

DOMAIN NAME LEGISLATION - THE BALKANIZATION OF THE INTERNET

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Despite the fact that the Internet operates independent of geopolitical space, nation states and their political subdivisions cannot resist the temptation to exercise their sovereign power in areas that defy the territorial limits of that power's reach. This promises not only to result in contradictory legislation, but national retaliation for what can be regarded as overreaching by another sovereign. More importantly, such legislation threatens the rapid and natural development of the Internet. A current area of legislative activity focuses on domain names and their relation to trademarks, service marks, and personal names.

In December 1999, Congress enacted and the President signed into law the "Anticybersquatting Consumer Protection Act," amending the Trademark Act of 1946 (the "Federal Domain Name Act"). The Federal Domain Name Act provides for damages and transfer of the domain name at issue where it can be shown that the domain name registrant has a bad faith intent to profit from a protected mark or name and certain other criteria are met. The Federal Domain Name Act also provides for *in rem* jurisdiction over a domain name within the judicial district in which the registrar or domain name registry is located. Not to be outdone, the California Senate has just introduced Senate Bill 1319, dealing with "Cyber Piracy" (the "California Senate Bill"). The bill, while similar to the Federal Domain Name Act, reserves its protection for trademarks, service marks and "name[s] that [are] closely associated with a person that is famous." Both pieces of legislation, while motivated by the best of intentions, are both unclear and exceed the protections presently available under national trademark law. In addition, the Federal Domain Name Act almost invites retaliation by other national legislatures.

To establish liability under the Federal Domain Name Act, one must establish:

- 1) a bad faith intent to profit from a mark or personal name which is protected as a mark, **without regard to the goods or services of the parties**, and
- 2) the registration, trafficking in, or use of a domain name that, at the time of registration of the domain name,
 - a) in the case of a mark that is **distinctive**, is identical or confusingly similar to that mark;
 - b) in the case of a mark that is **famous**, is identical or confusingly similar to or dilutive of that mark; or
 - c) is a trademark, word, or **name** protectable as a mark.

Federal Domain Name Act, §3002 (a).

Protection of marks under the Federal Domain Name Act are not limited either geographically or to the goods and services with which the mark is associated, as is the case under traditional trademark law, so long as the mark is **distinctive**. Nowhere does the Federal Domain Name Act define the term, "distinctive" or even offer any guidance as to how "distinctiveness" is to be determined. Is this synonymous with "inherently distinctive," the term that is used to apply to arbitrary, fanciful, and suggestive marks? Or is it to reach also marks that, while not "inherently distinctive," have acquired distinctiveness through their use in association with goods or services, such as marks which ordinarily might be thought of as descriptive, geographic, or a personal name. If it applies to either or both inherent or acquired distinctiveness, then all valid marks are "distinctive." *See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 120 L. Ed. 2d 615, 112 S. Ct. 2753, 23 U.S.P.Q.2d 1081, 1084 (1992). Or is distinctiveness dependent on exclusivity, so that the closer the use of the mark comes to being exclusive, the more distinctive it is? The only thing that can be said with any degree of certainty is that a "distinctive" mark is something less than a "famous" mark, since a "famous" mark is entitled to greater protection under the Federal Domain Name Act.

And where must a mark be "distinctive" to be entitled to protection in cyberspace? Is it sufficient that it be recognized as "distinctive" in the United States, or must it be recognized as

"distinctive" internationally? And by what standard is "distinctiveness" to be measured? Is United States law the only law that can be applied to make this determination, or is it satisfactory if a mark is recognized as "distinctive" under any national law or only under the law of the jurisdiction in which the mark is registered? These are questions which are not even raised, let alone addressed in the legislation.

The same question arises concerning the "famousness" of a mark. Where must a "mark" be famous? Is fame in the United States alone sufficient for purposes of protection under the legislation, or must the fame be truly international? And by what standards is "fame" to be measured? Do we look only to United States' anti-dilution legislation and cases interpreting such legislation, or do we look to international standards for "famous" and/or "well known" marks?

The Federal Domain Name Act does provide guidance for the determination of bad faith intent, and sets out nine, non-exclusive factors to be evaluated in making such determination. Federal Domain Name Act, §3002(a). It also states that a court shall not find bad faith intent where it determines that the domain name registrant both believed and had reasonable grounds to believe that its use of the domain name was a fair use or was otherwise lawful. *Id.* The Federal Domain Name Act provides that as one of the remedies, a court may order the cancellation or forfeiture of the domain name, and in the case of an *in rem* proceeding, that is the exclusive remedy. It is in the area of *in rem* jurisdiction where the act is not only Constitutionally suspect, but invites retaliation by other sovereigns.

Can it be said that a person sitting in Sydney, Australia at her personal computer who registers the domain name <victoria.com> with Network Solutions, Inc., has established sufficient minimum contacts with the Northern District of Virginia so that it would be reasonable for the District Court to compel that person to come into the court and defend a lawsuit or risk losing the domain name? If the registrant is an Australian citizen named Victoria who operates a small antique shop, is it fair that a company, such as Victoria's Secret, can compel her to spend the money necessary to defend a federal court action in the United States in order to have a

chance to retain the registration? And if we find it to be fair, can we complain should Australia pass similar legislation compelling U.S. parties who register names with Australian registrars to come to Australia to defend their rights? If Victoria loses her name for lack of the resources to defend her case, is it not logical that non-U.S. parties will think twice before dealing with U.S. based registrars?

While the California Senate Bill does not provide for *in rem* jurisdiction, it does closely track the Federal Domain Name Act, and includes 8 of the 9 factors of that act for purposes of determining bad faith intent on the part of a domain name registrant. It also provides to an aggrieved party all of the remedies that are generally available for unfair business practices and unfair competition. And while it protects, without defining, "distinctive" and "famous" marks, it also protects "name[s] that [are] closely associated with a person that is famous at the time of registration of the domain name" where such registration "interferes with any other property right in that name." While there are laws and cases in the United States and internationally which deal with what constitutes a "famous" or "well known" mark, there is little authority available as to what constitutes a "famous" person.

It makes little sense for sovereigns and their subdivisions to establish separate standards for the governance of the Domain Name system. With the blessing and encouragement of the United States Executive Branch, a private, non-profit corporation has been established for just this purpose. The Internet Corporation for Assigned Names and Numbers (ICANN), organized to oversee the operation of the Internet, has promulgated and required all registrars to adopt a Uniform Domain Name Dispute Resolution Policy (the "Policy") and Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"). The Policy and Rules are initially limited to bad faith or abusive registration and use of domain names, or what is commonly known as "cybersquatting." Currently, the area of exclusion of the registration of domain names that are identical or confusingly similar to famous marks is under consideration by ICANN as a possible extension of the jurisdiction of the panels established pursuant to the Policy and the Rules.

The Policy and Rules provide for an inexpensive and expeditious resolution of disputes. While no damages are available, a speedy resolution and transfer of the domain name, where appropriate is available under the system. The first case resolved under these procedures resulted in an order for the transfer of the domain name at issue (see <http://arbiter.wipo.int/domains/decisions/pdf/d99-0001.pdf>), which was accomplished in less than sixty days of the acceptance of the claim by the provider. The cost of the procedure was U.S.\$1,000, not including any attorneys' fees a party may have incurred. As the case was decided on the documents submitted, no travel and accommodation expenses were incurred.

The Internet evolved without the benefit of national legislation. The Internet recognizes neither political nor geographical space. In recognition of this and in an attempt to insure its continued expansion and usefulness, the United States government recommended that it be governed privately, rather than by any sovereign entity. The corporation established pursuant to that recommendation has set up a system which promises to be fair, expeditious and efficient. Governments should restrain the impulse to legislate, often the result of pressure brought to bear by concerned interest groups, to allow the private system to operate. To do otherwise surely risks the balkanization of what to date has been a seamless medium of communication and commerce.