

# Bright Ideas

A publication of the Intellectual Property Law Section  
of the New York State Bar Association

## Message from the Chair

Every June brings the onset of summer as well as new people and new positions in the Section. As incoming Chair, I am but the latest in a long line of very capable predecessors. With many thanks to our prior Chair, Kelly Slavitt, for all the hard work she did for the Section, it is now time to build on her achievements and also to chart a new course for the Section and its membership.



Charles Weigell

The Section shall look to continue to bring you engaging and informative programs. These include programs covering the current and topical as well as the tried and true. For example, our June 25 presentation on “21st Century Intellectual Property Protection and Enforcement in China” was a resounding success and very well attended. For this, we thank program co-chairs Paul Garrity and Anil George as well as Kilpatrick Stockton & Townsend, LLC for hosting the event at their offices. We also thank speakers Linda Du and Sacha Tarrant for their excellent presentations. Following a twelve-year annual tradition, we held our Women in IP program on June 11 at Arent Fox. Thanks to Joyce Creidy, who is also our Diversity Initiative Committee Chair, for organizing yet another excellent program with great presenters which is widely recognized as an unparalleled networking event.

After a brief summer hiatus, in September we are planning an interactive basics IP program that will discuss tips for both U.S. and international trademark filing and prosecution practice. As part of our outreach efforts to assist the business community, we are also planning a Pro Bono IP Clinic in late September at which IP attorney volunteers will explain IP issues and strategies that are important for startups and small businesses. The program will pair attendees with attorneys for a no-fee thirty-minute consultation. We expect this event to be a big draw.

These September programs lead up to our annual Fall Meeting at the Sagamore Hotel in Bolton Landing, New York, which will take place October 24–26. The two-day CLE program has traditionally featured distinguished speakers addressing current developments in the various IP law fields. This year will be no different, as Co-Chairs Brooke Erdos Singer and Lisa Rosaya, with the assistance of our substantive law committees, are preparing a very engaging program that includes presentations on IP issues as they relate to social media and cloud computing. The beautiful location on Lake George, and the opportunity to meet and speak with many colleagues and presenters and to enjoy a great resort with all amenities, make this program an excellent way to earn CLE credits. The Lake George boat cruise and casino night scheduled during the weekend also add to the allure.

I would like to see our live programs spur more discussions of IP issues within the Section. We are review-

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# Opportunistic Registrations of Domain Names: What Is Going On, and What Tools Are Available for Trademark Owners?

By Gerald M. Levine

## I. Introduction

In June 2011, the Board of the Internet Corporation for Assigned Names and Numbers (ICANN)<sup>1</sup> adopted policy recommendations to expand the number of generic top level domains (gTLDs) from the familiar abbreviations, .com (commercial), .edu (education), .biz (business), and .gov (government), to include whole words or “strings” (for “strings of characters” in ICANN’s lexicon).<sup>2</sup> The initial filing window for applications to operate these new gTLDs closed on May 20, 2012. While it was open, ICANN received 1,930 applications for 1,409 different strings. The approved list is mostly dictionary words such as “club,” “events,” “link,” and “email,” but there is also an “xyz” as well as Chinese characters.<sup>3</sup>

There are two distinct periods that precede new gTLDs becoming generally available to all registrants: Sunrise and Landrush. During the Sunrise period, registration of new gTLD extensions is limited to trademark owners, while during Landrush any person may pre-register a domain name, although if there is competition it goes to auction at the end of the period. A trademark owner’s failure to secure a domain name in Sunrise or Landrush does not bar it from challenging an infringing registration, although it may be prudent to act promptly in securing domain names corresponding to trademarks. In this regard, ICANN has made it easier to protect against opportunistic registrations. It has also anticipated any uptick in infringements with new initiatives.

This article briefly examines the magnitude of cybersquatting and the rising apprehension that it will only worsen as ICANN approves new gTLDs for the domain name system. It also looks at the arbitral and statutory regimes available to combat abusive registrations of domain names and the very different remedies they offer. It concludes with a summary of the Trademark Clearinghouse, which is designed as an early warning system of potentially infringing domain registrations.

## II. Magnitude of Abusive Registrations

Some sense of the threat from abusive registrations, or cybersquatting, can be gleaned from the stratospheric number of disputes ICANN-certified providers have administered since the inception in 1999 of the Uniform Domain Name Dispute Resolution Policy (UDRP or the “Policy”). UDRP panelists have filed over 45,000 decisions, of which roughly 85 percent have resulted in a finding of cybersquatting. The four current ICANN-certified service providers process approximately 4,000 decisions annually, of which at least 600 are dismissed or denied. Good-faith registrations include domain names

that are being used for bona fide purposes—including nominal fair use and protected speech—and those composed of generic terms or descriptive phrases that may coincidentally correspond with later-registered trademarks.

In a release dated March 17, 2014, the World Intellectual Property Organization (WIPO) noted that “[t]he unprecedented expansion of the Internet domain name space, until now dominated by .com and a handful of other generic toplevel domains (gTLDs), is likely to disrupt existing strategies for trademark protection on the web.”<sup>4</sup> Some of the new gTLDs, such as .sucks (due Q2/2015) and .gripe (date of Sunrise registrations not yet announced), will certainly test trademark owners and raise thorny infringement, free speech, and defamation issues when they become generally available.<sup>5</sup> But, as trademark owners have learned from challenging registrations under the UDRP, domain name holders also have rights or legitimate interests that can trump trademark rights. Six hundred complaints denied or dismissed is proof that not all registrations alleged to be abusive are, in fact, cybersquatting.

While it is obviously too soon to judge whether WIPO’s concerns are warranted, it is not too soon to briefly review the available remedial tools and ICANN’s dispute-resolution initiatives as well as to reflect on the rights at stake in challenging domain name registrations.

## III. Remedial Measures and ICANN’s Protective Initiatives

The UDRP, which ICANN implemented in 1999, and the Anticybersquatting Consumer Protection Act (ACPA)<sup>6</sup> that Congress enacted in the same year have until now been the sole administrative and statutory regimes for challenging alleged cybersquatters. The ACPA is nested in the Trademark Act of 1946 and is thus, by association with other provisions in section 1125, a species of trademark infringement, but proof of cybersquatting requires a less demanding factual showing. A domain name holder may be liable for cybersquatting even where its conduct does not constitute traditional trademark infringement.

However, anticipating an increase in cybersquatting, in 2013 ICANN implemented two protective initiatives, namely the Uniform Rapid Suspension System (URS)<sup>7</sup> and the Trademark Clearinghouse (TMCH).<sup>8</sup> The URS expands the remedial administrative universe, but it is geared to alleged infringements for which there is clear and convincing proof. While the three regimes are designed to combat cybersquatting, their orientations are different.<sup>9</sup> The UDRP/URS regimes are limited to violations of trademark owners’ rights as defined in the UDRP. While trademark owners are nominally entitled to exclu-

sive use of their marks on the Internet, those composed of generic and descriptive terms have less protection than suggestive, arbitrary, and fanciful ones. Also, if the issues lack to trademark infringement, a UDRP/URS complaint will be dismissed as outside the scope of the Policy; adjudication of trademark infringement, as distinct from cybersquatting, is reserved to the courts.

Apart from this jurisdictional difference, there are two other notable differences between the administrative and statutory regimes. First, the UDRP and URS regimes are modeled on proof that the respondent both registered *and* is using the domain name in bad faith a trademark owner prevails only by proving bad faith in the conjunctive.<sup>10</sup> In contrast, the ACPA requires only that the trademark owner prove *either* registration in bad faith *or* use in bad faith.<sup>11</sup> Second, the UDRP is asymmetrical: only the complainant has a substantive remedy—a mandatory injunction—whereas under the ACPA both parties are treated equally for purposes of injunctive and monetary remedies.<sup>12</sup> An ICANN panel, by contrast, has no authority to assess damages or to grant equitable remedies

Which of the three regimes to use is the complainant's decision. Proceedings under the UDRP/URS are quick and efficient. A UDRP complainant can expect an award within sixty days of commencing the proceeding. By contrast, the ACPA is lumbering and expensive, although it has been invoked successfully by domain name holders and trademark owners alike challenging UDRP awards. It exposes the losing party to substantial damages, as illustrated most recently by a case in which the domain name holder brought a declaratory judgment action against Donald Trump claiming that his registrations of <trumpabudhabi.com>, <trumpbeijing.com>, <trumpindia.com>, and <trumpmumbai.com> were lawful. Not surprisingly, the court took the domain name holder to task for cybersquatting and awarded Trump \$32,000.<sup>13</sup> There also have been a number of federal actions brought under the ACPA by trademark owners whose UDRP complaints were denied in which courts have found cybersquatting with respect to domain names registered in good faith but used in bad faith.<sup>14</sup>

#### IV. The Distinction Between the UDRP and URS

There are two principal differences between the UDRP and the URS: (1) they operate under different evidentiary standards—preponderance of the evidence for the UDRP versus clear and convincing proof for the URS, and (2) they provide different remedies—suspension for the duration of the registration under the URS versus cancellation or transfer of registration to trademark owner under the UDRP. These differences aside, the non-exclusive circumstances of bad faith and the respondent's nonexclusive defenses under the URS track paragraphs 4(b) (i-iv) and 4(c)(i-iii) of the UDRP.<sup>15</sup>

As its name implies, the URS has certain remedial advantages over the UDRP for the trademark owner. Notably, "rapid suspension" means what it says: the re-

spondent has fourteen days to respond to the complaint. The stated goal is for the examiner to render his or her decision within three days from when the examination began, which means the procedure can be wrapped up in as little as twenty days from the filing of the complaint.<sup>16</sup> Thereafter, service of the award upon the registrar will result in an immediate shutdown of the website. But there are also disadvantages. For example, since infringing domain names are suspended only for the duration of the registration, not permanently removed, they may be acquired in the future by different registrants, triggering a repeat of the proceedings. In contrast, the UDRP provides for a transfer remedy whereby the domain name can be removed from circulation permanently. For example, complainants in the <h-p.bike> and <guess.clothing> disputes chose the UDRP over the URS in order to gain control over the domain names, while IBM was satisfied with simply having <watson.technology> suspended.

The URS comes with a caveat, namely that it "is not intended for use in any proceedings with open questions of fact," only "clear cases of trademark abuse."<sup>17</sup> Early post-Sunrise challenges offer instruction on what "clear cases of trademark abuse" means. So far, there have been challenges to registrations for .bike, .clothing, .company, .guru, .land, and .ventures.<sup>18</sup> Most of these cases have involved blatant cybersquatting, but there have been a few cases in which complainants have failed in the absence of clear and convincing proof of trademark abuse. An example is the proceeding involving <heartland.ventures>, in which the panel found nothing in the record establishing that the mark was exclusively or most commonly associated with the complainant and no evidence that the domain name was currently being used in a manner associated with that trademark.<sup>19</sup>

The URS evidentiary demands are illustrated by an unsuccessful claim brought by Richard Branson, the founder of Virgin Enterprises. In a recent URS proceeding the Panel denied his complaint concerning <branson.guru> on the ground that Branson "fail[ed] to establish in the record that the relevant trademark is strong [even assuming he has a trademark at all in the name 'branson'] plus the absence of any evidence that the domain name is currently being used in a manner that is associated with that trademark."<sup>20</sup> A summary of the evidence indicates that Branson would have failed even under the lower evidentiary standard of the UDRP—Branson being a geographic location in Missouri—but because dismissal of a URS complaint has no res judicata effect against a later UDRP or legal infringement proceeding, a complainant has the right to later file a UDRP or ACPA action.<sup>21</sup>

#### V. The Trademark Clearinghouse

The TMCH is a fee-based service designed for trademark owners to have their trademarks registered in its centralized database. The one quirk is that while the registration can be made by the owner itself or through an

agent, it cannot be made by an attorney on behalf of his or her client unless he or she has paid TMCH an agent's fee.<sup>22</sup> Trademarks are eligible for inclusion in the database if they are nationally registered on the principal or primary register in the mark's jurisdiction.<sup>23</sup> Unregistered marks may be eligible on proof of acquired distinctiveness, but, as its title implies, the TMCH is not available for applied-for but unregistered trademarks. Importantly, inclusion in the database is not proof of priority, nor does it create any legal rights. The database is simply a repository of verified rights. This is consistent with the jurisprudence developed under the UDRP: only trademark owners have standing to maintain UDRP and URS proceedings.

TMCH's service initially tracks requests for domain name registration during the Sunrise and Landrush periods and notifies third-party registrants of likely infringements. It reports a ninety-five percent record of deterring unauthorized registrations through its notifications, but since it has no enforcement authority, it is up to trademark owners to protect their interests upon notification.

In effect, once the new gTLDs become generally available, the TMCH becomes a notification service that warns trademark owners to initiate either a URS or a UDRP. Owners of trademarks that are not inherently distinctive have a heavier burden of proving abusive registration; generic and descriptive trademarks that have acquired secondary meaning can be trumped by corresponding domain names acquired and used for goods or services consistent with the ordinary meaning of the words or phrases.

## VI. Conclusion

The expansion of gTLDs will undoubtedly (as WIPO fears) "disrupt existing strategies for trademark protection on the web." But is the virtual marketplace really any different from the actual marketplace in having to contend with infringers bent on taking advantage of a trademark's reputation and goodwill? There have always been opportunists taking advantage of others' marks.

There is always a need for change. It was true in June 1998, when the National Telecommunications and Information Administration (NTIA), an authority within the U.S. Department of Commerce, issued a Statement of Policy to that effect.<sup>24</sup> The government's approach to the Internet, it stated, had to change: "Conflicts between trademark holders and domain name holders...[were] becoming more common...[while] [m]echanisms for resolving these conflicts [were] expensive and cumbersome." That call led to the creation of ICANN and the involvement of the World Intellectual Property Organization (WIPO), which produced the reports that have been said to be the "closest equivalent to a legislative history for the Policy."<sup>25</sup> And Congress's concern with cybersquatting led it to pass a law (the ACPA) designed to suppress it.

"Given the human capacity for mischief in all its forms,"<sup>26</sup> it is unrealistic to believe that cybersquatting can be eliminated. Nevertheless, the administrative and statutory regimes outlined above, and particularly the UDRP, have proved their effectiveness in shutting down infringing websites. Although cybersquatting cannot be deterred entirely, the TMCH shortens the time between the infringing act and the demand that the registration be suspended, cancelled, or transferred. Like the fire alarm at a fire house, when it rings the engines are ready to go.

## Endnotes

1. ICANN is "an internationally organized, non-profit corporation [formed in 1998] that has responsibility for Internet Protocol (IP) address space allocation, protocol identifier assignment, generic (gTLD) and country code (ccTLD) Top-Level Domain name system management, and root server system management functions." ["Background Points" posted by ICANN on its web site at <icann.org/general/background.htm>.] Its mission "is to coordinate, at the overall level, the global Internet's systems of unique identifiers, and in particular to ensure the stable and secure operation of the Internet's unique identifier systems."
2. Defined in the ICANN glossary as a "string of characters comprising an applied for gTLD."
3. *International Business Machines Corporation v. Denis Antipov*, FA1402001542313 (Nat. Arb. Forum Feb.12, 2014) (<ibm.guru> and <ibm.ventures>) (URS). Registries may opt into the URS. See *Facebook Inc. v. Radoslav*, FA130800 1515825 (Nat. Arb. Forum Sept. 27, 2013) (<facebook.pw>). Dot pw is the suffix for Palau).
4. The full text of the Release is available at [http://www.wipo.int/pressroom/en/articles/2014/article\\_0003.html](http://www.wipo.int/pressroom/en/articles/2014/article_0003.html).
5. Statistics of currently available new gTLDs are available at <<http://ntldstats.com/>>. At the top of list for popularity is .xyz followed by .berlin, .club, .guru and .photography.
6. 15 U.S.C. § 1117(d) provides for damages up to \$100,000 per domain name, but the statute is symmetrical so that a domain name holder is entitled to equal damages for reverse domain name hijacking (§ 1114 (2)(D)(iv)).
7. ICANN implemented the URS in March 2013 and its Rules in June 2013. URS, Art. 13: The procedure is available at <http://newgtlds.icann.org/en/applicants/urs>. A couple of inaugural disputes under the URS were filed in 2013 and they are beginning to show up more frequently on the docket.
8. TMCH was initially described in a circular dated January 11, 2012. It is a centralized database of validated trademarks. Further information is available at the <http://trademarkclearinghouse.com/> and <http://www.icann.org/en/gsearch/Trademark%2BClearing%2BHouse>.
9. *Web-Adviso v. Trump*, 11-cv-1413 (E.D.N.Y. Mar. 7, 2013) (rejecting plaintiff's argument he had reasonable grounds to believe his conduct was lawful). See also *Lahoti v. Vericheck*, C06-1132JLR (WDWA, 2007), *aff'd*, 586 F.3d 1190 (9th Cir. 2009).
10. UDRP, Par. 4(a)(iii) and URS Art. 8.2.
11. 15 U.S.C. § 1125(d)(1)(A): "A person shall be liable in a civil action by the owner of a mark...if, without regard to the goods or services of the parties, that person  
(i) has a bad faith intent to profit from that mark...; and  
(ii) registers, traffics in, or uses a domain name [that violates the rights of a trademark owner]."
12. The ACPA grants statutory damages to the prevailing party discretionary with the court up to one hundred thousand dollars (\$100,000) plus reasonable attorney's fees for either party's misjudgment of its rights, 15 U.S.C. §§ 1114(2)(D) and 1117(d).

13. *Web-Adviso v. Trump*, 11-cv-1413 (E.D.N.Y March 7, 2013) for unsuccessful declaratory judgment action in which the district court rejected plaintiff's argument he had reasonable grounds to believe his conduct was lawful. The court awarded Trump damages in the amount of \$32,000.) See also *Lahoti v. Verichek*, C06-1132JLR (W.D. Wash. 2007), *aff'd*, 586 F.3d 1190 (9th Cir. 2009).
14. *DSPT International v. Nahum*, 624 F.3d 1213 (9th Cir. 2010). The Court held that "[e]ven if a domain name was put up innocently and used properly for years, a person is liable under 15 U.S.C. § 1125(d) if he subsequently uses the domain name with a bad faith intent to profit from the protected mark by holding the domain name for ransom." Also, *Newport News Holdings Corporation v. Virtual City Vision, Incorporated, d/b/a Van James Bond Tran*, 650 F.3d 423 (4th Cir. 2011).
15. URS Rules, 1.2.6.3. (tracking UDRP 4(b)) and 5.7 tracking UDRP 4(c)).
16. URS, para. 9.6.
17. URS, para. 8.5.
18. *HD U.S.A., LLC v. norman galarneau*, FA1403001547561 (Nat. Arb. Forum Apr. 12, 2014) (<h-d.bike>); *Christian Dior Couture v. aris koulaidis*, FA1402001546033 (Nat. Arb. Forum Apr. 1, 2014) (<dior.clothing>); *Duck Bites Holdings, LLC v. john kennedy*, FA140300 1550405 (Nat. Arb. Forum April 11, 2014) (<ripoffreport.com>); *International Business Machines Corporation v. Denis Antipov*, FA1402001542313 (Nat. Arb. Forum Feb. 12, 2014) (<ibm.guru>); *Accenture Global Services Limited v. azan tengku et al.*, FA140300 549011 (Nat. Arb. Forum Apr. 7, 2014) (<accenture.ventures>).
19. *Heartland Payment Systems, Inc. v. Redwood Capital*, FA1403001547419 (Nat. Arb. Forum March 27, 2014).
20. *Virgin Enterprises Limited v. Lawrence Fain*, FA1402001545807 (Nat. Arb. Forum Mar. 20, 2014).
21. URS Art. 8.6: "If the Examiner finds that any of the standards have not been satisfied, then the Examiner shall deny the relief requested, thereby terminating the URS proceeding without prejudice to the Complainant to proceed with an action in court of competent jurisdiction or under the UDRP."
22. Cost and other information about becoming an agent is available at <http://www.trademark-clearinghouse.com/content/trademark-agent>.
23. A copy of the TMCH Guidelines is available at <http://trademark-clearinghouse.com/sites/default/files/files/downloads/TMCH%20guidelines%20v1.2.pdf>.
24. Statement of Policy on the Management of Internet Names and Addresses, U.S. Department of Commerce, National Telecommunications and Information Administration (June 5, 1998) (White Paper). The Policy is available on the Internet at <http://www.ntia.doc.gov/federal-register-notice/1998/statement-policy-management-internet-names-and-addresses>.
25. *Broadcom Corporation v. Michael Becker*, FA0108000098819 (Nat. Arb. Forum Oct. 21, 2001).
26. *Worldcom Exchange, Inc. v. Wei.com, Inc.*, D2004-0955 (WIPO Jan. 5, 2005).

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