally known" requirement of ACP challenges and are thus available to all Challengers. Domain name holders under gTLD-MoU are required to agree to submit domain name disputes to arbitration as part of the domain name registration agreement. By default, the registration agreement also requires the domain name holder to agree to submit disputes to expedite arbitration. Mediation and arbitration provide quick and cost effective alternatives to filing a law suit.

V. THE UNITED STATES GOVERNMENT'S PROPOSAL (THE MAGAZINER GREEN PAPER)

In July of 1997, the Clinton Administration published a policy paper seeking to establish a strategy which would help accelerate the growth of global commerce across the Internet.²⁶² Among other things, the Green Paper indicates that the United States government supports private efforts to address the governance of the Internet including the domain name system.²⁶³ The Green Paper states that it may be possible to create a contractually based self-regulatory regime that deals with potential conflicts between domain name usage and trademark laws on a global basis without the need for litigation.²⁶⁴

The Green Paper called for public input on the resolution of trademark disputes in the context of domain names and announced the formation of an interagency working group, under the leadership of the United States Department of Commerce, to study DNS issues.²⁶⁵ The working group was created to consider what contribution government might

262. See *A Framework for Global Electronic Commerce*, 2 ELEC. INFO. POLICY & LAW REPORT 700, (visited Mar. 6, 1998) <<http://www.whitehouse.gov/WH/New/Commerce/read.html>>.

263. See *id.*

264. See *id.*

265. See *id.*

make, if any, to the development of a global competitive, market-based system to register Internet domain names, and how best to foster bottom-up governance of the Internet.²⁶⁶

The working group is headed by the president's senior advisor for policy development Ira Magaziner. Through the United States Department of Commerce, the working group issued a request for comment on domain name policy issues.²⁶⁷ On January 30, 1998, the working group published its proposal (commonly referred to as the Magaziner Green Paper) for the future administration of the Internet DNS based on comments received in response to the request for comment.²⁶⁸ Over 430 comments comprising more than 1500 pages were received, the comments expressed the following:

widespread dissatisfaction about the absence of competition in domain name registration;

mechanisms for resolving conflict between trademark holders and domain name holders are expensive and cumbersome;

without changes, a proliferation of lawsuits could lead to chaos as tribunals around the world apply the antitrust law and intellectual property law of their jurisdictions to the Internet;

many commercial interests, staking their future on the successful growth Internet, are calling for a more formal and robust management structure;

an increasing percentage of Internet users reside outside of the United States, and those stakeholders want a larger voice in Internet coordination;

as Internet names increasingly have commercial value, the decision to add new top-level domains cannot continue to be made on an ad hoc basis by entities or individuals that are not formally accountable to the Internet community; and

as the Internet becomes commercial, it becomes inappropriate for U.S. research agencies to participate in and fund these functions.²⁶⁹

Due to this general dissatisfaction with the current administration of the DNS, the Green Paper identifies a need for change in the way the DNS administrative functions are handled.²⁷⁰ The Green Paper proposes dividing the administrative DNS functions into coordinated functions and competitive functions with each set of functions being handled

266. *See id.*

267. *See* Bureau of National Affairs, 2 ELECTRONIC INFO. POLICY & LAW REPORT, July 11, 1997 at 705.

268. *See* Harmon, *supra* note 2, at C1.

269. *See id.*

270. *See id.*

uniquely.²⁷¹

A. COORDINATED FUNCTIONS

The Green Paper identifies certain essential functions which it proposes be initially managed by a coordinating body. A not-for-profit corporation will be established as the coordinating body to manage the coordinated functions.²⁷² In this manner, the coordinated functions can be moved from being controlled by the government to being managed in a stable and open institutional framework.²⁷³ The new corporation will operate as a private entity for the benefit of the Internet as a whole.²⁷⁴

The corporation will be given oversight responsibility over several critical functions including:

- management of IP number addresses;

- overall policy guidance and control of the gTLDs and the Internet root server system; and

- maintenance and dissemination of Internet addressing protocol parameters.²⁷⁵

The United States government will participate in policy oversight to assure stability until the new corporation is established and stable. The Department of Commerce will coordinate the United States government's role. It is envisioned that the coordinated functions will be gradually transferred by IANA with a goal of accomplishing the transfer by September 30, 1998.

In order to carry out these responsibilities, the corporation will be given authority to:

- set policy for and direct allocation of IP number blocks to regional number registries;

- oversee operation of the root server system;

- oversee the addition of new gTLDs; and

- coordinate development of other technical protocol parameters to maintain universal connectivity.²⁷⁶

The not-for-profit coordinating corporation will be incorporated under the laws of the United States and will be headquartered in the United States. It will be funded by domain name registries and regional IP registries. The board of corporation will initially be made up of fifteen members. The proposal seeks to organize the coordinating corporation to

271. *See id.*

272. *See id.*

273. *See id.*

274. *See id.*

275. *See id.*

276. *See id.*

represent organizations concerned with IP numbers, names and protocols, such as IP number registries, domain name registries, domain name registrars, the technical community, and Internet users. Seats on the board will be filled as follows:

Three directors from regional number registries (One — ARIN, One — APNIC, One — RIPE);

Two directors from IAB;

Two domain name registry/registrar representatives;

Seven Internet user representatives (One — not-for-profit, One — end user, Five — commercial users/trademark holders);

One Chief Executive Officer of the coordinating corporation.²⁷⁷

The coordinating corporation will initially be staffed by IANA staff to provide continuity and expertise throughout the transition period. It is to act much like a standard setting body with the basis for its decisions being recorded and made publicly available.

B. COMPETITIVE FUNCTIONS

The Green Paper also identifies a category of DNS administrative functions which it believes will be enhanced by a competitive, market-driven system.²⁷⁸ These competitive functions include: (1) the registration of second-level domain names; and (2) the management of gTLD registries.²⁷⁹

In connection with these administrative functions, the Green Paper distinguishes between “registries” and “registrars.” A registry is defined as an entity responsible for maintaining gTLD zone files (which contain a second-level domain name and IP number address mapping for each gTLD). A registrar is defined as an entity which acts as an interface between domain name applicants and a domain name registry. Registrars are responsible for providing registration and other value-added services.

The Green Paper proposes a system where each gTLD is administered by only one registry, with multiple registrars who are able to register second-level domain names in any of the gTLDs and with national registries continuing to administer country-code TLDs.²⁸⁰ In this system, competition would exist between the registries in a system having multiple gTLDs. The Green Paper argues that market pressure resulting from this competition between registries would heighten efficiency, lower prices, provide value-added services, and promote incentives to in-

277. *See id.*

278. *See id.*

279. *See id.*

280. *See id.*

novate.²⁸¹ Competition would also exist between the registrars because the consumer would be free to choose any registrar when registering a second-level domain name.

The Green Paper recognizes that there is a possibility that allowing registries to operate on a for profit basis could result in registries practicing undesirable activities in an attempt to increase profits.²⁸² For example, one problem with allowing registries to operate on a for-profit basis is that domain names are not portable across registries. Because a registry controls an entire gTLD, a user could not change registries without having to change the top-level portion of their domain name string creating lock-in problems for consumers. Thus, a registry could induce users to register in a top-level domain by charging very low prices initially and then raise prices dramatically, knowing that domain name holders will be reluctant to resist established business by moving to a different gTLD. However, the Green Paper dismisses this possibility by stating that market mechanisms will discourage registries from this type of behavior.²⁸³

C. ADDITION OF NEW GTLDS

The Green Paper proposes adding up to five new registries to allow the domain name space to evolve at a deliberate and controlled pace.²⁸⁴ This will allow for evaluation of the impact of new gTLDs on the DNS. The Green Paper recognizes that trademark owners are concerned that the addition of new gTLDs will make it more difficult to protect their trademarks since trademark owners will have to police a larger number of top-level domains.²⁸⁵ However, the Green Paper argues that by controlling the introduction of new gTLDs and evaluating their impact, it is possible to allow for the evolution of the DNS while minimizing the effect on trademark owners.²⁸⁶

D. TRADEMARK DISPUTES

The Green Paper recognizes that for the Internet to function as an effective commercial market, businesses must have confidence that their trademarks can be protected and yet management of the Internet must respond to the needs of the Internet community as a whole and not trademark owners exclusively.²⁸⁷ Under the Green Paper, the details of

281. *See id.*

282. *See id.*

283. *See id.*

284. *See id.*

285. *See id.*

286. *See id.*

287. *See id.*

dispute resolution are left to each registry however certain minimum standards are proposed.

The Green Paper deals with dispute resolution on two levels. First, the Green Paper proposes requirements which make it easier for a trademark owner to police and protect their trademarks, identify infringing domain names registrations, determine the holders of infringing domain names and determine jurisdictions where law suits can be filed against the domain name holder. Second, the Green Paper proposes minimum alternative dispute resolution policies.

In order to make it easier for trademark owners to police their trademarks and identify infringing domain name registrations, the Green Paper requires that registries maintain an easily searchable, up-to-date database of domain name registrations and domain name holder contact information.²⁸⁸ In this regard, registrants are required to supply contact information such that a domain name holder or representative can be easily located and contacted.²⁸⁹ The database must include up-to-date domain name ownership and contact information, historical chain of title information, a service of process address, the date of the domain name registration as well as the dates of any objections filed against the domain name registration.²⁹⁰ Additionally, a domain name application is required to provide a description of how the domain name is to be used and a statement certifying that he/she does not know of any entity which has superior rights to the domain name.²⁹¹ The Green Paper also requires that the contact/ownership information and description of use information be kept current at all times.²⁹²

The Green Paper proposes providing a search engine which establishes a common interface through which domain name and contact information for any of the gTLDs can be searched.²⁹³ The search engine must be capable of conducting multiple field or string searching and similar name searching.

The Green Paper requires registries to establish certain alternative dispute resolution procedures.²⁹⁴ It is suggested that these dispute resolution procedures be conducted on-line in order to provide an inexpensive and efficient alternative to litigation. The alternative dispute resolution procedures are to be conducted without registrar involvement and all registries and registrars are required to abide by the alternative dispute resolution decisions. The Green Paper also recommends automatic sus-

288. *See id.*

289. *See id.*

290. *See id.*

291. *See id.*

292. *See id.*

293. *See id.*

294. *See id.*

pension of a domain name registration if an objection is made within thirty days of the registration.²⁹⁵

In order to establish jurisdiction over domain name holders, domain name applicants are required to agree to jurisdiction where the registry is domiciled, where the registry database is maintained, and where the "A" root server is located.²⁹⁶ The Green Paper calls for comments on whether a "clearing" mechanism for famous trademarks should be established, but stops short of recommending waiting periods or not allowing new gTLDs.²⁹⁷

E. ACTIONS OF NSI UNDER THE GREEN PAPER PROPOSAL

The Green Paper calls for the repeal of the thirty percent tax of registration fees previously implemented by NSI for the Intellectual Infrastructure Fund.²⁹⁸ NSI will be allowed to continue to operate the ".com," ".net," and ".org" registries on a shared registrar basis. However, NSI will be required to establish and maintain a separate and clear division between its registry and registrar functions. NSI will be required to transfer operation of the ".edu" registry to a non-profit organization. The Green Paper forbids NSI from discriminating against any registrars in its registry business and NSI will be required to price its registry services according to an agreed upon formula for a period of time until an effective transition can be made to the new domain name maintenance system.²⁹⁹ NSI will be required to develop and implement a shared registration technical capability and will be required to give the United States government all documents, software, licenses, etc. generated under the NSI/NSF cooperative agreement. Finally, NSI will be required to turn over control of the root server and management of the root server system to the United States government.

VI. ANALYSIS OF PROPOSED DISPUTE RESOLUTION POLICIES AND PROPOSAL FOR AN ALTERNATIVE SYSTEM

All three of the above-discussed DNS systems and dispute resolution policies require that all second-level domain names for each top-level domain be unique. However, in the real world of trademarks it is possible for more than one person or organization to use identical trademarks or service marks as long there is no "likelihood of confusion." This is possi-

295. *See id.*

296. *See id.*

297. *See id.*

298. In March 1998 NSI stopped collecting the thirty percent tax and lowered its registration fee to seventy dollars for the initial registration fee and first two years maintenance fees.

299. *See id.*

ble if the goods associated with each trademark are sufficiently different to avoid confusion as to the source of the goods. This inconsistency between real world trademarks and the domain name system is responsible for a majority of trademark/domain name disputes. Thus, a first step in adapting the DNS to traditional trademark ideals is to develop a system in which more than one person or organization can register and use identical second-level domain names.

In an apparent attempt to accomplish this, the current proposals all recommend increasing the number of gTLDs available, thus making alternative gTLDs available to a trademark owner whose trademark is already registered in one of the existing gTLDs. However, the addition of new gTLDs will not solve the problem of concurrent use of a trademark. It will instead create a mad scramble by trademark owners to register their trademarks in all available gTLDs. This will increase the cost to trademark owners of protecting their trademarks on the Internet since they will be required to maintain multiple domain name registrations for each trademark.

As this author suggested last year in this Journal,³⁰⁰ a new DNS should be established which allows for multiple identical second-level domain names in each gTLD. This could be accomplished by requiring the domain name applicant to submit a short description which could be used to uniquely identify themselves.

This proposed "master-list" system would shift the focus of disputes from the actual second-level domain name to the content of the applicant's description and associated web site content. Thus, as in the trademark real-world, the domain name owner's use of a domain name would determine their liability, not the simple fact that they have registered a certain term as a second-level domain name.

This proposed "master-list" system would also eliminate the problem of "cybersquatting." It would be impossible for a "cybersquatter" to tie up someone's valuable trademark on the Internet because even if a "cybersquatter" registered the trademark as a domain name, the trademark owner would not be prevented from obtaining their own domain name registration corresponding to their trademark.

The "master-list" would also solve the problem of running out of available domain names. Because a "master-list" domain name can be used by multiple domain name holders, the "master-list" provides for an infinite number of domain name registrations without the creation of additional conflicting gTLDs.

Registrations should be limited to one per user per second-level domain name. This prevents someone from overflowing a certain second-

300. See G. Peter Albert, Jr., *Right on the Mark: Defining the Nexus Between Trademarks and Internet Domain Names*, 15 J. MARSHALL J. COMPUTER & INFO. L. 277 (1997).

level domain name with hundreds of registrations making it difficult to find the domain name of interest. For the same reason, domain name registrations should be revoked if the domain name holder abandons use of the registered domain name. In this manner, the "master-list" can be kept clean of "dead" or abandoned domain names.

The technology to accomplish this "master-list" system is available and has already been implemented by Internet One.³⁰¹ Thus, instead of wasting resources developing new gTLDs, future administrators of the DNS should work to develop a system in which identical second-level domain names can be used by multiple organizations.

Because this new "master-list" system will merely shift the focus of disputes, alternative dispute resolution procedures should be established to facilitate quick and cost-effective settlement of disputes. In addition, "master-list" domain name registrants should also be required to agree to submit to jurisdiction in certain well-defined jurisdictions and registries and registrars should agree to be bound by court and/or arbitration or mediation awards so that if a challenger decides to pursue legal action in the courts, it can be done in a reasonably certain manner.

In conclusion, administration of the DNS is on the verge of being completely revamped making this the perfect time to move the DNS into the world of well established trademark principles. By taking advantage of this opportunity now, it may be possible to stabilize the confusion regarding intellectual property rights on the Internet. Ultimately this will ensure the Internet's continued growth as a new and exciting avenue of global commerce.

301. See *Internet One* (visited Apr. 18, 1998) <<http://www.io.io>>.