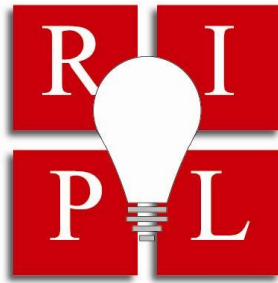


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



THE TRADEMARK/DOMAIN NAME PROTECTION WAR: A COMPARATIVE STUDY OF THE U.S., UDRP AND  
TAIWANESE LAW

CHIH-HONG (HENRY) TSAI

## ABSTRACT

Trademarks have ancient origins, and a long developmental history that has informed and shaped modern approaches to trademark disputes. Many of these disputes are familiar. Yet others are a product of technological developments, such as the threats modern trademark owners face as a result of young and vibrant domain names. The United States Congress and the Internet Corporation for Assigned Names and Numbers (ICANN) have each attempted to address conflicts between trademarks and domain names, while Taiwan has not. After surveying the U.S. and ICANN attempts, and comparing each to existing Taiwanese law, this Article provides a set of recommendations for the government of Taiwan to adopt similar approaches to address domain name disputes and cybersquatting.

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## INTRODUCTION

Trademarks have a long developmental history, beginning with ancient origins and eventually arriving at modern trademark law. Humans have historically used marks to designate ownership, either as property owners or as manufacturers.<sup>1</sup> Primitive humans likely used marks to indicate the ownership of livestock.<sup>2</sup> One of the earliest known trademark laws is the Bakers Marking Law of 1266 in England, which governed the use of stamps or pinpricks on loaves of bread.<sup>3</sup> The English case of *Southern v. How* in 1584 is considered by some to be the first case of actual trademark infringement.<sup>4</sup> There, the manufacturer of high-quality clothes reportedly sued a competitor for producing lower-quality clothes while using a marking reserved for top-quality clothing.<sup>5</sup>

Almost four centuries later, in July 1946, President Truman signed the Lanham Act into law, establishing federal trademark protection in the United States.<sup>6</sup> Since then, there have been several amendments to the Lanham Act,<sup>7</sup> the most recent being the “Trademark Technical and Conforming Amendment Act of 2010” that became effective on March 17, 2010.<sup>8</sup>

In contrast, domain names are a product of internet technology and have a very short history of about two decades. The domain name was developed in the 1980s

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<sup>1</sup> See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:1 (4th ed. 2012).

<sup>2</sup> *Id.*

<sup>3</sup> Kenneth R. Pierce, *The Trademark Revision Act: Origins of the Use Requirement and an Overview of the New Federal Trademark Law*, 64 FLA. B.J. 35, 37 (1990).

<sup>4</sup> See 1 MCCARTHY, *supra* note 1, § 5.2. *But see* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1851 (2007) (calling into doubt the report of *Southern v. How*). The earliest verified claim involving a trademark is the case of *Blanchard v. Hill*, (1782) 26 Eng. Rep. 629 (Ch.); 2 Atk. 484. *Id.* at 1852.

<sup>5</sup> 1 MCCARTHY, *supra* note 1, § 5:2.

<sup>6</sup> Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified at 15 U.S.C. §§ 1051–1141 (2012)); Ann Bartow, *When Bias is Bipartisan: Teaching About the Democratic Process in an Intellectual Property Law Republic*, 52 ST. LOUIS U. L.J. 715, 728 (2008) (recounting enactment of the Lanham Act).

<sup>7</sup> *E.g.*, Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, Appendix I, §§ 3001–10, 113 Stat. 1501A-521, 1501A-545 to -552 (codified as amended at scattered sections of 15 U.S.C.). Title III is known as the “Anticybersquatting Consumer Protection Act.” *Id.* § 3001, 113 Stat. at 1501A-545.

<sup>8</sup> Trademark Technical and Conforming Amendment Act of 2010, Pub. L. No. 111-146, 124 Stat. 66 (codified as amended at scattered sections of 15 U.S.C.).

when the Internet was still primarily a North American research network that was “run by a tight-knit group of specialists for use within their research and industrial communities.”<sup>9</sup> Due to the availability of internet access, advances in internet technology, and increases in online commercial activity, domain names have gradually transformed the business society and our daily lives.

Trademark owners have the right to stop others from using their marks,<sup>10</sup> which are often names; domain names, technically and factually, use names exclusively in cyberspace. When the well-established framework for trademarks clashes with the young, dynamic domain name, then, a protection war between trademarks and domain names ensues: which one has priority rights to a name? Should the trademark owner have priority because he has a legally protected exclusive right? Or should the domain name owner prevail because cyberspace is outside of trademark territory? With the increase in economic and social value of domain names, such conflicts become even more drastic. The Uniform Domain-Name Dispute Resolution Policy (“UDRP”) was created to resolve such disputes.<sup>11</sup>

This Article studies and compares the policies of the United States, the UDRP, and Taiwan on these issues. Based on this study and comparison, it was found that judging the trademark/domain name protection war is not clear-cut, but rather entails a multi-factor balancing process. This Article recommends that Taiwan enact its own anticybersquatting law in order to address cybersquatting through the aforementioned balancing process.

Part I of this Article first explains what a domain name is from the view of its appearance, function and management. Because there is no existing law that directly protects domain names, Part II discusses the legal basis of domain names. Parts III, IV, and V review trademark and domain name protections in the United States, UDRP, and Taiwan, respectively, with each part covering the legal devices available to trademark owners against the domain name registrant, and vice versa. In addition to covering the respective laws, these parts also explain the practice and application of each law. Part VI compares those legal practices. Finally, this Article advances recommendations for the amendment of Taiwanese law in the area of trademarks and domain names.

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<sup>9</sup> See NAT'L RESEARCH COUNCIL, SIGNPOSTS IN CYBERSPACE: THE DOMAIN NAME SYSTEM AND INTERNET NAVIGATION 29–30 (2005) [hereinafter NAS], available at [http://www.nap.edu/catalog.php?record\\_id=11258](http://www.nap.edu/catalog.php?record_id=11258).

<sup>10</sup> See, e.g., 15 U.S.C. § 1125(a)(1) (2012) (protecting against “false designation of origin, false or misleading description of fact, or false or misleading representation of fact” that are likely to cause confusion as to the source or affiliation of a good).

<sup>11</sup> See *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 624 (4th Cir. 2003).

## I. WHAT IS A DOMAIN NAME?

### A. *Its Appearance*

A domain name consists of, at a minimum, a top-level domain and a second level domain, and was historically a string of alphanumeric text.<sup>12</sup> Due to development of the Internationalized Domain Name (“IDN”),<sup>13</sup> however, domain names are no longer limited to alphanumeric text.<sup>14</sup> A domain name can now consist of characters in languages such as Arabic, Chinese, or other scripts that do not use Latin letters.<sup>15</sup> But the general format remains the same: there is a “dot” or period that delineates the two domains.<sup>16</sup> For example, trademark.com is a domain name, wherein “trademark” is the second level domain, and “com” is the top-level domain, separated by the “dot” or period. There are two kinds of top-level domains: generic top-level domains and country-code top-level domains.<sup>17</sup> Before the new expansion of generic top-level domains on January 12, 2012,<sup>18</sup> there were only twenty-two top-level domain names available.<sup>19</sup> After the expansion, the number of country-code top-level domains increased to around 280.<sup>20</sup>

### B. *Its Function*

Domain names function as interpreters between users and computers, devices, and content on the Internet.<sup>21</sup> For computing devices, a name server processes domain names into a set of 32- or 128-bit numbers, called an Internet Protocol address (“IP address”), which is the address recognizable by computers or computing devices, and used to identify locations on the Internet.<sup>22</sup> The system of addresses and names linked by name servers is called the Domain Name System (“DNS”), which “establishes the signposts in cyberspace and serves as the basic infrastructure supporting navigation across the Internet.”<sup>23</sup>

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<sup>12</sup> See *Thomas v. Network Solutions, Inc.*, 176 F.3d 500, 503 (D.C. Cir. 1999).

<sup>13</sup> *Internationalized Domain Names*, INTERNET CORP. FOR ASSIGNED NAMES & NUMBERS [hereinafter ICANN], <http://www.icann.org/en/resources/idn> (last visited Mar. 3, 2013).

<sup>14</sup> *Id.*

<sup>15</sup> *IDN Glossary*, ICANN, <https://www.icann.org/en/resources/idn/glossary> (last visited Mar. 3, 2013).

<sup>16</sup> See *Network Solutions*, 176 F.3d at 503.

<sup>17</sup> Brett R. Harris, *Internet Update: Milestone Changes to the Domain System*, N.J. LAW. MAG., Dec. 2008, at 69, 70.

<sup>18</sup> *Reveal Day 13 June 2012—New gTLD Applied-For Strings*, ICANN, <https://newgtlds.icann.org/en/program-status/application-results/strings-1200utc-13jun12-en> (last visited Mar. 3, 2013).

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> NAS, *supra* note 9, at 24.

<sup>22</sup> *Id.* at 19.

<sup>23</sup> *Id.* at 20.

### *C. Its Management*

The Internet Corporation for Assigned Names and Numbers (“ICANN”) is the governing body responsible for DNS registration.<sup>24</sup> Under its framework, each generic top-level domain has its own registry.<sup>25</sup> Those who register a domain name are considered a registrant.<sup>26</sup> Domain names are not registered through the registry, but rather through the service of the registrar.<sup>27</sup> Thus, there is a contract between the registrant and the registrar for the service of domain name registration and use.<sup>28</sup> As for the country-code top-level domain (“CC-TLD”), it is assigned to the manager of that country for operation.<sup>29</sup> Each proprietor of a CC-TLD can establish its own policy and framework for domain management under that CC-TLD.<sup>30</sup>

## II. THE LEGAL BASES FOR DOMAIN NAMES

### *A. Three Theories for the Legal Basis*

Unlike a trademark, a domain name is not directly protected by existing law. Thus, it is vital to first explore the legal basis or posture of the domain name before discussing disputes therewith. There are three theories for the legal basis of domain names. The first theory was expressed in *Network Solutions, Inc. v. Umbro International, Inc.*, where the court viewed the domain name as a contractual right.<sup>31</sup> This approach is straightforward because the registrant obtains the right to hold and

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<sup>24</sup> Aaron W. Brooks, *The Cautious Interplay Between Trademarks and Internet Domain Names*, 88 ILL. B.J. 74, 79 (2000).

<sup>25</sup> See *Registry Listing*, ICANN, <http://www.icann.org/en/resources/registries/listing> (last visited Mar. 3, 2013); *Information for Registrars and Registrants*, ICANN, <http://www.icann.org/en/resources/registrars> (last visited Mar. 3, 2013).

<sup>26</sup> *Registrant Rights and Responsibilities Under the 2009 Registrar Accreditation Agreement*, ICANN, <http://www.icann.org/en/resources/registrars/registrant-rights-responsibilities> (last visited Mar. 3, 2013) (stating that “[i]n order to register a domain name, a Registered Name Holder (also known as a Registrant) has to use the services of an ICANN-accredited Registrar.”). An ICANN-accredited registrar is one who has entered into an agreement with ICANN to act as a registrar for TLDs. See *Statement of Registrar Accreditation Policy*, ICANN, <https://www.icann.org/en/resources/registrars/accreditation/policy-statement> (last visited Mar. 3, 2013).

<sup>27</sup> See *Registrant Rights and Responsibilities*, *supra* note 26.

<sup>28</sup> *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 623–24 (4th Cir. 2003); see also *Become a Registrar*, VERISIGN, [http://www.verisigninc.com/en\\_US/products-and-services/domain-name-services/become-registrar/index.xhtml](http://www.verisigninc.com/en_US/products-and-services/domain-name-services/become-registrar/index.xhtml) (last visited Mar. 3, 2012) (describing the domain name registration process). VeriSign is the ICANN registry for “.com” TLDs. *Id.*

<sup>29</sup> *Resources for Country Code Managers*, ICANN, <http://www.icann.org/en/resources/ctlds> (last visited Mar. 3, 2012).

<sup>30</sup> See *VeriSign, Inc. v. Internet Corp. for Assigned Names and Nos.*, CV 04-1292(CTX), 2004 WL 1945561, at \*3 (C.D. Cal. May 18, 2004) (acknowledging that ccTLD registries are not regulated by ICANN and are free to create policies for registrars and registrants).

<sup>31</sup> *Network Solutions, Inc. v. Umbro Int’l, Inc.* 529 S.E.2d 80, 81 (Va. 2000).

use the domain name under its registration contract with the registrar.<sup>32</sup> The *Umbro* court rested its reasoning on the fact that domain names do not exist separate and apart from the registry's function of making domain names into operational Internet addresses.<sup>33</sup>

The second theory, found in the famous *sex.com* case of *Kremen v. Cohen*, treats the domain name as intangible property.<sup>34</sup> Under the contractual right theory discussed above, the registrant would have no rights to a domain name if he or she lost the registration against his or her will. Finding this to be incorrect, the *Kremen* court, therefore, looked to property law to define a registrant's rights. The court held that a domain name qualified as intangible property, which satisfied the predicate requirement for a conversion action under California law.<sup>35</sup> The court began its analysis by stating that "[p]roperty is a broad concept that includes 'every intangible benefit and prerogative susceptible of possession or disposition.'"<sup>36</sup> To determine whether or not a property interest existed, the court looked to whether there was "an interest capable of precise definition[,] . . . capable of exclusive possession or control," and whether "the putative owner [could establish] a legitimate claim to exclusivity."<sup>37</sup> The court found that:

Domain names satisfy each criterion. Like a share of corporate stock or a plot of land, a domain name is a well-defined interest. Someone who registers a domain name decides where on the Internet those who invoke that particular name—whether by typing it into their web browsers, by following a hyperlink, or by other means—are sent. Ownership is exclusive in that the registrant alone makes that decision. Moreover, like other forms of property, domain names are valued, bought and sold, often for millions of dollars, and they are now even subject to in rem jurisdiction.

Finally, registrants have a legitimate claim to exclusivity. Registering a domain name is like staking a claim to a plot of land at the title office. It informs others that the domain name is the registrant's and no one else's. Many registrants also invest substantial time and money to develop and promote websites that depend on their domain names. Ensuring that they reap the benefits of their investments reduces uncertainty and thus encourages investment in the first place, promoting the growth of the Internet overall.<sup>38</sup>

While the *Kremen* court found domain names were protected under a theory of intangible property protection, what if the underlying claim had required *tangible*

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<sup>32</sup> *Id.* at 86.

<sup>33</sup> *Id.*

<sup>34</sup> *Kremen v. Cohen*, 337 F.3d 1024, 1029–30 (9th Cir. 2003).

<sup>35</sup> *Id.* at 1036.

<sup>36</sup> *Id.* at 1030.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* (citations omitted).



property?<sup>39</sup> This leads to the third theory for the legal status of domain names—the tangible property theory. The United States Bankruptcy Court in Utah, applying Utah law, found that a domain name was tangible property for the purposes of a conversion action.<sup>40</sup>

[L]ike web pages and software, domain names can be perceived by the senses and access to them can be physically restricted by the use of passwords and other security measures. . . . Moreover, unlike a mere idea that can only be stored in a person’s mind, domain names can and do have a physical presence on a computer drive. Accordingly, the Court concludes that like web pages and software, the Domain Name at issue is a type of tangible property that is capable of conversion.<sup>41</sup>

Some commentators have found this analogy between a website and a domain name to be misleading because they serve different purposes and functions. Just as a call number in a library catalog is not a book itself, a domain name is not a website, but merely a means to locate a website.<sup>42</sup> The Anticybersquatting Consumer Protection Act (“ACPA”) allows for in rem civil actions,<sup>43</sup> which seems to support this tangible property theory,<sup>44</sup> which in turn supports the public policy argument that “treating domain names as tangible property would allow for consistent application of laws among the several States.”<sup>45</sup>

### *B. Legal Implications for Conflicts Between Domain Names and Trademarks*

The property theories, whether intangible or tangible, appear to protect the domain name registrant more favorably against conversion.<sup>46</sup> This is not the case, however, when a domain name encroaches upon a trademark. Traditional property principles generally provide that ownership vests with the first person to exercise dominion over property.<sup>47</sup> For domain names, this principle does not apply: A

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<sup>39</sup> See *Margae, Inc. v. Clear Link Techs., LLC*, 620 F. Supp. 2d 1284, 1287 (D. Utah 2009) (holding that Utah law would likely not recognize a conversion claim for intangible property). Utah follows the Restatement (Second) of Torts, which “limits conversion actions involving intangible property to intangible property that is ‘customarily merged in a document.’” *Id.* (quoting RESTATEMENT (SECOND) OF TORTS § 242(2) (1965)).

<sup>40</sup> *In re Paige*, 413 B.R. 882, 918 (Bankr. D. Utah 2009).

<sup>41</sup> *Id.*

<sup>42</sup> Daniel Hancock, *You Can Have It, But Can You Hold It?: Treating Domain Names as Tangible Property*, 99 KY. L.J. 185, 200–02 (2010).

<sup>43</sup> Title III of the Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, Appendix I, § 3002(a), 113 Stat. 1501A-521, 1501A-545 to -548 (codified as amended at 15 U.S.C. § 1125(d) (2012)).

<sup>44</sup> See 15 U.S.C. § 1125(d)(2).

<sup>45</sup> Hancock, *supra* note 42, at 203.

<sup>46</sup> See, e.g., *Kremen v. Cohen*, 337 F.3d 1024, 1035 (9th Cir. 2003) (holding that domain names, though intangible property, may be the basis for a conversion claim).

<sup>47</sup> See *State v. Weekly*, 65 N.E.2d 856, 857 (Ohio 1946) (providing definition of “owner” as “the person in whom is vested the ownership, dominion, or title of property”) (citing BLACK’S LAW DICTIONARY 1311 (3d ed. 1933); see also *Jock v. Zoning Bd. of Adjustment*, 854 A.2d 928, 932 (N.J.

domain name registrant cannot rely upon a “first come, first served” defense against trademark owners.<sup>48</sup> Domain name registrants who find themselves in a conflict with registered trademark owners have no inherent legal rights to assert.<sup>49</sup> Aside from other rights that might be asserted, such as free speech arguments under the First Amendment,<sup>50</sup> the domain name registrant’s best argument may rely on trademark law itself. That is, if the law does not provide trademark owners with a mechanism through which they can request the return of a domain name from its registrant, the registrant will be entitled to retain the domain name. The relationship between a domain name and a trademark is like that of a ship and an island: A ship can only sail where there is no island; whenever a ship encounters an island, it is the ship that must change course.<sup>51</sup> With this observation in mind, this Article will focus on U.S., UDRP, and Taiwanese laws to see how they balance the interests of domain name registrants with trademark owners in the trademark/domain name protection war.

### III. TRADEMARK/DOMAIN NAME PROTECTION UNDER U.S. LAW

#### *A. Weapons to Defend Trademarks Against Domain Names*

Under current U.S. law, there are three possible weapons a trademark owner might use to fight a domain name registrant: (1) remedies under the Lanham Act,<sup>52</sup> (2) injunctive relief under the Federal Trademark Dilution Revision Act (“TDRA”),<sup>53</sup> and (3) the ACPA.<sup>54</sup> Each weapon is discussed in the following passage, respectively.

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Super. Ct. App. Div. 2004) (defining “owner” as “the ‘person who had dominion of a thing, real or personal, corporeal or incorporeal, which he has a right to enjoy and do with as he pleases.’”) (citing BLACK’S LAW DICTIONARY 1259 (4th ed. 1968).

<sup>48</sup> See *Cardservice Int’l, Inc. v. McGee*, 950 F. Supp. 737, 740 (E.D. Va. 1997), *aff’d without opinion*, 129 F.3d 1258 (4th Cir. 1997). The court rejected the defendant domain name registrant’s defense that because defendant reserved his domain name with Network Solutions, he was legally entitled to use it, even if it infringed prior trademark rights. *Id.* The court stated that “[i]f trademark laws apply to domain names, anyone who obtains a domain name under Network Solutions’ ‘first-come-first-served’ policy must do so subject to whatever liability is provided for by federal law.” *Id.*; *Wash. Speakers Bureau, Inc. v. Leading Auths., Inc.*, 33 F. Supp. 2d 488, 491 n.3 (E.D. Va. 1999), *aff’d* 217 F.3d 843 (4th Cir. 2000) (stating that “registration [as a domain name] in no way trumps federal trademark law; registration of a mark or name with NSI does not itself confer any federal trademark rights on the registrant.”).

<sup>49</sup> See Brooks, *supra* note 24, at 79.

<sup>50</sup> See *Shields v. Zuccarini*, 254 F.3d 476, 48 (3d Cir. 2001) (rejecting defendant’s argument that his for-profit use of a domain name consisting of a confusingly similar misspelling of a cartoonist’s domain name was protected under the First Amendment as a form of protest).

<sup>51</sup> Credit for this analogy should be given to Dr. Kung-Chung Liu during his lecture for the Intellectual Property Professional Judge Training Program (2011–12).

<sup>52</sup> See, e.g., 15 U.S.C. §§ 1114, 1116–18, 1125 (2012) (providing for injunctive and monetary relief pursuant to traditional theories of liability for trademark infringement).

<sup>53</sup> Trademark Dilution Revision Act of 2006 § 2, 15 U.S.C. § 1125(c).

<sup>54</sup> See 15 U.S.C. § 1125(d).

### *1. Trademark Infringement Remedies Under the Lanham Act*

Section 32 of the Lanham Act provides that any person shall be liable for trademark infringement if, without authorization from the trademark registrant, they

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.<sup>55</sup>

Furthermore, section 43 of the Lanham Act provides remedies to trademark owners who are, or believe they are, likely to be damaged by false designations made by

(a)(1) any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities.<sup>56</sup>

### *2. Equitable Relief Under the TDRA*

The TDRA provides injunctive relief to

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<sup>55</sup> 15 U.S.C. § 1114(1).

<sup>56</sup> *Id.* § 1125(a)(b).

(c)(1) . . . the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness . . . against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.<sup>57</sup>

The TDRA also provides trademark infringement remedies under certain circumstances.<sup>58</sup>

### 3. *Battling Cybersquatters*

The ACPA was enacted to curb cybersquatting,<sup>59</sup> which is the “practice of registering well-known brand names as Internet domain names in order to force the rightful owners of the marks to pay for the right to engage in electronic commerce under their own brand name.”<sup>60</sup> The ACPA states that:

(d)(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section,<sup>61</sup> if, without regard to the goods or services of the parties, that person—

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<sup>57</sup> *Id.* § 1125(c)(1) (2012). Prior to the TDRA revision in 2006, subsection (c)(1) read:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

Federal Trademark Dilution Act of 1995, Pub. L. No. 140-98, § 3(a), 109 Stat. 985, 985.

<sup>58</sup> *Id.* § 1125(c)(5) (providing remedies for “willfully intend[ing] to trade on the recognition of the famous mark” or for “willfully intend[ing] to harm the reputation of the famous mark”).

<sup>59</sup> S. REP. NO. 106-140, at 5 (1999).

The purpose of the [Anticybersquatting Consumer Protection Act] is to protect consumers and American businesses, to promote the growth of online commerce, and to provide clarity in the law for trademark owners by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks—a practice commonly referred to as “cybersquatting.”

*Id.*

<sup>60</sup> Justin T. Toth, *Fighting Back on the Internet: A Primer on the Anticybersquatting Consumer Protection Act*, 14 UTAH B.J. 18, 19 (2001).

<sup>61</sup> See *Carl v. Bernardjcarl.com*, 662 F. Supp. 2d 487, 497 (E.D. Va. 2009) (finding that “personal names are not *per se* protected as matter of course” and that “a personal name used as a

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark;

(III) or [the symbol of the Red Cross] [a]s protected by reason of section 706 of Title 18 or [the symbols and trademarks of the Olympics as protected by] section 220506 of Title 36.<sup>62</sup>

The ACPA provides for an equitable remedy in that “a court may order the forfeiture or cancellation of [a] domain name or the transfer of [a] domain name to the owner of the mark.”<sup>63</sup> A plaintiff bringing an ACPA claim may also “elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.”<sup>64</sup>

#### 4. *Applying the Weapons*

##### a. *Use in Commerce*

Both a trademark infringement and a dilution claim require “use in commerce,”<sup>65</sup> which is defined in the Lanham Act to mean “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.”<sup>66</sup> A mark is deemed to be “used in commerce” in connection with goods

(1) . . . when—

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registered domain name must have acquired a secondary meaning at the time of registration”); *Ficker v. Tuohy*, 305 F. Supp. 2d 569, 572 (D. Md. 2004) (expressing doubt as to whether “the ACPA provides coverage for personal names that are not trademarked”).

<sup>62</sup> 15 U.S.C. § 1125(d)(1)(A) (2012).

<sup>63</sup> *Id.* § 1125(d)(1)(C).

<sup>64</sup> *Id.* § 1117(d).

<sup>65</sup> Jennifer Golinveaux, *What’s in a Domain Name: Is “Cybersquatting” Trademark Dilution?*, 33 U.S.F. L. REV. 641, 658 (1999).

<sup>66</sup> 15 U.S.C. § 1127.

(a) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.<sup>67</sup>

The Lanham Act goes on to define commerce to mean “all commerce which may lawfully be regulated by Congress.”<sup>68</sup> Thus, the statutory construction of “use in commerce” has two layers of meaning: The first “use in commerce” is the commercial use of a mark, whether it is the use of the mark on goods or on services; and the second “use in commerce” must be a use of the mark that is within congressional regulatory powers under the Commerce Clause.<sup>69</sup>

Although trademark infringement and dilution claims both require “use in commerce,” there is no such requirement for a cyberpiracy claim under the ACPA.<sup>70</sup> Both commercial and noncommercial uses may be subject to the ACPA.<sup>71</sup> Rather than requiring “use in commerce,” the ACPA requires a showing of “bad faith intent to profit” from a mark, which can be achieved by registering, trafficking in, or using another’s mark.<sup>72</sup> Before the ACPA was enacted, at least one court found that merely using the Internet in connection with a domain name was sufficient to the find the use “in commerce,” and thus subject to Section 43(c) of the Lanham Act.<sup>73</sup>

After the ACPA was enacted, some courts took the view that dilution claims were no longer applicable in the fight against cybersquatting. The Fourth Circuit remarked: “We may and do conclude that the enactment of the ACPA eliminated any need to force trademark-dilution law beyond its traditional bounds in order to fill a past hole, now otherwise plugged, in the protection of trademark rights.”<sup>74</sup> But the ACPA does not entirely supersede trademark infringement and dilution claims against Internet domain names. In *Passport Health, Inc. v. Travel Med, Inc.*, the evidence showed that the defendant’s use of the domain name,

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<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 92 (2d Cir. 1997) (“The history and text of the Lanham Act show that ‘use in commerce’ reflects Congress’s intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark.”).

<sup>70</sup> *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005).

<sup>71</sup> *See id.* (“Allowing a cybersquatter to register [a] domain name with a bad faith intent to profit but get around the law by making noncommercial use of the mark would run counter to the purpose of the [ACPA].”).

<sup>72</sup> 15 U.S.C. § 1125(d)(1)(A) (2012).

<sup>73</sup> *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1239–40 (N.D. Ill. 1996).

<sup>74</sup> *Porsche Cars N. Am., Inc. v. Porsche.Net*, 302 F.3d 248, 261 (4th Cir. 2002).

“www.passporthealthnca.com,” caused a likelihood of confusion among prospective or actual customers, but there was a genuine issue of material fact as to whether the defendant acted in bad faith with intent to profit.<sup>75</sup> This case demonstrates that there are circumstances where trademark infringement and dilution claims are still applicable against a domain name registrant, even though the ACPA is more directly aimed at cybersquatters.

*b. Likelihood of Confusion*

Likelihood of confusion is the key element of a trademark infringement claim.<sup>76</sup> Courts look to a number of factors when determining whether a given use of a mark is likely to cause confusion with a prior mark. In *Polaroid Corp. v. Polarad Electronics Corp.*,<sup>77</sup> for example, the Second Circuit evaluated:

- (1) the strength of the mark;
- (2) the degree of similarity between the two marks;
- (3) the proximity of the products;
- (4) the likelihood that the prior owner will bridge the gap,
- (5) actual confusion,
- (6) the reciprocal of defendant’s good faith in adopting its own mark,
- (7) the quality of defendant’s product; and
- (8) the sophistication of the buyers.<sup>78</sup>

The other Federal Circuit Courts of Appeals utilize similar tests.<sup>79</sup> Another more complete list for the “likelihood of confusion” test can be found in *In re E. I. DuPont DeNemours & Co.*<sup>80</sup> The factors set forth in that case are:

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression;

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<sup>75</sup> *Passport Health v. Travel Med, Inc.*, No. 2:09-cv-01753-GEB-JFM, 2011 WL 590723, at \*4–5 (E.D. Cal. Feb. 10, 2011).

<sup>76</sup> *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir. 1998).

<sup>77</sup> *Polaroid Corp. v. Polarad Corp.*, 287 F.2d 492 (2d Cir. 1961).

<sup>78</sup> *Id.* at 495.

<sup>79</sup> *E.g.*, *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 29 (1st Cir. 1989) (listing eight factors); *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 293 (3rd Cir. 1991) (listing ten factors); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1185 (7th Cir. 1989) (listing seven factors); *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1514 (11th Cir. 1984) (listing seven factors).

<sup>80</sup> *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973).

- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use;
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels;
- (4) The conditions under which and buyers to whom sales are made, i. e. “impulse” vs. careful, sophisticated purchasing;
- (5) The fame of the prior mark (sales, advertising, length of use);
- (6) The number and nature of similar marks in use on similar goods;
- (7) The nature and extent of any actual confusion;
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion;
- (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark);
- (10) The market interface between applicant and the owner of a prior mark: (a) a mere “consent” to register or use, (b) agreement provisions designed to preclude confusion, i. e. limitations on continued use of the marks by each party, (c) assignment of mark, application, registration and good will of the related business, (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion;
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods;
- (12) The extent of potential confusion, i. e., whether *de minimis* or substantial;
- (13) Any other established fact probative of the effect of use.<sup>81</sup>

The factors are to be considered together, and mechanical formulas and processes are disfavored.<sup>82</sup>

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<sup>81</sup> *Id.*

<sup>82</sup> See *Arrow Fastener Co., Inc. v. Stanley Works*, 59 F.3d 384, 391 (2d Cir. 1995); see also 4 MCCARTHY, *supra* note 1, § 23:19.



*c. Trademark Dilution*

The concept of trademark dilution is different from the likelihood of confusion test for trademark infringement. Dilution by blurring “is an association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”<sup>83</sup> In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) the degree of similarity between the mark or trade name and the famous mark;
- (ii) the degree of inherent or acquired distinctiveness of the famous mark;
- (iii) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- (iv) the degree of recognition of the famous mark;
- (v) whether the user of the mark or trade name intended to create an association with the famous mark; and
- (vi) any actual association between the mark or trade name and the famous mark.<sup>84</sup>

There is also the concept of dilution by tarnishment, which is “an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”<sup>85</sup>

There are also some exceptions, such as:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with—

- (i) advertising or promotion that permits consumers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(2) All forms of news reporting and news commentary.

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<sup>83</sup> 15 U.S.C § 1125(c)(2)(B) (2012).

<sup>84</sup> *Id.*

<sup>85</sup> *Id.* § 1125(c)(2)(C).

(3) Any noncommercial use of a mark.<sup>86</sup>

Because anti-dilution protection allows a trademark owner to exclude others' use of a mark, there is a danger of harm to competition.<sup>87</sup> Thus, anti-dilution protection applies only to famous trademarks.<sup>88</sup> To qualify as a famous trademark for the purposes of anti-dilution protection, a mark must be "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."<sup>89</sup> When determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (1) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (2) the amount, volume, and geographic extent of sales of goods or services offered under the mark; and
- (3) the extent of actual recognition of the mark.<sup>90</sup>

*d. Bad Faith Intent*

Because the ACPA does not require the use of a mark in commerce as a necessary element, and the element of "identical or confusingly similar to a trademark" merely indicates the trademark/domain name dispute, the element of "bad faith intent to profit from the mark" becomes the most important requirement in an ACPA claim.<sup>91</sup> In determining whether a person has a bad faith intent for an ACPA claim, a court may consider factors such as:

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

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<sup>86</sup> *Id.* § 1125(c)(3).

<sup>87</sup> 4 MCCARTHY, *supra* note 1, § 24:67.

<sup>88</sup> 15 U.S.C. § 1125(c)(1) (2012); Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1143, 1157 (2006).

<sup>89</sup> 15 U.S.C. § 1125(c)(2)(A).

<sup>90</sup> *Id.*

<sup>91</sup> See Bhanu Sadasivan, *Jurisprudence Under the In Rem Provisions of the Anticybersquatting Consumer Protection Act*, 18 BERKELEY TECH. L.J. 237, 245–46 (2003) (noting the importance of the bad faith intent to profit element).

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of [the TDRA].<sup>92</sup>

The law further prescribes that bad faith intent "shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful."<sup>93</sup>

As Professor McCarthy notes, the first four factors suggest an absence of "bad faith intent to profit from the goodwill of the mark, the next four tend to indicate that such bad faith does exist and the last factor points in either direction, depending on the degree of distinctiveness and fame of the mark."<sup>94</sup> Reviewing all the factors above, including the grounds on which bad faith intent shall not be found, it can be determined that the element of "bad faith intent" is not just an element to review the mental status or subjective understanding of the domain name holder, but rather is a normative element to balance the interest of the trademark owner and domain name

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<sup>92</sup> 15 U.S.C. § 1125(d)(1)(B)(i) (2012).

<sup>93</sup> *Id.* § 1125(d)(1)(B)(ii).

<sup>94</sup> 4 MCCARTHY, *supra* note 1, § 25:78.

holder. Congress expressed the purpose of the factors in determining bad faith intent to profit by stating that “[t]hese factors are designed to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of others’ marks, including for purposes such as comparative advertising, comment, criticism, parody, news reporting, fair use, etc.”<sup>95</sup> Thus, the bad faith intent element functions as a border line for a domain name worthy of protection and not worthy of protection against a trademark in the trademark/domain name protection war.

In addition to the factors listed above by Congress, courts sometimes find unique circumstances which “do not fit neatly into the specific factors enumerated by Congress but may nevertheless be considered under the statute.”<sup>96</sup> In *Sporty’s Farm LLC v. Sportsman’s Market, Inc.*, the court found that the registration of a domain name incorporating the mark of the trademark owner for the primary purpose of keeping the trademark owner from using the domain name might constitute “bad faith intent.”<sup>97</sup>

One interesting and worthy issue is how the concept of concurrent use of a trademark<sup>98</sup> applies to domain names. Shall we say “no” to concurrent use of domain names, and return to the “first come, first served” policy, even though both parties have a legitimate interest in the same name? Or should we give up the ACPA considerations and rely on trademark infringement’s “likelihood to confusion” theory to determine whether to allow similar domain names? Or should we still apply the ACPA, and take the “bad faith intent” as a tool for interest balancing to solve the problem? If so, what kind of factors should we balance in this situation? The Fourth Circuit crafted a framework to address this issue in *Harrods Ltd. v. Sixty Internet Domain Names*.

[T]he legislative history of the ACPA demonstrates that Congress recognized the legitimacy of concurrent use when it enacted the ACPA and did not intend to disrupt the rights of legitimate concurrent users of a mark. . . . Accordingly, we should apply the bad faith factors in a manner that will not lead to a finding of bad faith registration every time a concurrent user registers a mark. Of course, even recognizing the rights of concurrent users of a mark, a legitimate concurrent user still violates the other user’s trademark rights if it uses the shared mark in a manner that would cause consumer confusion, such as by using the mark in the other’s geographic area. Thus, if a concurrent user registers a domain name with the intent of expanding its use of the shared mark beyond its geographically

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<sup>95</sup> H.R. REP. NO. 106-412, at 11 (1999).

<sup>96</sup> *Sporty’s Farm LLC v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 499 (2d Cir. 2000).

<sup>97</sup> *Id.*

<sup>98</sup> See *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 233 (4th Cir. 2002) (explaining that concurrent use is the “use of an identical mark by two different companies,” which may be permitted if the concurrent use “is not likely to result in confusion, mistake, or deception” (internal quotation marks omitted)); 15 U.S.C. § 1052(d) (2012) (explaining that if the Director of the PTO “determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks,” then concurrent registrations may be issued).

restricted area, then the domain name is registered in bad faith as outlined in the ACPA.<sup>99</sup>

The court appears to have incorporated the “likelihood of confusion” theory into the “bad faith intent” test. Following such a framework, a lawfully concurrent trademark owner does not necessarily have a bad faith intent to register the domain name with his or her shared trademark.<sup>100</sup>

## *B. Shielding Domain Names from Trademarks*

### *1. Reverse Domain Name Hijacking Prevention Device*

The domain name registrar or registry may have its own policy or administrative procedure to address trademark/domain name disputes.<sup>101</sup> But regardless of the usefulness of such a policy or administrative procedure, it is not the law.<sup>102</sup> The situation in which a trademark owner takes advantage of an administrative policy in bad faith to grab a domain name from a registrant is called “reverse domain name hijacking” (“RDNH”).<sup>103</sup> A domain name registrant thus needs a shield to defend his or her domain name against RDNH. The Lanham Act provides such a legal device for the original domain name registrant.

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<sup>99</sup> *Harrods*, 302 F.3d at 233–34 (internal citations omitted).

<sup>100</sup> *Id.* at 234. The Court mentioned a more difficult trademark/domain name conflict in a footnote.

A more difficult problem . . . is created when a concurrent mark user registers a domain name incorporating the shared mark with the intent only to use the domain name within its limited geographic area, but the registrant’s site is nonetheless accessed by users outside the permissible geographic area. If the registrant in this situation is deemed to violate the other user’s trademark, then it is unclear how (territorial) concurrent users of a mark can maintain an Internet presence using their mark. This is one of the difficulties that courts and legislatures will eventually have to face as they work to harmonize the geographically limited nature of trademark law with the global nature of the Internet as a medium.

*Id.* at 234 n. 9.

<sup>101</sup> *E.g.*, *Uniform Domain Name Dispute Resolution Policy*, ICANN [hereinafter UDRP], <http://www.icann.org/en/help/dndr/udrp/policy> (last visited Mar. 3, 2013).

<sup>102</sup> *Storey v. Cello Holdings, LLC*, 347 F.3d 370, 381 (2d Cir. 2003) (“[A]n administrative proceeding [pursuant to UDRP requirements] does not preclude the registrant from vindicating his rights under the ACPA or trademark law in court.”); 4 MCCARTHY, *supra* note 1, § 25:74.75 (“A UDRP panel decision certainly does not ‘bind’ a court of law in any way to follow the result of the decision when it is later challenged in court.”).

<sup>103</sup> *Rules for Uniform Domain Name Dispute Resolution Policy*, ICANN [hereinafter UDRP Rules], <https://www.icann.org/en/help/dndr/udrp/rules> (last visited Mar. 3, 2013); Stephen J. Shaw, *Virtual Eviction: Kick Cybersquatters Off Your Domain*, 13 S.C. LAW. 20, 22 (2002).

If a registrar, registry, or other registration authority takes an action described under clause (ii)<sup>104</sup> based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney’s fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.<sup>105</sup>

....

A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.<sup>106</sup>

Some commentators criticize courts for miscategorizing the second of the two passages above as the ACPA’s version of a remedy against “reverse domain name hijacking,”<sup>107</sup> and instead, cite the first of the two passages above as the true remedy.<sup>108</sup> “Hijacking” has been defined as “the stealing of goods in transit,” which “carries a connotation of conscious illegality.”<sup>109</sup> While the element of “knowing and material misrepresentation”<sup>110</sup> reflects this conscious illegality, the second of the two

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<sup>104</sup> 15 U.S.C § 1114(2)(D)(ii) (2012).

An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name—

(I) in compliance with a court order under section 1125(d) of this title;  
or

(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another’s mark.

*Id.*

<sup>105</sup> 15 U.S.C. § 1114(2)(D)(iv) (2012).

<sup>106</sup> *Id.* § 1114(2)(D)(v).

<sup>107</sup> *E.g.*, *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14, 29 (1st Cir. 2001) (stating that subsection (D)(v) is the RDNH provision); *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 625 n.1 (4th Cir. 2003) (same).

<sup>108</sup> 4 MCCARTHY, *supra* note 1, § 25:73.80.

<sup>109</sup> *Id.*

<sup>110</sup> 15 U.S.C. § 1114(2)(D)(iv).

passages contains no such element.<sup>111</sup> Despite this distinction, I will continue to treat both subsections (D)(iv) and (D)(v) of 15 U.S.C. § 1114(2) as RDNH in this Article.

## 2. Applying RDNH Prevention

To establish a right to relief against an “overreaching trademark owner” under subsection (D)(v), a plaintiff must establish:

- (1) that it is a domain name registrant;
- (2) that its domain name was suspended, disabled, or transferred under a policy implemented by a registrar as described in 15 U.S.C. § 1114(2)(D)(ii)(II);
- (3) that the owner of the mark that prompted the domain name to be suspended, disabled, or transferred has notice of the action by service of otherwise; and
- (4) that the plaintiff’s registration or use of the domain name is not unlawful under the Lanham Act, as amended.<sup>112</sup>

But the transfer of the domain name back to the plaintiff is not yet complete. The second element above may be satisfied if the domain name registrant lost in an administrative proceeding under the policy of the registrar, registry or domain name authority.<sup>113</sup> And even if the trademark owner is a foreigner, the fourth element’s “not unlawful” requirement refers to U.S. law, not to the national law of the trademark owner.<sup>114</sup>

An interesting issue surrounds the “policy implemented by a registrar, registry, or domain name authority” aspect of the second element. Suspension, disablement and transfer of a domain name as part of the administrative proceeding of the registrar or registry is one situation in which an ACPA claim may be brought.<sup>115</sup> But the ACPA may also provide a registrant with injunctive relief against a registrar who transferred the registered domain name pursuant to its own policy as part of a foreign court proceeding, even though the registrant’s use of the domain name was

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<sup>111</sup> *Id.* § 1114(2)(D)(v).

<sup>112</sup> *Barcelona.com, Inc.*, 330 F.3d at 626.

<sup>113</sup> *See id.* (stating that there was no dispute that the second element was satisfied because the “domain name was suspended, disabled, or transferred under Network Solutions’ policy,” which had incorporated the UDRP).

<sup>114</sup> *Id.* at 627–28 (finding that the statutory language clearly supports the position that the “cause of action created by Congress in [15 U.S.C. § 1114(2)(D)(v)] requires the court adjudicating such an action to determine whether the registration or use of the domain name violates the Lanham Act”).

<sup>115</sup> *See id.* at 626.

not unlawful.<sup>116</sup> Additionally, none of the elements above are to be jurisdictional, and a U.S. court's jurisdiction over a matter depends on whether a claimant has satisfied the elements of an ACPA claim.<sup>117</sup>

#### IV. TRADEMARK/DOMAIN NAME PROTECTION UNDER THE UDRP

##### *A. Tools for Trademark Owners to Fight Domain Name Registrants*

###### *1. Three-Element Threshold*

The Uniform Domain Name Dispute Resolution Policy ("UDRP") is a mandatory administrative dispute resolution proceeding adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"),<sup>118</sup> the entity responsible for the management of the DNS.<sup>119</sup> Generally, a domain name registration service contract between a domain name registrar and the registrant incorporates the UDRP.<sup>120</sup> The applicable dispute or the substantive threshold includes the following three elements:

- (a) The domain is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
- (b) The domain name registrant has no rights or legitimate interest in respect of the domain name; and
- (c) The domain name has been registered and is being used in bad faith.<sup>121</sup>

The UDRP is not a legally binding proceeding, but does have legal implications.<sup>122</sup> A registrant has ten days from the publication of an unfavorable UDRP Panel decision to commence a lawsuit, or else the UDRP Panel's decision will

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<sup>116</sup> *Hawes v. Network Solutions, Inc.*, 337 F.3d 377, 386 (4th Cir. 2003) (finding that registrant stated a claim for injunctive relief under the ACPA against registrar by alleging that registrar breached its own dispute resolution policy when it transferred a disputed domain name in a French court).

<sup>117</sup> *Id.* at 385.

<sup>118</sup> UDRP, *supra* note 101.

<sup>119</sup> *Welcome to ICANN!*, ICANN, <https://www.icann.org/en/about/welcome> (last visited Mar. 3, 2013).

<sup>120</sup> UDRP, *supra* note 101; *see also* Stephen J. Ware, *Domain-Name Arbitration in the Arbitration-Law Context: Consent to, and Fairness in, the UDRP*, 6 J. SMALL & EMERGING BUS. L. 129, 145 (2002).

<sup>121</sup> UDRP, *supra* note 101, ¶ 4(a).

<sup>122</sup> 1 SUSAN SCHULTZ LALUK, *INTERNET LAW AND PRACTICE* § 14:43 (2012); Chad D. Emerson, *Wasting Time in Cyberspace: The UDRP's Inefficient Approach Toward Arbitrating Internet Domain Name Disputes*, 34 U. BALT. L. REV. 161, 177 (2004) (noting that UDRP decisions are not the same as a binding arbitration).



be implemented.<sup>123</sup> In other words, the registrant can prevent execution of the UDRP decision by filing a lawsuit in court. Even so, the UDRP is “a quick and relatively inexpensive opportunity for the trademark owner to challenge the abusive ownership of a domain name.”<sup>124</sup>

## 2. Applying the Threshold

The UDRP itself provides some guidelines for proving “registration and use in bad faith.”<sup>125</sup> Specifically, it provides that “the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith”:<sup>126</sup>

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

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

(iii) [the registrant] ha[s] registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, [the registrant] ha[s] intentionally attempted to attract, for commercial gain, Internet users to [the registrant’s] web site or other on-line location, by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation, or endorsement of [the registrant’s] web site or location or of a product or service on [the registrant’s] web site or location.<sup>127</sup>

Paragraph 4(c) of the UDRP, on the other hand, requires the domain name registrant to demonstrate his or her rights or legitimate interest under subparagraph 4(a)(ii),<sup>128</sup> which can be shown, without limitation, under the following circumstances:

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<sup>123</sup> UDRP, *supra* note 101, ¶ 4(k).

<sup>124</sup> Luke A. Walker, *ICANN’s Uniform Domain Name Dispute Resolution Policy*, 15 BERKELEY TECH. L.J. 289, 300 (2000).

<sup>125</sup> UDRP, *supra* note 101, ¶ 4(b).

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

<sup>128</sup> *Id.* ¶ 4(c).

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

(ii) [the registrant] (as an individual, business, or other organization) ha[s] been commonly known by the domain name, even if [the registrant] ha[s] acquired no trademark or service mark rights; or

(iii) [the registrant] [is] making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.<sup>129</sup>

The third element of the UDRP requires both registration and use of a domain name in bad faith.<sup>130</sup> What if the registration is in bad faith, but there is no use at all? Some commentators call this “passive warehousing.”<sup>131</sup> The person who conducts “passive warehousing” is a passive holder of a domain name or “pseudo-cybersquatter.”<sup>132</sup> In the UDRP practice, panels developed the “inaction doctrine” to address the issue of “passive warehousing.”<sup>133</sup> An early case illustrating this concept is *Telstra Corp. v. Nuclear Marshmallows*,<sup>134</sup> which concerned the “telstra.com” domain name.<sup>135</sup> The case held that even if there were no active use, certain factual circumstances could still establish bad faith use.<sup>136</sup> Other panels have followed this approach in finding bad faith use, helping to develop the “inaction doctrine.”<sup>137</sup> “These panels typically appl[ie]d a combination of two to four of the following factors:

(1) the domain name is identical to or closely resembles a widely known trademark;

(2) the Respondent failed to deny any allegations in the complaint or provide evidence of actual or planned good faith use;

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<sup>129</sup> *Id.*

<sup>130</sup> UDRP, *supra* note 101, ¶ 4(a).

<sup>131</sup> John G. White, *ICANN's Uniform Domain Name Dispute Resolution Policy in Action*, 16 BERKELEY TECH. L.J. 229, 230 (2001).

<sup>132</sup> *Id.*

<sup>133</sup> *Id.* at 241–42.

<sup>134</sup> *Telstra Corp. Ltd. v. Nuclear Marshmallows*, World Intellectual Property Organization [WIPO] Case No. D2000-0003 (WIPO Arbitration & Mediation Ctr. Feb. 18, 2000), *available at* <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0003.html>.

<sup>135</sup> *Id.* ¶ 4.4.

<sup>136</sup> *Id.* ¶ 7.10.

<sup>137</sup> White, *supra* note 131, at 242–43 (citing eighteen cases in footnote); *Atea Danmark A/S v. Christer Joensson*, WIPO Case No. D2012-1272 (WIPO Arbitration & Mediation Ctr. Aug. 20, 2012), *available at* <http://www.wipo.int/amc/en/domains/search/text.jsp?case=D2012-1272> (explaining that when “considering whether the passive holding [(inaction)] of a domain name, following a bad faith registration of it, satisfies the requirements of paragraph 4(a)(iii), the Administrative Panel must give close attention to all the circumstances of the Respondent’s behaviour.”).

(3) the Respondent failed to reply to cease-and-desist letters, e-mails, or other correspondence from the Complainant sent prior to UDRP proceedings;

(4) it is impossible to conceive of a legitimate active use of the domain name by the Respondent considering the Complainant's trademark rights;

(5) the Respondent took active steps to conceal its identity by providing false or incomplete contact information during domain name registration; and

(6) the Respondent registered other domain names that are recognizable as third party trademarks.<sup>138</sup>

The second and third elements appear to be separate and independent, but some UDRP decisions take the position that a finding of bad faith registration based on a "threat of infringement" might affect the registrant's "potentially legitimate noncommercial or fair uses of the domain name."<sup>139</sup> But as the *Madonna.com*<sup>140</sup> panel stated:

First, Respondent contends that its use of the domain name for an adult entertainment web site involved prior use of the domain name in connection with a bona fide offering of goods or services. The record supports Respondent's claim that it used the domain name in connection with commercial services prior to notice of the dispute. However, Respondent has failed to provide a reasonable explanation for the selection of Madonna as a domain name. . . . We find instead that name was selected and used by Respondent with the intent to attract for commercial gain Internet users to Respondent's web site by trading on the fame of Complainant's mark. We see no other plausible explanation for Respondent's conduct and conclude that use which intentionally trades on the fame of another can not constitute a "bona fide" offering of goods or services. To conclude otherwise would mean that a Respondent could rely on intentional infringement to demonstrate a legitimate interest, an interpretation that is obviously contrary to the intent of the Policy.<sup>141</sup>

The panel further stated:

Second, Respondent contends that it has rights in the domain name because it registered MADONNA as a trademark in Tunisia prior to notice

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<sup>138</sup> White, *supra* note 131, at 242–43.

<sup>139</sup> *Id.* at 245.

<sup>140</sup> *Madonna Ciccone v. Dan Parisi & "Madonna.com"*, WIPO Case No. D2000-0847 (WIPO Arbitration & Mediation Ctr. Oct. 12, 2000), available at <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0847.html>.

<sup>141</sup> *Id.* § 6(C).

of this dispute. Certainly, it is possible for a Respondent to rely on a valid trademark registration to show prior rights under the Policy. However, it would be a mistake to conclude that mere registration of a trademark creates a legitimate interest under the Policy. If an American-based Respondent could establish “rights” vis a vis an American Complainant through the expedient of securing a trademark registration in Tunisia, then the ICANN procedure would be rendered virtually useless. To establish cognizable rights, the overall circumstances should demonstrate that the registration was obtained in good faith for the purpose of making bona fide use of the mark in the jurisdiction where the mark is registered, and not obtained merely to circumvent the application of the Policy.

Here, Respondent admits that the Tunisia registration was obtained merely to protect his interests in the domain name. Respondent is not located in Tunisia and the registration was not obtained for the purpose of making bona fide use of the mark in commerce in Tunisia. A Tunisian trademark registration is issued upon application without any substantive examination. Although recognized by certain treaties, registration in Tunisia does not prevent a finding of infringement in jurisdictions outside Tunisia. Under the circumstances, some might view Respondent’s Tunisian registration itself as evidence of bad faith because it appears to be a pretense to justify an abusive domain name registration. We find at a minimum that it does not evidence a legitimate interest in the disputed name under the circumstances of this case.<sup>142</sup>

According to WIPO statistics, the *Madonna.com* case is one of the twenty-five most cited decisions in complaints, having been cited over 820 times.<sup>143</sup> Clearly, then, the *Madonna.com* decision has significant influence in practice.

## *B. Domain Name Resistance Against Trademarks*

### *1. Declaration of Reverse Domain Name Hijacking*

The UDRP is a quick and inexpensive tool with which a trademark owner can fight a domain name registrant, but it can be misused. The Rules for Uniform Domain Name Dispute Resolution Policy (“Rules for UDRP”) section 1 defines RDNH as “using the [UDRP] in bad faith to attempt to deprive a registered domain-name holder of a domain name.”<sup>144</sup> But there are no legal effects or factual disadvantages for RDNH under the UDRP; the Rules for UDRP require only a declaration of RDNH

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<sup>142</sup> *Id.*

<sup>143</sup> *25 Most Cited Decisions in Complaint*, WORLD INTELL. PROP. ORG., [http://www.wipo.int/amc/en/domains/statistics/cases\\_cited.jsp?party=C](http://www.wipo.int/amc/en/domains/statistics/cases_cited.jsp?party=C) (last visited Mar. 3, 2013)

<sup>144</sup> UDRP Rules, *supra* note 103, § 1.

in the UDRP decision.<sup>145</sup> No additional sanctions are available.<sup>146</sup> The pertinent portion of the Rules for UDRP section 15(e) states that:

If after considering the submissions the Panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking or was brought primarily to harass the domain-name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.<sup>147</sup>

## 2. Practice of the RDNH Declaration

Although there are some guidelines for “bad faith” registration and use of a domain name under the UDRP,<sup>148</sup> the UDRP does not provide any direction for bad faith under RDNH. In *Fondation Le Corbusier v. Monsieur Bernard Weber, Madame Hiedi Weber*,<sup>149</sup> the WIPO Panel listed some previous panel opinions for finding “bad faith” under RDNH:

1. [T]he complainant knew of the respondent’s unassailable right or legitimate interest in the disputed domain name or the clear lack of bad faith registration and use, and nevertheless brought the complaint;<sup>150</sup>
2. [T]he complaint was brought in knowing disregard of the likelihood that the respondent possessed legitimate interests;<sup>151</sup>
3. [T]he complainant knew it had no rights in the trademark or service mark upon which it relied and nevertheless brought the complaint in bad faith.<sup>152</sup>

At least one other panelist has taken a very different view of bad faith under RDNH. That panelist contended that if the complainant “has not even made a minimal effort to establish plausible grounds for bringing the Complaint” under the

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<sup>145</sup> Robert C. Houser, *The Domain Name Game: New Rules Speed Wins for Trademark Owners*, 37 ARIZ. ATT’Y. 17, 21 (2000).

<sup>146</sup> *Id.*

<sup>147</sup> UDRP Rules, *supra* note 103, § 15(e).

<sup>148</sup> UDRP, *supra* note 101, ¶ 4(b).

<sup>149</sup> *Fondation Le Corbusier v. Monsieur Bernard Weber, Madame Hiedi Weber*, WIPO Case No. D2003-0251 (WIPO Arbitration & Mediation Ctr. July 4, 2003), *available at* <http://www.wipo.int/amc/en/domains/decisions/html/2003/d2003-0251.html>.

<sup>150</sup> *Id.* § 6(E) (citing *Sydney Opera House Trust v. Trilynx Pty. Ltd.*, WIPO Case No. D2000-1224 (WIPO Arbitration & Mediation Ctr. Nov. 8, 2000); *Goldline Int’l, Inc. v. Gold Line.*, WIPO Case No. D2000-1151 (WIPO Arbitration & Mediation Ctr. Jan. 8, 2001)).

<sup>151</sup> *Id.* (citing *Smart Design LLC v. Hughes*, WIPO Case No. D2000-0993 (WIPO Arbitration & Mediation Ctr. Oct. 21, 2000)).

<sup>152</sup> *Id.* (citing *Dan Zuckerman v. Vincent Peeris*, WIPO Case No. DBIZ2002-00245 (WIPO Arbitration & Mediation Ctr. Aug. 12, 2002); *Her Majesty the Queen (NZ) v. Virtual Countries, Inc.*, WIPO Case No. D2002-0754 (WIPO Arbitration & Mediation Ctr. Nov. 27, 2002)).

UDRP, and if the respondent did not “ma[k]e an effort to explain to the Complainant the bona fide nature of its use of the Domain Name and the basis for the price” at which it offered to sell the domain name, it would be “unduly harsh to characterize the Complaint as reverse domain name hijacking.”<sup>153</sup> Professor Froomkin points out, however, that the panelist espousing this view never identified a duty under UDRP for the respondent to “educate people who negligently send you threatening letters” without conducting any investigation.<sup>154</sup> This Article agrees with the principle alluded to by Professor Froomkin because imposing a simple investigative duty on the complainant, instead of an education burden on the respondent, represents a minimal social cost.

Professor Zainol conducted research on RDNH cases under the UDRP and concluded that:

1. A new paragraph 4(d) should be inserted in the UDRP policy, outlining clearly the scope and elements of RDNH.
2. A finding of RDNH must be accompanied by some form of sanction, either monetary or administrative.<sup>155</sup>

From the above suggestion, we can see that the administrators of the UDRP must pay more attention to the interests of domain name registrants in the trademark/domain name protection war.

## V. TRADEMARK/DOMAIN NAME PROTECTION UNDER TAIWANESE LAW

### *A. Legal Device for Trademark Owners Against Domain Name Registrants*

Amendments to Taiwanese Trademark Law, passed by the Legislative Yuan (which functions as the Congress of Taiwan),<sup>156</sup> were promulgated by Presidential Order on June 29, 2011, and went into effect on July 1, 2012.<sup>157</sup> This Article refers to the pre-amendment law as the “Old Law,”<sup>158</sup> and the current Taiwanese Trademark

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<sup>153</sup> *Deutsche Welle v. DiamondWare Ltd.*, WIPO Case No. D2000-1202, § 6 (WIPO Arbitration & Mediation Ctr. Jan. 2, 2001), available at <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-1202.html>.

<sup>154</sup> A. Michael Froomkin, *ICANN's “Uniform Dispute Resolution Policy”—Causes and (Partial) Cures*, 67 BROOK. L. REV. 605, 670 (2002).

<sup>155</sup> Zinatul A. Zainol, *The Chronicles of Electronic Commerce: Reverse Domain Name Hijacking Under the Uniform Dispute Resolution Policy*, 16 EUR. L.J. 233, 241–42 (2010).

<sup>156</sup> *Foreword*, LEGIS. YUAN OF REPUBLIC OF CHINA, [http://www.ly.gov.tw/en/01\\_introduce/introView.action?id=1](http://www.ly.gov.tw/en/01_introduce/introView.action?id=1) (last visited Mar. 3, 2013).

<sup>157</sup> 商標法 [Trademark Act], 中華民國現行法規彙編 [Xianxing Fagui Huibian] (Taiwan) [hereinafter Trademark Act of 2011], available at [http://www.apecp.org.tw/doc/Taipei/Comlaw/1209\\_Trademark\\_Act\\_2011.pdf](http://www.apecp.org.tw/doc/Taipei/Comlaw/1209_Trademark_Act_2011.pdf).

<sup>158</sup> 商標法 [Trademark Act], 中華民國現行法規彙編 [Xianxing Fagui Huibian] (2003, amended by Presidential Order in 2010) (Taiwan) [hereinafter Trademark Act of 2003], available at

Law as the “New Law.” In addition to the New Law, the Fair Trade Act is another legal device for protecting trademarks, especially unregistered marks, against domain name disputes.<sup>159</sup>

### 1. *In the Old Law*

Article 61, section 1 of the Old Law provided a remedy for trademark infringement.<sup>160</sup> It stated:

A trademark right holder may claim for damages from a person infringing whose trademark rights, and may request for excluding infringement thereto; in case of likelihood of infringement, the said right holder may also request for the prevention thereof.<sup>161</sup>

Article 61, section 2 defined trademark infringement as the use of a trademark under the conditions stipulated by Article 29, section 2, without the consent of a trademark right holder.<sup>162</sup> The conditions set forth by Article 29, section 2 included:

1. One who wishes to use a trademark that is identical to a registered trademark on identical goods or services;
2. One who wishes to use a trademark that is identical to a registered trademark on similar goods or services, and hence it is likely to cause confusion to relevant consumers; or
3. One who wishes to use a trademark that is similar to a registered trademark on the identical or similar goods or services, and hence it is likely to cause confusion to relevant consumers.<sup>163</sup>

In addition to trademark infringement, Article 62 of the Old Law also defined so-called “constructive infringement”:

A trademark right infringement shall be deemed to have occurred where consent of trademark right holder is absent from any of the following conditions:

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[http://www.tipo.gov.tw/en/AllInOne\\_Show.aspx?guid=4a8aa2e9-3d32-4fa1-972c-a37d90f0107e&lang=en-us&path=1461](http://www.tipo.gov.tw/en/AllInOne_Show.aspx?guid=4a8aa2e9-3d32-4fa1-972c-a37d90f0107e&lang=en-us&path=1461).

<sup>159</sup> 公平交易法 [Fair Trade Act], 中華民國現行法規彙編 [Xianxing Fagui Huibian] (Taiwan) [hereinafter Fair Trade Act], available at <http://www.ftc.gov.tw/internet/english/doc/docDetail.aspx?uid=644&docid=12106>.

<sup>160</sup> Trademark Act of 2003, *supra* note 158, art. 61.

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> *Id.* art. 29.

1. Knowingly using a trademark identical or similar to a well-known registered trademark of another person, or using the word(s) contained in the said well-known trademark as the company name, trade name or domain name or any other representation identifying the body or source of whose business, and hence diluting the distinctiveness or reputation of the said well-known trademark; or

2. Knowingly using the word(s) contained in a registered trademark of another person as the company name, trade name or domain name or any other representation identifying the body or source of whose business, and hence causing confusion to relevant consumers of goods or services thereof.<sup>164</sup>

Thus, under the Old Law, knowingly using the words contained in a registered mark of another person as a domain name would be “constructive infringement” if it was a famous trademark and the use caused dilution, or if the mark was a registered trademark and the use caused confusion.

## 2. *In the New Law*

Article 68 of the New Law gives the definition of trademark infringement as follows:

Any of the following act[s], in the course of trade and without consent of the proprietor of a registered trademark, constitutes infringement of the right of such trademark:

(1) using a trademark which is identical with the registered trademark in relation to goods or services which are identical with those for which it is registered;

(2) using a trademark which is identical with the registered trademark and used in relation to goods or services similar to those for which the registered one is designated, and hence there exists a likelihood of confusion on relevant consumers; or

(3) using a trademark which is similar to the registered trademark and used in relation to goods or services identical with or similar to those for which the registered one is designated, and hence there exists a likelihood of confusion on relevant consumers.<sup>165</sup>

Article 69, section 1 of the New Law provides the same remedy for trademark infringement as the Old Law: damages, requests for the cessation of the

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<sup>164</sup> *Id.* art. 62.

<sup>165</sup> Trademark Act of 2011, *supra* note 157, art. 68.



infringement, and requests for an injunction where a likelihood of infringement exists.<sup>166</sup>

In addition to actual infringement, there is also “constructive infringement” in the New Law,<sup>167</sup> but the New Law appears to modify the scope of constructive infringement, especially with respect to the pertinent portion of the domain name. Article 70 of the New Law uses the following conditions for constructively infringing a trademark:

(1) knowingly using a trademark which is identical with or similar to another person’s well-known registered trademark, and hence there exists a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark;

(2) knowingly using words contained in another person’s well-known registered trademark as the name of a company, business, group or domain or any other name that identifies a business entity, and hence there exists a likelihood of confusion on relevant consumers or a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark; or

(3) manufacturing, possessing, displaying, selling, exporting or importing labels, tags, packaging or containers that have not been applied in relation to goods or services, or articles that have not been applied in relation to services, knowing that such articles would likely infringe trademark rights as prescribed in Article 68.<sup>168</sup>

### *3. Legislative Intent of the Portion of the 2011 Amendment that Relates to Domain Names*

Under both the Old Law and the New Law, domain name registration that incorporates the text of a trademark of another person (hereinafter referred to as a “suspect registration”) could constitute constructive infringement.<sup>169</sup> Nevertheless, there are two main differences between the Old and New laws. The first main difference is that the Old Law requires the suspect registration to cause actual dilution of a famous, registered trademark.<sup>170</sup> But in the New Law, a likelihood of dilution of the registered famous trademark is sufficient for constructive infringement.<sup>171</sup>

The second difference is that, under the Old Law, it was necessary to show that a suspect registration caused actual consumer confusion for the consumer of the

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<sup>166</sup> Compare Trademark Act of 2011, *supra* note 157, art. 69, with Trademark Act of 2003, *supra* note 158, art. 61.

<sup>167</sup> Trademark Act of 2011, *supra* note 157, art. 70.

<sup>168</sup> *Id.*

<sup>169</sup> Trademark Act of 2003, *supra* note 158, art. 62; Trademark Act of 2011, *supra* note 157, art. 70.

<sup>170</sup> Trademark Act of 2003, *supra* note 158, art. 62.

<sup>171</sup> Trademark Act of 2011, *supra* note 157, art. 70.

goods or services.<sup>172</sup> The New Law, however, removes the explicit statutory protection for the non-famous registered trademark against suspect registrations.<sup>173</sup>

The legislative rationale articulated is that, in accord with section 43 of the Lanham Act and the TDRA, the New Law strengthens the protection of famous trademarks; in the Old Law, it was very difficult to prove actual dilution, regardless of blurring or tarnishment.<sup>174</sup> The actual dilution requirement in the Old Law precluded the owner of a famous trademark from obtaining injunctive relief to prevent future injury.<sup>175</sup> The legislative reason also indicated that the Old law provided too broad of protection for the registered trademark where the “famous” or “well-known” is not really required.<sup>176</sup> There have been some situations in practice where a trademark owner sent cease-and-desist letters in abuse of his or her rights,<sup>177</sup> and Taiwanese courts have held that the announcement of the registration of the trademark itself gives everyone knowledge of the registered trademark,<sup>178</sup> satisfying another element of constructive infringement.<sup>179</sup> This allows for serious abuses of trademark rights, and so the New Law removes the constructive infringement protection for the registered trademark.<sup>180</sup> Because of this amendment, excluding famous trademarks, it seems that there is no protection for the registered trademark against suspect registration under the New Law.

#### 4. *The Fair Trade Act*

Article 20, section 1 of the Fair Trade Act provides protection for unregistered trade identifiers against unfair competition by prescribing that:

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<sup>172</sup> Trademark Act of 2003, *supra* note 158, art. 62.

<sup>173</sup> *See* Trademark Act of 2011, *supra* note 157, art. 70 (imposing a requirement of “likelihood of confusion,” rather than actual confusion).

<sup>174</sup> Shangbiaofa Xiuzheng Caoan Tiaowen Duizhaobiao (商標法修正草案條文對照表) [Clause Comparison Table for the Draft of Revisions to the Trademark Law], Legislative Yuan (May 31, 2011) (Taiwan) [hereinafter Legislative Rationale]. *Compare* Trademark Act of 2003, *supra* note 158, art. 62 (providing that trademark infringement occurs when (1) a party knows that it is using the same or similar mark as a registered trademark and its use detracts from the trademark’s reputation or (2) a party knows that the trademark it is using has been registered by another party and the use causes consumer confusion), *with* Trademark Act of 2011, *supra* note 157, art. 70 (stating that trademark infringement occurs when (1) a party knows that it is using a registered trademark and its use *is likely to* detract from the distinctiveness or reputation of the registered trademark, (2) a party knows that it is using a registered trademark and its use *is likely to* cause consumer confusion or detract from the identification of the registered trademark or (3) a party knows that there is a danger of violating Article 68 for the manufacture, possession, display, sale, export or import of goods containing the registered trademark’s trade dress) (emphasis added).

<sup>175</sup> Legislative Rationale, *supra* note 174 (explaining that article 62 in the Old Law does not use “may” have impaired a trademark’s recognition or reputation, and, therefore, the trademark owner cannot protect itself until actual damage occurs, and that it is often difficult for the trademark owner to prove actual damage has occurred).

<sup>176</sup> *Id.*

<sup>177</sup> *See id.*

<sup>178</sup> *See id.*

<sup>179</sup> *See id.* (explaining amendment to article 62).

<sup>180</sup> *Id.*

No enterprise shall have any of the following acts with respect to the goods or services it supplies:

1. using in the same or similar manner, the personal name, business or corporate name, or trademark of another, or container, packaging, or appearance of another's goods, or any other symbol that represents such person's goods, commonly known to relevant enterprises or consumers, so as to cause confusion with such person's goods; or selling, transporting, exporting, or importing goods bearing such representation;
2. using in the same or similar manner, the personal name, business or corporate name, or service mark of another, or any other symbol that represents such person's business or service, commonly known to relevant enterprises or consumers, so as to cause confusion with the facilities or activities of the business or service of such person; or
3. using on the same or similar goods the mark that is identical or similar to a well-known foreign trademark that has not been registered in this country; or selling, transporting, exporting, or importing goods bearing such trademark.<sup>181</sup>

## 5. Practice and Application of the Legal Device

### a. UDRP in Taiwanese Courts

It appears that there is only one case involving the legal effect of a UDRP decision in the Taiwanese courts, known as the "yageo.com" case.<sup>182</sup> A National Arbitration Forum ("NAF") decided the case under the UDRP before it was heard in a Taiwanese court.<sup>183</sup> The trademark owner of the mark—Yageo—won the UDRP case.<sup>184</sup> The domain name registrant brought the case into a Taiwanese court, where Yageo argued that the UDRP decision given by the NAF panelist was an award of arbitration made in the United States that must be given full faith and credit under the "Treaty of Friendship, Commerce and Navigation Between the Republic of China and the United States of America."<sup>185</sup> The original registrant of the domain name responded that according to the UDRP 4(k), the court was not bound by the award of arbitration made by NAF under UDRP, and was free to make an independent decision.<sup>186</sup> The court's final decision was in favor of Yageo, reasoning that because

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<sup>181</sup> Fair Trade Act, *supra* note 159, art. 20.

<sup>182</sup> Unspecified v. Yageo Corp., 2002 Shang Tzi No. 357 (Taiwan High Court May 10, 2002).

<sup>183</sup> Yageo Corp. v. OneWorld, National Arbitration Forum [NAF] No. FA0009000095702 (NAF Nov. 13, 2000), available at <http://domains.adrforum.com/domains/decisions/95702.htm>.

<sup>184</sup> *Id.*

<sup>185</sup> Fang Guo Jun v. Yageo Corp., 2002 Shang Tzi No. 357 (Taiwan High Ct. May 10, 2002).

<sup>186</sup> *Id.*

the NAF had already scrutinized the pleadings, responses, and all submissions of evidence, the NAF award was the result of an arbitration, which qualified as a legitimate cause for Yageo to retrieve the domain name from the original registrant.<sup>187</sup>

The court seriously misunderstood how much weight to give to the UDRP decision, which it believed to be a binding award of arbitration. The *Yageo* court was misled by the parties' arguments: While Yageo argued that the UDRP was an award of arbitration made in the United States, the original registrant argued the court should not be bound by "the award of arbitration made by NAF."<sup>188</sup> Yageo made the court believe that the UDRP decision equaled to an award of arbitration because both parties said it was an award of arbitration.<sup>189</sup> And the translation of "Forum" in Mandarin, which is the official language in Taiwan, is just like "Court." So the translation of "National Arbitration Forum" into Mandarin is "the U.S. Nation Arbitration Court", something that sounds like a special U.S. court that has jurisdiction over arbitration. Thus, it seemed straightforward for the *Yageo* court to hold that the arbitration award from a special U.S. court should be given full faith and credit under the Treaty. The UDRP decision, however, is just a product of an administrative proceeding, provided for by a contract between the domain name registrant and registrar, for the benefit of a trademark owner.<sup>190</sup> It has no binding effect because the losing party can bring the case into a national court with jurisdiction under UDRP paragraph 4(k).<sup>191</sup> Obviously, the Taiwanese court was not familiar with UDRP at the time of the *Yageo* case.

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<sup>187</sup> *Id.*

<sup>188</sup> *Id.*

<sup>189</sup> *Id.*

<sup>190</sup> UDRP, *supra* note 101, ¶ 4.

<sup>191</sup> *Id.* Paragraph 4, part k of the UDRP states:

The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has submitted under Paragraph 3(b)(xiii) of the Rules of Procedure. (In general, that jurisdiction is either the location of our principal office or of your address as shown in our Whois database. See Paragraphs 1 and 3(b)(xiii) of the Rules of Procedure for details.) If we receive such documentation within the ten (10) business day period, we will not implement the Administrative Panel's decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

*Id.*

After the *Yageo* case, Taiwanese courts seem to have had several opportunities to address the product of domain name dispute resolution administrative proceedings. The Taiwan Network Information Center Domain Name Dispute Resolution Policy (“TWDRP”) is an administrative proceeding for domain names with the TLD “.tw”.<sup>192</sup> Among eight cases involving the TWDRP, the Taiwanese courts failed to take a consistent position regarding the legal effect of the TWDRP. In the three cases involving disputed domain names, *googlemap.com.tw*, *icrtmall.com.tw*, and *skii.com.tw*, the court wrongly dismissed the cases, reasoning that there was no case or controversy between the trademark owner and domain name registrant because the domain name service contract is between the registrant and registrar, rather than the trademark owner.<sup>193</sup> In the cases of *decathlon.com.tw* and *vitamix.com*, the court did not address the legal effect of the TWDRP decision in the lawsuit.<sup>194</sup> In the cases of *cambridge.com.tw* and *nba.com.tw*, the courts correctly announced that the TWDRP is a non-binding decision.<sup>195</sup> In a rare exception, the court in *bosch.com.tw* reviewed the TWDRP decision *de novo*.<sup>196</sup>

*b. Trademark Law Connotation (2005)*

The Taiwan Intellectual Property Office (“TIPO”) published the Trademark Law Connotation (“the Connotation”) for the Old Law in May 2005.<sup>197</sup> Because TIPO is the government agency that drafted the Trademark Law, its Connotation is very important to the application and practice of Trademark Law. Article 62 is the most relevant part for the trademark/domain name dispute under the Trademark Law.<sup>198</sup> The Connotation gives the following instructions for constructive trademark infringement stipulated by Article 62 in the Old Law:<sup>199</sup>

This Article prescribes the main type of trademark infringement. Although Article 61, section 2 defines trademark infringement, it only addresses when a third party uses the identical or similar trademark on identical or similar goods or service. However, shall the protection for a famous trademark extend to non-similar goods or service? Or shall it be deemed as

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<sup>192</sup> *Domain Name Dispute Resolution Policy, Arts. 1 & 2*, TAIWAN NETWORK INFO. CTR., [http://www.twnic.net.tw/english/dn/dn\\_04.htm](http://www.twnic.net.tw/english/dn/dn_04.htm) (last visited Mar. 3, 2013).

<sup>193</sup> *Wisdom United Digital Asset Mgmt. Corp. v. Google Corp.*, 2008 Zhi Tzi No. 18 (Taipei Dist. Ct. Nov. 6, 2008); *Senqui Int’l, Inc. v. Taipei Int’l Cmty. Cultural Found.*, 2007 Zhi Tzi No. 81 (Taipei Dist. Ct. Jan. 30, 2008); *Holy Power Bus. Mgmt. Consulting Corp. v. Proctor & Gamble Corp.*, 2002 Su Tzi No. 3223 (Taipei Dist. Ct. Oct. 30, 2002).

<sup>194</sup> *Decathlon S.A. v. Zhang Rong Corp.*, 2003 Su Tzi No. 4370 (Taipei Dist. Ct. Mar. 5, 2004); *Taiwan Network Info. Ctr. v. Vita-Max Corp.*, 2007 Su Tzi No. 3985 (Taipei Dist. Ct. Nov. 19, 2007).

<sup>195</sup> *Cambridge Univ. v. ILTEA*, 2003 Minshangsu Tzi No. 12 (Intellectual Prop. Ct. Dec. 2, 2003); *Taiwan v. Quanwen Computer Typesetting Corp.*, 2002 Guomaoshang Tzi No. 4 (Taiwan High Ct. Nov. 7, 2002).

<sup>196</sup> *Bosch Corp. v. Robert Bosch*, 2002 Su Tzi No. 91 (Taipei Dist. Ct. Mar. 27, 2003).

<sup>197</sup> See Shangbiaofa Zhutiao Shiyi (商標法逐條釋義) [Trademark Law Connotation], Taiwan Intellectual Property Office (May 2005) (Taiwan).

<sup>198</sup> See *id.* art. 62.

<sup>199</sup> This translation of the Connotation was prepared by this Author.

trademark infringement if there is no trademark use, but the trademark is already substantially infringed? There is no such stipulation under Article 61, section 2. There have been more and more instances of trademark infringement and conflicts. This Article is enacted to clarify and prevent any controversies.

Section 1 is the constructive infringement of a famous trademark. Since this is constructive infringement, a strict construction should be adopted.

1. “Knowingly” means “clearly know.” One who argues the existence of the fact should have the burden to prove it. It is not “knowingly,” if negligently not known. The objective of the knowledge includes that the trademark is registered, and that the trademark is famous.
2. “Using of identical or similar trademark” indicates the trademark use defined under Article 6.<sup>200</sup> It is different from the latter part of this section “using the word(s) contained in the famous trademark as the company name, etc.” The latter is non-trademark use. And is there any limitation on the goods or service that is being used? With the reference of Article 61, section 2 and Article 29, section 2, the goods and service which the trademark is used shall confine to those not the same or similar as the famous trademark designated to use. Because if it is the same or similar goods or service as the famous trademark designated to use, it already has automatically constituted trademark infringement as provided in Article 61, section 2, and there will be no necessity to make it “constructive infringement” under this section.
3. “Using the word(s) contained in the said famous trademark” means using the exact word(s) identical to the dominant part of the famous trademark which is used to distinguish from others’ goods or service and draw the consumer’s attention. Does it include the similar word(s) to the words contained in the famous trademark? With the reference that there is no “identical or similar” term in this part of this section, obviously different from the former part of this section, and it is already “constructive infringement,” it would not be suitable to give the interpretation that the protection scope extends to the similar word(s) in the famous trademark. It would be identical word(s) if it is so under the social consensus, however, for example, the identical words written in a different kind of style.

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<sup>200</sup> Trademark Act Of 2003, *supra* note 158, art. 6. Article 6 provides:

The term, use of trademark, as referred to in this Act connotes the utilization for marketing purpose of trademark on goods, services or relevant articles thereof, or the utilization through means of two-dimensional graphic, audio and visual digitization, electronic media, or other mediums to sufficiently make relevant consumers recognize it as a trademark.

*Id.*

4. “Using as the company name, trade name” means the company name under Corporation Law, and trade name under Business Registration Law. If used as any other legal person’s or non-legal group’s name, and the legal person or group has the fact to carry on business, it would be in the scope of “any other representation identifying the body or source of whose business.”
5. “Blurring the distinctiveness or tarnishing the reputation of the famous trademark” is different from “likely to blur the distinctiveness or tarnish the reputation of the said famous trademark or mark” under the Article 23, section 1(12) of this Law<sup>201</sup> to a certain extent. The application of this section requires the occurrence of actual dilution, mere “likely to dilute” is not enough.

Section 2 is constructive infringement for general registered trademarks. The main difference of this section and section 1 is that the registered trademark in this section is not famous. Only the following two points need to be clarified. Other connotations should refer to the one under section 1.

1. Because the “registered trademark” under this section is not a famous one, the scope of constructive infringement is smaller than that for a famous trademark. It requires “causing confusion to relevant consumers of goods or services thereof.” If there is only the “dilution” result under section 1, and not to the extent of “causing confusion to relevant consumers of goods or services thereof,” there is no application of this section. For example, using the word(s) contained in the trademark of another person for one’s own company name, but there is no market competition, nor is the business identical or similar, this section does not apply if there is no confusion to relevant consumers of designated goods or services. However, if the registered trademark is famous, and its reputation is well-known by consumers of different businesses, the association thereof makes dilution, but not confusion, yet, while this section does not apply, section 1 could possibly apply if all other elements are satisfied. In the same rationale, using the word(s) contained in the trademark of another person purely for one’s domain name, but there is no other conduct like e-commerce involved, generally speaking, the pure registration of the domain name does not

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<sup>201</sup> Trademark Act of 2003, *supra* note 158, art. 23, section 1(12). The text of Article 23, section 1(12) says:

[one of the certain circumstances that would cause refused registration: the prospect trademark] that is identical or similar to another person’s well-known trademark or mark and hence is likely to confuse the relevant public or likely to dilute the distinctiveness or reputation of the said well-known trademark or mark. However, the aforementioned shall not apply to an application filed with consent from the owner of the said well-known trademark or mark.

*Id.*

easily cause confusion to relevant consumers, and this section of course does not apply. However, if the registered trademark is famous, and the registration of the domain name is in bad faith and causes blurring the distinctiveness or tarnishing the reputation, there is no guarantee that section 1 does not apply.

2. Although there is no limitation like under Article 61, section 2, and Article 29, section 2, which requires the identical or similar goods or services, for the element of this section, while interpreting “using the word(s) . . . as any other representation identifying the body or source of whose business, it should take the maintenance of fair market competition into consideration.” Thus, the property of goods or services provided by the business owner, whether it is identical or similar goods or services that are designated by the registered trademark, whether the market competition exists, all should be taken into account to determine whether the confusion to relevant consumers of goods or services thereof resulted, so that the scope of protection for constructive infringement will not go too far beyond the legislative protection of the trademark.

With a closer look to the Connotation pertinent to domain names, we see that TIPO has no strong inclination to read cybersquatters into the scope of protection of Article 62, section 1, namely, the anti-dilution protection for famous trademarks. The original language used in the Connotation is “if the registered trademark is famous, and the registration of the domain name is in bad faith and causes blurring the distinctiveness or tarnishing the reputation, there is **no guarantee** that section 1 **does not** apply.”<sup>202</sup> Double negatives were used to imply that a cybersquatter could possibly be liable for trademark dilution. The Connotation of Article 62 also demonstrated TIPO’s careful attitude to the application of trademark dilution. As listed above, the Connotation of Article 62 emphasized several times that the article should be construed strictly and should not cover too broadly.<sup>203</sup> For example, it stated “[s]ince this is constructive infringement, a strict construction should be adopted;”<sup>204</sup> “and it is already ‘constructive infringement,’ it would not be suitable to give the interpretation that the protection scope extends to the similar word(s) in the famous trademark;”<sup>205</sup> “it should take the maintenance of fair market competition into consideration;”<sup>206</sup> “the scope of protection for constructive infringement will not go too far beyond the legislative protection of the trademark.”<sup>207</sup>

This attitude corresponds to what is mentioned in the legislative history for the New Law: “[B]ecause in the Old Law, it is very difficult to prove actual dilution,

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<sup>202</sup> See Trademark Law Connotation, *supra* note 197, art. 62 (emphasis added).

<sup>203</sup> See *id.*

<sup>204</sup> *Id.* (translation by Author).

<sup>205</sup> *Id.* (translation by Author).

<sup>206</sup> *Id.* (translation by Author).

<sup>207</sup> *Id.* (translation by Author).



regardless of blurring the distinctiveness or tarnishing the reputation of a trademark. The actual dilution requirement in the Old Law precluded a famous trademark from the prevention of actual damages in advance.” Thus, the New Law amended the “actual dilution” requirement to a “likelihood of dilution” for famous trademarks.

*c. Judicial Practice of Constructive Infringement*

In contrast to the careful attitude of TIPO toward constructive infringement under Article 62, it seems that the courts have no difficulty in finding that dilution actually occurred. In a case involving the disputed domain name, “chanel-pawnshop.com,” the Intellectual Property Court (“IP Court”) held that the registrant of the disputed domain name was liable for constructive infringement under Article 62, section 1, in the Old Law and reasoned:

The registrant with the knowledge that “Chanel” is a famous registered trademark, and without the consent of the trademark owner, used the word “Chanel,” “Xiang naier” (transliteration of “Chanel” in Mandarin) as its trade name, company name, and domain name. In addition, the registrant also made representation identifying the body or source of its business as well and promoted its business in the billboard, business card, advertisement in the newspaper, and webpage. Such promotion is for the business of the pawn and reasonably priced jewel that is far from the delicate, fashion, taste image of the plaintiff, so the conduct of the defendant caused the weakening of the distinctiveness of the trademark “Chanel” to identify the goods and service provided by the plaintiff. Thus, the distinctiveness of this famous trademark has the danger of being diminished, devalued, and diluted.<sup>208</sup>

However, the IP Court did not explain why the promotion of business that is far from the image of a famous trademark causes that trademark to be diluted.

In the case of the disputed domain name, “swarov.com.tw,” the IP Court held the registration and use of the domain name diluted the famous trademark “Swarovski,” though “swarov” is not the exact word as “Swarovski.”<sup>209</sup> The IP court gave its reason as follows:

The plaintiff’s trademark “Swarovski” and “Shi hua luo shi qi” (transliteration of “Swarovski” in Mandarin) are famous trademarks of goods or services of crystal and jewelry, commonly recognized by general consumers as well. The defendant’s business was in the business of leasing ceremonial dresses or wedding dresses. These dresses usually match well

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<sup>208</sup> Chanel Corp. v. Xiang Naier, 2010 Minshangsu Tzi No. 32 (Intellectual Prop. Ct. Apr. 21, 2011) (translation by Author).

<sup>209</sup> Swarovski Corp. v. Swarovski Wedding Photography Corp., 2011 Minshangsu Tzi No. 44 (Intellectual Prop. Ct. May 18, 2012).

with the goods of crystal and jewelry to add to their value. This could also be proven by the defendant's use of the words "Wedding Dress Boutique" in the advertisements. Thus, it could make general consumers confused to think that the source of these two goods or services is identical, or they are the serial goods or services from the identical source, or misunderstand that the users of these two marks "Swarovski" and "swarov" / "Shi Hua Luo Shi Qi" and "Shi Hua Luo" must have some relationship by related corporations, licensing, franchising, or some other similar relation. Thus, the conduct of defendant had weakened the distinctiveness of the famous trademark to identify its goods or service. . . . The defendant set up the company named "Shi Hua Luo' Wedding Dress and Photography Ltd. Co.," on Oct 8, 2004, used the word "Shi Hua Luo" as its dominant part of company name, had the billboard "Shi Hua Luo Wedding Dress Boutique" and "Swarov," until now. It also kept using business cards, calendar cards, wedding memo notes, and some other publicity materials with the words "Shi Hua Luo Wedding Dress Boutique" and took "www.swarov.com.tw" as its official website's domain name. All these uses of "Shi Hua Luo", "Swarov" or "Shi Hua Luo Wedding Dress," and "Shi Hua Luo Wedding Dress Boutique" were conduct of trademark use that constituted constructive infringement of a trademark under Article 62, section 1.<sup>210</sup>

One inference from above is that the IP court seems to have created confusion between "likelihood of confusion" and "dilution of the distinctiveness." If consumers think that different goods or services have the same source or some similar relationship when they have nothing in common, that is supposed to constitute "confusion," not just "dilution of the distinctiveness." Moreover, we do not see evidence of "confusion" demonstrated by the trademark owner in the court's reasoning.

#### *d. Judicial Practice of the Fair Trade Act*

The court also had no difficulty holding registrants liable for an unfair competition claim under Article 20, section 1(2) of the Fair Trade Act, for registering a domain name that incorporated a famous trademark.<sup>211</sup> The disputes over the domain names "nba.com.tw" and "decathlon.com.tw" with corresponding trademarks are good examples of this. In the *NBA* case,<sup>212</sup> the court reasoned:

Regarding to "using in the same or similar manner" of Article 20, section 1(2) under Fair Trade Act, "the same manner" means the same word, picture, mark, goods containers, package, shape, or its whole appearance, arrangement, color set; "the similar manner" means imitating the dominant

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<sup>210</sup> *Id.* (translation by Author).

<sup>211</sup> *Id.*

<sup>212</sup> *Taiwan v. Quanwen Computer Typesetting Corp.*, 2002 Guomaoshang Tzi No. 4 (Taiwan High Ct. Nov. 7, 2002).

part, have the relevant enterprise or consumers likely to confuse while buying and paying common attention. Thus, Article 20, section 1(2) under the Fair Trade Act prohibits the same or similar use of conduct, not confines to the same or similar goods or services. Although the appellee's business that "NBA" represents is the sport contest, and entertainment information, not the book retails, the appellant's use of "NBA" for the internet service (of book retails) also constitutes infringement of Article 20, section 1(2) under the Fair Trade Act.<sup>213</sup>

Perhaps the "NBA" trademark is too famous for the court to have other concerns. How the domain name "nba.com.tw" causes confusion with the facilities or activities of the business of the trademark owner is not well-explained in the court decision. Following the rationale of the *NBA* court, the trademark owner of NBA almost monopolized the three-letter word, "NBA," meaning nobody else would be able to use it in the course of other business.<sup>214</sup> It seems that Article 20, section 1(2) of the Fair Trade Act provides stronger protection than the anti-dilution clause of Article 62, section 1 in the Trademark Law.

In the *Decathlon* case,<sup>215</sup> the Supreme Court of Taiwan stated that:

The appellant registered the domain name "decathlon.com.tw" which incorporated the dominant part of the appellee's name, and nothing to do with the appellant, while "Decathlon" was already the dominant part of appellee's name, and was used as trademark and service mark, commonly known to the relevant enterprises or consumers. Thus, the registration of the domain name that incorporated the appellee's name could cause the confusion to the business or service provided by the appellee with the name of "Decathlon". This is not allowed [by the Fair Trade Act, Article 20, section 1(2)].<sup>216</sup>

Again, the use of the dominant word of a famous trademark seems to automatically cause confusion to the relevant enterprises or consumers, no matter what kind of business is done with the domain name. Literally, Article 20, section 1(2) of the Fair Trade Act requires "actual confusion" as an element, not merely "likely to cause confusion."<sup>217</sup> The standard should be higher than for trademark infringement because what is protected here is not a registered trademark, but an unregistered business identifier. However, given the application of law above, we find that the court jumped over the issues of actual confusion, the likelihood of confusion, and even dilution, but reached a conclusion as to the likelihood of dilution.<sup>218</sup> Evidence of confusion was hardly considered in the reasoning of the

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<sup>213</sup> *Id.* (translation by Author).

<sup>214</sup> *See generally id.*

<sup>215</sup> *Zhangji Corp. v. Decathlon S.A.*, 2008 Taishang Tzi No. 1275 (Taiwan Sup. Ct. June 19, 2008).

<sup>216</sup> *Id.* (translation by Author).

<sup>217</sup> Fair Trade Act, *supra* note 159, art. 20.

<sup>218</sup> *See Zhangji Corp. v. Decathlon S.A.*, 2008 Taishang Tzi No. 1275 (Taiwan Sup. Ct. June 19, 2008).

decision. Apparently, the factual evidence was not really important, and the element of confusion was a question of law rather than a question of fact, at least when a famous trademark was involved. Such application may be correct in some cases, but may be incorrect in others. Rights in a famous trademark should not extend beyond its intended goods or services, monopolizing the name in every market.

### *B. What Domain Name Registrants Can Rely on For a Defense*

Neither the New nor Old Taiwanese trademark laws provide a domain name registrant, who loses under a registry or registrar policy, with an RDNH declaration or a civil action. The domain name registrant likely can only rely on general tort law to file a civil action against an abusive trademark owner. However, research has not uncovered any such case.

Another way for the domain name registrant to claim his or her right in a domain name is to file a declaratory action against the trademark owner.<sup>219</sup> In the cases of *googlemap.com.tw*, *icrtmall.com.tw*, *skii.com.tw*, *vitamix.com.tw*, and *bosch.com.tw*, each registrant did so, but none won their cases.<sup>220</sup> Taiwan must import the concept of RDNH in order to balance the trademark/domain name protection war.

## VI. COMPARATIVE STUDY

### *A. Comparison of U.S. Law with the UDRP*

#### *1. Elemental Comparison*

Although trademark infringement and dilution may continue to be viable legal tools for trademark owners even after the enactment of the ACPA,<sup>221</sup> the ACPA is still the main legal device for trademark owners to fight cybersquatters. Thus, only the elements of ACPA and UDRP are compared here.

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<sup>219</sup> See, e.g., *Wisdom United Digital Asset Mgmt Corp. v. Google Corp*, 2008 Zhi Tzi No. 18 (Taipei Dist. Ct. Nov. 6, 2008).

<sup>220</sup> See *Wisdom United Digital Asset Mgmt Corp. v. Google Corp*, 2008 Zhi Tzi No. 18 (Taipei Dist. Ct. Nov. 6, 2008); *Senqui Int'l, Inc. v. Taipei Int'l Cmty. Cultural Found.*, 2007 Zhi Tzi No. 81 (Taipei Dist. Ct. Jan. 30, 2008); *Holy Power Bus. Mgmt. Consulting Corp. v. Proctor & Gamble Corp.*, 2007 Zhi Tzi No. 81 (Taipei Dist. Ct. Jan. 30, 2008); *Taiwan Network Info. Ctr. v. Vita-Max Corp.*, 2002 Su Tzi No. 3223 (Taipei Dist. Ct. Oct. 30, 2002); *Bosch Corp. v. Robert Bosch*, 2002 Su Tzi No. 91 (Taipei Dist. Ct. Mar. 27, 2003).

<sup>221</sup> See, e.g., *Passport Health, Inc. v. Travel Med, Inc.*, No. 2:09-cv-01753-GEB-JFM, 2011 WL 590723, at \*4 (E.D. Cal. Feb. 10, 2011) (granting injunction to trademark owner against domain name registrant's confusingly similar domain name).

Neither the ACPA nor the UDRP requires “commercial use” of a mark,<sup>222</sup> while both require that the domain name be identical or confusingly similar to the trademark.<sup>223</sup> At the same time, they have the following differences:

1. While the ACPA protects only famous or distinctive trademarks,<sup>224</sup> the UDRP has no such limitation.<sup>225</sup>
2. While a trademark owner is required under the UDRP to prove that the domain name registrant has no rights or legitimate interest with respect to the domain name,<sup>226</sup> the trademark owner has no such burden under the ACPA.<sup>227</sup>
3. While the ACPA requires that a domain name registrant have a bad faith intent to profit from the mark, as well as register, traffic in, or use a domain name,<sup>228</sup> the UDRP requires that the domain name registrant register and use the domain name in bad faith.<sup>229</sup>

## 2. Process of Interest Balancing

If we reviewed the actual application and practice of the ACPA and the UDRP, we would find that the ACPA and UDRP are somewhat different from one another. For example, as discussed above, the UDRP requires both registration and use of a domain name in bad faith, but the UDRP panels developed the “inaction doctrine,” which can establish bad faith use even if there is no active use.<sup>230</sup> Such practice loosens the “registration and use” requirement under the UDRP and brings it closer to the “register, traffic[] in or use[]” requirement under the ACPA, which requires that only one of the elements be present. Moreover, in any case under the ACPA where a person believed, and had a reasonable basis for that belief, that the use of the domain name was a fair use or otherwise lawful, it should not amount to bad faith.<sup>231</sup> This makes the ACPA, like the UDRP, look to whether the domain name registrant has a right to or legitimate interest in the domain name. Thus, if we compare the ACPA to the UDRP, we find a very similar framework for addressing

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<sup>222</sup> 2 ANNE GILSON LALONDE, GILSON ON TRADEMARKS § 7A.06[1][c][iv] (2012) (noting that certain noncommercial uses of a trademark may rise to the level of bad faith required for ACPA claims); *see also id.* § 7A.06[2][a] (listing requirements necessary to invoke mandatory administrative proceeding).

<sup>223</sup> *Id.* §§ 7A.06[1], [2][a].

<sup>224</sup> 15 U.S.C. § 1125(d)(1)(a)(ii) (2012).

<sup>225</sup> *See* discussion *supra* Part IV.A.1.

<sup>226</sup> *See* discussion *supra* Part IV.A.1.

<sup>227</sup> 15 U.S.C. § 1125(d)(1)(B)(i)(I) (stating that one factor of determining “whether a person has a bad faith intent” is what “trademark or other intellectual property right [the registrant has], if any, in the domain name”).

<sup>228</sup> *Id.* § 1125(d)(1)(A)(i).

<sup>229</sup> *See* discussion *supra* Part IV.A.1.

<sup>230</sup> *Supra* Part IV.A.2.

<sup>231</sup> 15 U.S.C § 1125(d)(1)(B)(ii).

the trademark and domain name conflict. And, this is what this Article would like to advocate: In judging the trademark/domain name protection war, nothing is clear-cut, and requires a process of interest balancing based on a number of factors. This proposition can be further supported through a comparison of the bad faith factors under the ACPA and the circumstances or evidence required to prove “bad faith” and a “right or legitimate interest” under the UDRP.

From Table 1 below, we see that many factors considered in the ACPA for determining bad faith find a counterpart in the UDRP 4(b), which are the requirements for proving bad faith, or in the UDRP 4(c), which are the circumstances necessary in order to demonstrate the rights or legitimate interests of the domain name registrant. Though some do not really match, none are exclusive, and therefore, could be taken into consideration in determining the others.<sup>232</sup>

*Table 1: Comparison of factors for bad faith under ACPA and UDRP*

Factors considered in the ACPA 15 U.S.C. § 1125(d)(1)(B)(i)	Counterpart in the UDRP UDRP ¶ 4
<b>(I)</b> the trademark or other intellectual property rights of the person, if any, in the domain name	<b>(c)(i)</b> before any notice to [the registrant] of the dispute, [the registrant’s] use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services;  <b>(c)(ii)</b> [the registrant] (as an individual, business, or other organization) ha[s] been commonly known by the domain name, even if [the registrant] ha[s] acquired no trademark or service mark rights
<b>(II)</b> the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person	

<sup>232</sup> Both the ACPA and UDRP indicate that their factors are not limited. See 15 U.S.C. 1125(d)(1)(B)(i) (2012); UDRP, *supra* note 101, ¶¶ 4(b), 4(c). In *Sportys.com*, the court held that a domain name, which incorporated the mark of the trademark owner, was registered primarily to prevent the trademark owner from using it, and therefore, constituted “bad faith intent.” *Sporty’s Farm LLC v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 499 (2d Cir. 2000). The factual circumstances considered by the *Sportys* court are akin to those listed in the UDRP 4(b)(ii).

<p><b>(III)</b> the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services</p>	
<p><b>(IV)</b> the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name</p>	<p><b>(c)(iii)</b> [the registrant is] making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue</p>
<p><b>(V)</b> the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site</p>	<p><b>(b)(iv)</b> by using the domain name, [the registrant] ha[s] intentionally attempted to attract, for commercial gain, Internet users to [the registrant's] web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of [the registrant's] web site or location or of a product or service on [the registrant's] web site or location</p>
<p><b>(VI)</b> the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct</p>	<p><b>(b)(i)</b> circumstances indicating that [the registrant] ha[s] registered or ha[s] acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name</p>
<p><b>(VII)</b> the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct</p>	

<p><b>(VIII)</b> the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties</p>	
<p><b>(IX)</b> the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of the [TDRA]</p>	
	<p><b>(b)(ii)</b> [the registrant] ha[s] registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that [the registrant] ha[s] engaged in a pattern of such conduct</p>
	<p><b>(b)(iii)</b> [the registrant] ha[s] registered the domain name primarily for the purpose of disrupting the business of a competitor</p>

### 3. *Similar Developments on Personal Name Protection*

In addition to protecting personal names as a trademark, the ACPA provides limited protection for an individual's name against cyberpiracy:

Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.<sup>233</sup>

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<sup>233</sup> Title III of the Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, Appendix I, § 3002(b)(1)(A), 113 Stat. 1501A-521, 1501A-548 (codified at 15 U.S.C. § 8131(1)(A) (2012)).



This protection, which is less than traditional trademark protection, does not extend to all bad faith registrations, but instead is limited to registering domain names with the intent to profit from the personal name. In order to develop a more comprehensive protection of personal names, the ACPA § 3006(a) directed “the Secretary of Commerce, in consultation with the Patent and Trademark Office and the Federal Election Commission, [to] conduct a study and report to Congress with recommendations on guidelines and procedures for resolving disputes involving,” among other things, personal names.<sup>234</sup> The report of the Secretary of Commerce concluded that:

[T]he time is not ripe for further Federal legislation to protect personal names from abusive registration as domain names. In the political area, we see no need at this time for the FEC to intervene to create a centralized accurate list of official candidates and potential candidates for Federal, State or local offices. With regard to existing remedies available under trademark law, unfair competition, and dilution, we observe that aggrieved personal name holders are eligible for protection under these laws. Further, the ACPA provides relief from the misuse of personal names as domain names when any person registers a domain name that consists of the name of another person, or a name substantially and confusingly similar thereto, without that person’s consent, with specific intent to profit from such a name by selling the domain name for financial gain. Finally, the Department of Commerce believes that WIPO’s ongoing process to study and consider issues arising from bad faith registration of personal names will hold particular value in further informing current discussions on these complicated issues and holds promise to result in the development of globally functional recommendations regarding the resolution of related disputes.<sup>235</sup>

The U.S. Department of Commerce apparently thought that the United States did not need to extend its protection of personal names to abusive registrations of domain names, and expected WIPO to resolve the complicated issue involving comprehensive disputes between domain names and personal names.<sup>236</sup> WIPO commenced the Second WIPO Internet Domain Name Process on July 10, 2000.<sup>237</sup> A final report was published on September 3, 2001, after a process of consultations and online and in-person regional meetings.<sup>238</sup> The final report made “practical recommendations based on the consultation process, and was presented to WIPO’s Member States and the Internet community, including ICANN.”<sup>239</sup> To accommodate

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<sup>234</sup> *Id.* § 3006(a), 113 Stat. at 1501A-550.

<sup>235</sup> U.S. PAT. & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, REPORT TO CONGRESS: THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT OF 1999, SECTION 3006 CONCERNING THE ABUSIVE REGISTRATION OF DOMAIN NAMES 12 (2001).

<sup>236</sup> *See Id.*

<sup>237</sup> *WIPO Internet Domain Name Process*, WORLD INTELL. PROP. ORG., <http://www.wipo.int/amc/en/processes/process2/index.html> (last visited Mar. 3, 2013).

<sup>238</sup> *Id.*

<sup>239</sup> *Id.*

broader protection for personal names, the final report recommended against modifying the UDRP.<sup>240</sup> The main reason for this recommendation was the “lack of an international norm for protecting personal names and the consequent diversity of legal approaches deployed to protect personal names at the national level.”<sup>241</sup> WIPO believed that “this diversity would place parties and panelists in an international procedure in an untenable position and would jeopardize the credibility and efficiency of the UDRP.”<sup>242</sup>

### *B. Comparison of U.S. Law and Taiwanese Law*

For a more clear comparison of U.S. Law and Taiwanese Law, the following table provides a synopsis of trademark infringement, unfair competition, anti-dilution, anti-cybersquatting, and foreign well-known trademark infringement under U.S. law and Taiwanese law, including the Old Law, New Law and Fair Trade Act, which were discussed in Part V.

*Table 2: Comparison of U.S. Law and Taiwanese Law Regarding Trademark and Domain Name Protection*

<b>Legal Device / Compared Law</b>	<b>U.S. Law</b>	<b>Old Law</b>	<b>New Law</b>
Trademark Infringement	Lanham Act § 32, 15 U.S.C. § 1114(1)	Article 61 §§ 1, 2	Article 68
Unfair Competition	Lanham Act § 32(a), 15 U.S.C. § 1125(a)	Article 62(2) & Fair Trade Act Article 20 §§ 1, 2	Fair Trade Act Article 20 §§ 1(1), (2)
Anti-Dilution	Lanham Act § 32(c), 15 U.S.C. § 1125(c)	Article 62(1)	Article 69(1), (2)
Anti-Cybersquatting	Lanham Act § 32(d)(1), 15 U.S.C. § 1125(d)(1)	None	None
Foreign Well-Known Trademark Infringement	None	Fair Trade Act Article 20 § 1(3)	Fair Trade Act Article 20 § 1(3)

<sup>240</sup> REPORT OF THE SECOND WIPO INTERNET DOMAIN NAME PROCESS, THE RECOGNITION OF RIGHTS AND THE USE OF NAMES IN THE INTERNET DOMAIN NAME SYSTEM 86 (2001), *available at* <http://www.wipo.int/export/sites/www/amc/en/docs/report-final2.pdf>.

<sup>241</sup> *Id.*

<sup>242</sup> *Id.* There has been no further development to protect personal names from cyberpiracy, whether in the U.S. law or the UDRP. There are, however, a handful of cases arising out of the ACPA, 15 U.S.C. § 8131, after its enactment. *See, e.g., Bogoni v. Gomez*, 847 F. Supp. 2d 519 (S.D.N.Y. 2012).

From the table above, we see that there is no anti-cybersquatting legislation in Taiwan. Taiwanese law takes advantage of constructive infringement, namely, anti-dilution, and unfair competition to address cybersquatters, even under the New Law. However, this is a poor fit.<sup>243</sup> If the cybersquatting involves neither competition nor a famous trademark, the anti-dilution and unfair competition laws may or may not apply.

Moreover, in order to deal with cybersquatters, the Taiwanese courts seem to unduly expand the scope of the anti-dilution and unfair competition laws, as discussed above.<sup>244</sup> The court's interpretation of anti-dilution is under Article 62(1) in the Old Law, which requires "diluting the distinctiveness or reputation of the . . . well-known trademark."<sup>245</sup> It is the counterpart to the Federal Trademark Dilution Act ("FTDA"),<sup>246</sup> which was in force until the enactment of the TDRA. The FTDA had the same requirements as Article 62(1) in the Old Law.<sup>247</sup> The U.S. Supreme Court held that the FTDA "unambiguously require[d] a showing of actual dilution, rather than a likelihood of dilution" through reliable evidence.<sup>248</sup> "Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation."<sup>249</sup> In light of this issue, Professor McCarthy advocated that the "theory of any kind, whether in physics, medicine, or law, should never be applied in a real world case without some hard evidence to support it. The extraordinary remedy of an anti-dilution law should require evidentiary rigor by the courts."<sup>250</sup> In McCarthy's opinion, a famous trademark owner could prove the dilution by expert testimony or survey evidence.<sup>251</sup> For example, an expert "could testify that the value of the mark for such purposes as security in obtaining financing has been, or is likely to be, lessened by the presence of accused [infringing] use in the marketplace."<sup>252</sup> The Taiwanese IP Court's decisions in the *Chanel* and *Swarovski* cases seem to quickly and easily reach a conclusion of dilution without the demonstration of solid evidence.<sup>253</sup> Not to mention that, in the Fair Trade Act cases of *NBA* and *Decathlon*, where actual confusion was required, the court found that a domain name that was identical to a trademark equaled

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<sup>243</sup> 4 MCCARTHY, *supra* note 1, § 25:77.

<sup>244</sup> See discussion *supra* Part V.A.5.b.

<sup>245</sup> Trademark Act of 2003, *supra* note 158, art. 62.

<sup>246</sup> Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3, 109 Stat. 985, 985-86, *repealed by* Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730-32.

<sup>247</sup> Compare Federal Trademark Dilution Act of 1995 § 3, 109 Stat. at 985 ("The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark"), with Trademark Act of 2003, *supra* note 158, art. 61(1) ("Knowingly using a trademark identical or similar to a well-known registered trademark of another person, . . . and hence diluting the distinctiveness or reputation of the said well-known trademark").

<sup>248</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

<sup>249</sup> *Id.* at 434.

<sup>250</sup> J. Thomas McCarthy, *Proving a Trademark Has Been Diluted: Theories or Facts?*, 41 HOUS. L. REV. 713, 747 (2004).

<sup>251</sup> See *id.* at 742-45 (explaining position on both expert testimony and survey evidence).

<sup>252</sup> *Id.* at 743.

<sup>253</sup> See discussion *supra* Part V.A.5.c.

confusion.<sup>254</sup> The fact that registering a domain name itself is not “using” a trademark, and that it does not automatically cause confusion, were both disregarded.<sup>255</sup> Having reviewed the history of the trademark dilution and Fair Trade Act decisions, it is strongly recommended that Taiwan enact its own anticybersquatting law to address the cybersquatting issues through a process of interest balancing.

### *C. Comparison of Taiwanese Law and the UDRP*

A comparison of Taiwanese law and UDRP also supports a recommendation that Taiwan should enact its own anticybersquatting law, which should include an RDNH prevention mechanism. There are several reasons for this proposal.

First, both the UDRP and the ACPA of U.S. law protect a distinctive mark against cybersquatters.<sup>256</sup> It is not clear, however, whether Taiwanese law provides such protection to trademark owners. This is because Taiwanese law still uses dilution to handle the issue of cybersquatting, even in the New Law.<sup>257</sup> Because a distinctive trademark is the fruit of human labor, its protection is an essential component for justice in Taiwanese intellectual property law.

Second, adjudicating the trademark/domain name protection war is a process of balancing interests based on a variety of factual considerations.<sup>258</sup> Under the consensus view of WIPO’s UDRP panels, “mere registration of a domain name, even one that is comprised of a confirmed dictionary word or phrase (which may be generic with respect to certain goods or services), may not of itself confer rights or legitimate interests in the domain name.”<sup>259</sup> Further factual circumstances are required to assist adjudication of such an issue. How will Taiwanese law and courts decide the trademark/domain name protection war by involving only “dilution” in the Trademark Law, whether under the Old or New Law, or “confusion” in the Fair Trade Act? An additional legal device is vitally necessary for Taiwan.

Third, although the UDRP is a quick and inexpensive proceeding for trademark and domain disputes, the UDRP itself still has several defects, such as the UDRP being only “a summary procedure, in which each side has only one submission, and in which there is neither testimony, cross-examination, briefing, nor argument cannot by itself hope to make credibility determinations or sort out complex competing claims.”<sup>260</sup> Because the whole win-rate for the complainant may affect the business

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<sup>254</sup> See discussion *supra* Part V.A.5.d.

<sup>255</sup> See discussion *supra* Part V.A.5.d.

<sup>256</sup> See discussion *supra* Part VI.A.

<sup>257</sup> See discussion *supra* Part V.A.3.

<sup>258</sup> See discussion *supra* Part VI.A.2.

<sup>259</sup> *WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition (“WIPO Overview 2.0”)*, WORLD INTELL. PROP. ORG., <http://www.wipo.int/amc/en/domains/search/overview/2.0/index.html#22> (last visited Mar. 3, 2013).

<sup>260</sup> See A. Michael Froomkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution*, 50 DUKE L.J. 17, 100 (2000).

of a respective dispute resolution provider, UDRP panel selection bias may exist;<sup>261</sup> there is no appeal system to correct clear errors or to correct inconsistencies between different panels' decisions.<sup>262</sup> Thus, a national court is still necessary for a final decision in trademark and domain name disputes. Without an anticybersquatting law, the Taiwanese courts may misunderstand the legal effect of UDRP decisions and may erroneously dismiss cases, much like the *Yageo* case discussed earlier.<sup>263</sup>

Finally, under the New Law, a registrant has no means to fight back against a trademark owner. This stands in contrast to trademark owners' protections against a domain name registrant's constructive infringement and trade identifier protection against domain name registrants.<sup>264</sup> The trademark/domain name protection war thus becomes asymmetric and imbalanced. Judging the trademark/domain name protection war should be a process of interest balancing as advocated by this Article, and there should be parity between the rights of trademark owners and domain name holders. Anticybersquatting legislation is therefore necessary for Taiwan, and should incorporate an RDNH prevention mechanism, much like U.S. law, so that lawful domain name holders might have something with which to defend their domain names against a powerful trademark owner.

## VII. CONCLUSION

### *A. Trademark Law is the Key to the Trademark/Domain Name Conflict*

The most important concern of this Article is whether judges in both the U.S. and Taiwan appropriately and fairly adjudicate the trademark/domain name war. Domain names have almost all the features of property. The domain name registrant has the exclusive right to use their domain name under the registration agreement with the registrar. Once a registrant registers a domain name, no one else can register that domain name until the registration expires. Domain names also have value, as they can be traded in the marketplace. Both the *Kremen* and *Paige* courts accepted that a domain name can be property for the purposes of conversion actions under California law and Utah law, respectively.

Of course, there is no simple resolution to this issue. Grafting the "first possession" doctrine for property is not a workable approach for the registration of domain names. The "first come, first served" rule is the approach to domain name registration, but not for judging the trademark/domain name protection war. When a trademark conflicts with a domain name, there is no inherent legal basis for the domain name registrant to fight against the trademark owner. Instead, it is the

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<sup>261</sup> See generally Michael Geist, *Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP*, 27 BROOK. J. INT'L L. 903, 927–28 (2002) (discussing bias within UDRP caseload allocation).

<sup>262</sup> See Yun Zhao, *Reflection on the Finality of Panel's Decisions in Domain Name Dispute Resolution Process, with Reference to China's Practice*, 26 J. MARSHALL J. COMPUTER & INFO. L. 395, 409 (2009) (suggesting a two-tier system that would allow for appeals from panel decisions).

<sup>263</sup> See discussion *supra* Part V.A.5.a.

<sup>264</sup> See discussion *supra* Part V.A.

trademark and unfair competition laws that draw the lines for trademark and domain name protection. Thus, the study of trademark and unfair competition laws is important and necessary for solving the trademark/domain name conflict.

### *B. Interest Balancing Based on Factual Considerations*

The legal mechanisms available under U.S. law for trademark/domain name conflicts include (1) trademark infringement, (2) dilution and (3) the ACPA. The core element of each is “likelihood of confusion,” “blurring the distinctiveness or tarnishing the reputation,” and “bad faith intent,” respectively. Originally, the ACPA was designed to address the trademark/domain name conflict. Through comparison of the ACPA and the UDRP, we see that the two share similar frameworks. This Article posits that there are no clear-cut answers when resolving the trademark/domain name protection war. It requires a prudent process of interest balancing based on numerous factors. Many factors contemplated by the ACPA for determining cybersquatting mirror those contemplated by the UDRP. The ACPA and UDRP are so similar that they have developed similar personal name protections.

### *C. Taiwan Should Enact its Own ACPA for Better Treatment of Trademark/Domain Name Conflicts*

Unlike U.S. law and the UDRP, Taiwanese law still relies on both constructive infringement and the Fair Trade Act to address the issue of cybersquatting. However, dilution requires “blurring the distinctiveness or tarnishing the reputation,” and unfair competition requires “causing confusion” under the respective statutes. These legal concepts sometimes lead to poor applications of the law to the underlying facts. We saw this in *chanel-pawnshop.com*, *swarov.com.tw*, *nba.com.tw*, *decathlon.com.tw*, where the court quickly determined that dilution or confusion existed without any concrete evidence being demonstrated. Because there is no appropriate mechanism of interest balancing provided in the trademark statute, Taiwanese courts could possibly sacrifice the registrant’s interest under the free competition rule, while stretching the dilution law and Fair Trade Act into the trademark/domain name conflict. Moreover, the lack of an ACPA-like provision causes the Taiwanese courts to be unfamiliar with the legal position of the UDRP or other registry policies. Clearly, the *Yageo* court treated the UDRP decision as an award of arbitration made in the United States, and held that it should have binding effect in Taiwan, when in fact this was error. Some court decisions have wrongly dismissed cases under the belief that there is no case or controversy between the trademark owner and domain name registrant. This is in addition to the undeveloped concept of RDNH prevention. Thus, it is the recommendation of this Article that Taiwan enact its own ACPA with an RDNH prevention device.