

**DIVERGENCE IN THE UDRP
AND THE NEED FOR APPELLATE REVIEW**

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I. INTRODUCTION

The Uniform Domain Name Dispute Resolution Policy (The "UDRP") was adopted by the Interest Corporations for Assigned Names and Numbers ("ICANN") and made a part of every contract for the registration of a domain name in any of the original three generic Top Level Domains ("gTLDs"). Every registrant of a domain name in *.com*, *.net*, or *.org* (and now in the newly adopted gTLDs) agrees to be bound by the UDRP and to submit any dispute to the UDRP panels whenever a Complainant initiates the process by filing a complaint. The panels consists of lawyers, retired jurists, and law professors, rendering their services as representatives of private dispute resolution providers.¹ The panelists apply the UDRP to the facts adduced by the mark holder (Complainant) and the domain name registrant (Respondent). The UDRP assigns the Complainant the burden of proving three elements in order to establish that Complainant is entitled to have the domain name registration transferred to the Complainant or cancelled. These three elements can be thought of as the three levels of proof which Complainant must establish.

At the first level, Complainant must establish that the domain name at issue is identical or confusingly similar to a mark in which the Complainant has rights. UDRP, ¶ 4(d)(i). No guidance is provided to the panel as to the proof required to pass through this first level.

If Complainant is able to establish the first level of proof, then Complainant moves to the second level. Complainant must show that Respondent has no rights or legitimate interests in respect of the domain name at issue. UDRP, ¶ 4(a)(ii). Strangely, although no guidance is given to the Complainant as to how Complainant is to prove this negative, the UDRP provides the

¹ Originally, the four providers were the World Intellectual property Organization ("WIPO"), headquartered in Geneva, the National Arbitration Forum, located in Minneapolis, eResolution of Montreal, and the CPR Institute for Dispute Resolution, headquartered in New York. eResolution has recently withdrawn as a provider, and the Asian Domain Name Dispute Resolution Centre, with offices in Hong Kong and Beijing, has been added.

Respondent with examples of how Respondent can show rights or legitimate interests in the domain name.

Respondent can demonstrate such rights and interests by showing

- 1) that before any notice, Respondent has used or made demonstrable preparations to use the domain name in connection with a bona fide offering of goods and services (UDRP, ¶ 4(c)(i));
- 2) that Respondent has been commonly known by the domain name (UDRP, ¶ 4(c)(ii));
- 3) that Respondent is making a legitimate noncommercial or fair use of the domain name, without intending to misleadingly direct users for commercial gain or to tarnish the mark (UDRP, ¶ 4(c)(iii)).

These examples are merely illustrations, and are not intended to exhaust the ways in which the Respondent can demonstrate rights and legitimate interests.

Assuming that Complainant can prove that the Respondent has no rights or interests in the domain name and surmounts the second level, the Complainant must then establish that Respondent has registered and is using the domain name at issue in bad faith. UDRP, ¶ 4(a)(iii). At this hurdle, Complainant is provided some guidance as to how it might make this proof.

Under UDRP Paragraph 4(b), Complainant is given four non-exclusive examples of evidence of bad faith registration and use:

- 1) Respondent has registered or acquired the domain name primarily for purposes of selling the registration to the mark owner or to a competitor of the mark owner for an amount in excess of Respondent's out-of-pocket costs (UDRP, ¶ 4(b)(i));

- 2) Respondent has registered the domain name in order to prevent the mark owner from reflecting the mark in a domain name, providing that the Respondent has engaged in a pattern of such conduct (UDRP, ¶ 4(b)(ii));
- 3) Respondent has registered the domain name primarily for the purpose of disrupting the business of a competitor (UDRP, ¶ 4(b)(iii)); or
- 4) That Respondent has intentionally used the domain name to attract users to Respondent's web site for commercial gain by intentionally creating a likelihood of confusion with Complainant's mark (UDRP, ¶ 4(b)(iv)).

If Complainant successfully navigates all three levels, then Complainant is entitled to transfer or cancellation of the domain name registration. If Complainant fails to establish even one of the levels, the complaint fails.

With such broad standards and the great discretion given to the panels, it is no wonder that panels have expressed divergent views as to what is required to establish these requirements. While the panels' disagreements have been reasoned and honest, this little avails the potential party to a dispute who wants only to know the likelihood of prevailing. Absent some mechanism to resolve such disagreements, such as an internal appellate review, the best protection for a party to a UDRP dispute is knowledge of the major areas of panel disagreement. This paper is intended to provide a primer on some of the areas in which panels disagree.²

² Many of these areas of disagreement were suggested by my fellow panelists. I wish to thank the following for their suggestions: Fred Abbott (Tallahassee); Sir Ian Barker (New Zealand); David Bernstein (New York); Roberto Bianchi (Argentina); Cecil Branson (Canada); James Bridgeman (Ireland); Diane Cabell (Boston); Edward Chiasson (Canada); Andrew Christie (Australia); Gervaise Davis (Monterey); Robert Fashler (Canada); Hong Xue (China); Jonathon Hudis (Arlington); Dan Hunter (Philadelphia); Luis Larramendi (Spain); Alan Limbury (Australia); David Perkins (United Kingdom); Des Ryan (Australia); Mladen Vukmir (Croatia). To those I have inadvertently omitted, please accept my most humble apologies. To those who believe I have failed to include more important issues on which panelists have disagreed, the fault is entirely mine.

II. ISSUES ON WHICH PANELISTS DIVERGE

A. LEVEL ONE INCONSISTENCIES

1. Identical or Confusingly Similar

The first requirement that a Complainant must establish in order to prevail under the UDRP is that the domain name at issue is identical or confusingly similar to a mark in which the Complainant has rights. Policy, ¶ 4(a)(i). Panels have differed as to how "confusing similarity" is to be analyzed.

One view is that where a mark is incorporated into a domain name, regardless of whether additional words or letters are added, the domain name and the mark are confusingly similar. *Brittania Building Society v. Britannia Fraud Prevention*, WIPO Case No. D2001-0505. This approach is an entirely objective one. If the mark or a similar approximation is present in the domain name, confusing similarity exists. The test exists independent of the state of mind of a user.

[T]he Panel understands the phrase "identical or confusingly similar" to be greater than the sum of its parts. The Policy was adopted to prevent the extortionate behavior commonly known as "cybersquatting," in which parties registered domain names in which major trademark owners had a particular interest in order to extort money from those trademark owners. This describes Respondent's behavior. Thus, the Panel concludes that a domain name is "identical or confusingly similar" to a trademark for purposes of the Policy when the domain name includes the trademark, or a confusingly similar approximation, regardless of the other terms in the domain name. In other words, the issue under the first factor is not whether the domain name causes confusion as to source (a factor more appropriately considered in connection with the legitimacy of interest and bad faith factors), but instead whether the mark and domain name, when directly compared, have confusing similarity.

Wal-Mart Stores v. MacLeod, d/b/a For Sale, WIPO Case No. D2000-0662, at 5.

While the domain name gate-way.com is not *identical* to the complainant's trade marks GATEWAY or GATEWAY.COM, the only difference is the hyphen and this is insufficient to avoid confusing similarity. Evidence of lack of actual confusion is irrelevant since the test is confined to a consideration of the disputed domain name and the trademarks.

Gateway, Inc. v. Pixelera.com, WIPO Case No. D2000-0109, at 4.

A number of cases have held that where additional words are added either before (*see, e.g., State Farm Mutual Insurance Company v. J&B, Inc.*, NAF Case No. FA94804, <mystatefarm.com>) or after the mark (*see, e.g., GA Modefine S.A. v. Armani International Investments*, WIPO Case No. D2000-0305, <armaniinternational.net>) and incorporated into the domain name, confusing similarity may still be said to exist.

The test of confusing similarity under the Policy, unlike trademark infringement or unfair competition cases, is confined to a consideration of the disputed domain name and the trademark: *AltaVista Company v. S.M.A., Inc.* (D2000-0927); *Gateway, Inc. v. Pixelera.com, Inc. (formerly Gateway Media Productions, Inc.)* (D2000-0109).

The panel considers addition of the generic word "international" to the mark does not sufficiently distinguish the disputed domain name from the mark. Accordingly, the panel finds that the disputed domain name <niveainternational.com> is confusingly similar to the Complainant's trademark NIVEA.

Biersdorf AG v. Nivea International, WIPO Case No. D2001-0178, at 6.

Other panels analyze confusing similarity under a subjective test: would a user confronted with the domain name at issue likely be confused as to the source or sponsorship of the web site to which the domain name resolves? *Red or Dead Limited v. Kid Pty Ltd. (aka Kid Enterprises Pty Ltd.)*, WIPO Case No. D2000-0280, <redordead.com>.

Under this analysis, even where a user arrives at a web site that clearly indicates it is not connected with the mark holder, the user might experience a moment of initial confusion. This

confusion may be enough to establish confusing similarity. *See, The New York Times Company v. New York Internet Services*, WIPO Case No. D2000-1072, 5,f at 18. The focus here is not on a comparison between the mark and the domain name, but rather on the state of mind of a user.

In performing this subjective analysis, some panels have employed a test developed by the United States Court of Appeals for the Ninth Circuit in the case of *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). In *Sleekcraft*, the U.S. Appellate Court set out eight factors to be weighed on the question of the likelihood of confusion: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.

Two cases in which the *Sleekcraft* factors were applied involved "marksucks" cases, where the modern American pejorative "sucks" is appended to a mark in the formation of the domain name. In *Wal-Mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico*, WIPO Case No. D2000-0477, the primary domain name involved was <walmartcanadasucks.com>. Applying the eight *Sleekcraft* factors, the Panel found that confusing similarity existed.

In the case of *Diageo Plc v. John Zuccarini, individually and T/A Cupcake Patrol*, WIPO Case No. D2000-0996, the Panel tried to apply the *Sleekcraft* factors and found that "there remains many areas of doubt [sic] as to how the various elements of the test can be transposed in its application to disputes involving a comparison of domain names and trademarks." *Id.* at 13. The Panel went on to find confusing similarity between the GUINNESS trademark and domain names such as <guinness-sucks.com>.

The "marksucks" cases have proved particularly troublesome at the first level. One case which epitomizes the dilemma is *Bloomberg L.P. v. Secaucus Group*, NAF Case No. FA97077, concerning the domain name <michaelbloombergsucks.com>. In a 2-1 decision, the majority, applying a combination of the objective and the subjective tests, found the domain name to be confusingly similar to the Complainant's BLOOMBERG mark:

The Complainant has rights in the registered trademark BLOOMBERG. The addition of a common or generic term to a trademark does not create a new or different mark in which the Respondent has rights. *See General Electric Co. v. Forddirect.com, Inc.*, D2000-0394 (WIPO June 22, 2000) (finding that adding the generic term "direct" to the Complainant's marks (GE CAPITAL and GECAL) does not alter the underlying mark; thereby, the Respondent's domain names are confusingly similar).

The intentional registration of a domain name while knowing that the second-level domain contains another's valuable trademark weighs in favor of a likelihood of confusion. *See Minnesota Min. and Mfg. Co. v. Taylor*, 21 F.Supp.2d 1003, 1005 (D. Minn. 1998); *Intermatic Inc. v. Toeppen*, 947 F.Supp.1227, 1235-1236 (N.D. Ill. 1996). The domain name in dispute creates a likelihood of confusion because it incorporates as its dominant component the name BLOOMBERG which is the foundation for many of the Complainant's registered marks. *See, e.g., Meridian Mutual Insurance Co. v. Meridian Insurance Group, Inc.*, 128 F3d. 111 (7th Cir. 1997) (" 'if one word or feature of a composite trademark is the dominant portion of the mark, it may be given greater weight than the surrounding elements.' ").

Courts and UDRP Panels have addressed the issue of appending the term "-sucks" to another's trademark. *See Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528 (E.D. Va. 2000) (<lucentSucks.com>); *Bally Total Fitness v. Faber*, 29 F.Supp.2d 1161 (C.D. Cal. 1998) (<ballysucks.com>); *Wal-mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico*, D2000-0477 (WIPO July 20, 2000) (<walmartsucks.com>); *Cabela's Inc. v. Cupcake Patrol*, FA 95080 (Nat. Arb. Forum Aug. 29, 2000) (<cabelassucks.com>); *Wal-Mart Stores, Inc. v. wallmartcanadasucks.com*, D2000-1104 (WIPO Nov. 23, 2000) (<wallmartcanadasucks.com>); *Lockheed Martin Corp. v. Parisi*, D2000-1015 (WIPO Jan. 26, 2001) (<lockheedmartin sucks.com> and <lockheedsucks.com>). In *Lockheed*, a majority of the Panel

held: "Both common sense and a reading of the plain language of the Policy support the view that a domain name combining a trademark with the word "sucks" or language clearly indicating that the domain name is not affiliated with the trademark owner cannot be considered confusingly similar to the trademark" *Id.* However, in *Cabela's*, the Panel determined that "-sucks" domain names are not immune from scrutiny as being confusingly similar to trademarks to which they are appended. "Each case must be considered in light of the facts presented." *Cabela's Inc. v. Cupcake Patrol, supra.* (finding the disputed domain name <cabelassucks.com> confusingly similar to the Complainant's mark, "Cabela's"). A majority of the Panel agrees with the holding in *Cabela's* and concludes that the Respondent's domain name is confusingly similar to the Complainant's marks.

By using the Complainant's marks in its domain names, the Respondent makes it likely that Internet users entering "Bloomberg" into a search engine will find <michaelbloomersucks.com> in addition to the Complainant's sites. The requirement of likelihood of confusion is satisfied by the fact that the public searching for the Complainant's products and services will be faced with the domain name found by search engines, and will divert potential users of the Complainant's products and services by using the Complainant's mark. *TPI Holdings, Inc. v. AFX Communications a/k/a AFX, D2000-1472* (WIPO Feb. 2, 2001) (The Panel in finding the domain name <autotradersucks.com> to be confusingly similar to the Complainant's mark AUTO TRADER, stated that "Complainant's mark has been intentionally adopted, and the term 'sucks' has been appended to cause consumer interest and confusion in an on-line location not associated with Complainant.")

Bloomberg L.P. v. Secaucus Group, NAF Case No. FA97077, at 7-9.

The dissent, applying only the subjective test, came to the opposite conclusion.

In my view, it is unnecessary to inquire into the nature, legitimacy, or timing of Respondent's activities, because the disputed domain name on its face fails to fall within the scope of the UDRP, being neither identical to nor confusingly similar to any trademark owned by Complainant.

Assuming *arguendo* that Complainant has trademark rights in the phrase "MICHAEL BLOOMBERG" (or, alternatively, that the inclusion of "michael" in the domain name is inconsequential), the "sucks" suffix precludes any reasonable person from believing that

the domain name is associated with or authorized by Complainant. See, *Lockheed Martin Corp. v. Parisi*, D2000-1015 (WIPO Jan. 26, 2001); *Wal-Mart Stores, Inc. v. wallmartcanadasucks.com*, D2000-1104 (WIPO Nov. 23, 2000).

Id., at 12

In the case of *Vivendi Universal v. Mr. Jay David Sallen and Go247.com, Inc.*, WIPO Case No. D2001-1121, the Panel provides a good summary of the "marksucks" cases in which panels have diverged on the issue of "confusing similarity" at the first level. *Id.*, at 4-5. In *Vivendi*, the majority found that, under the subjective test alone, primary English speakers, as well as speakers whose primary language is other than English, might still find confusing similarity in the "marksucks" context:

This Panel, by a majority, is of the view that the addition of the word "sucks" to a well-known trademark is not always likely to be taken as "*language clearly indicating that the domain name is not affiliated with the trademark owner.*" Two examples of the use of the word "sucks" which do not so indicate, even to English speakers, are:

- (1) the use of the words "sucks" purely descriptively, as in the advertising slogan "Nothing sucks like Electrolux" (If there were a website at <electroluxsucks.com>, it would be unlikely to be taken as unaffiliated with the company Electrolux); and
- (2) the website of the band Primus, <primussucks.com>, so named after the album Suck on This (1990). (The website of the band's lead singer, Les Claypool, at <lesclaypool.com>, has a link to the <primussucks.com> website).

More importantly, it must be borne in mind that not all Internet users speak English as their mother tongue. In *Société Accor v. M. Philippe Hartmann* (WIPO Case No. D2001-0007) the panel said:

". . . la Commission estime que dans le cas d'un public non anglophone, voire anglophone, mais peu habitué aux expressions familières ou argotiques, bref, d'un public ignorant la signification du mot "sucks" en soi ou pour désigner des sites de "cyberprotestation", la formule "accorsucks" ne signifie rien de plus que l'adjonction à la marque connue "accor" d'un suffixe dénué de sens

particulier et, donc est inapte à constituer un "tout indivisible" modifiant globalement la perception de la marque "accor" constituant les deux premières syllabes de la séquence "accorsucks".

Cette situation a déjà été envisagée dans de précédentes Décisions. Par exemple, la Décision OMPI D2000-0636, National Westminster Bank, a indiqué.

Given the apparent mushrooming of complaints sites identified by reference to the target's name, can it be said that the registration would be recognised as an address plainly dissociated from the Complainant? In the Panel's opinion, this is by no means necessarily so. The first and immediately striking element in the Domain Name is the Complainant's name. Adoption of it in the Domain Name is inherently likely to lead some people to believe that the Complainant is connected with it. Some will treat the additional "sucks" as a pejorative exclamation and therefore dissociate it after all from the Complainant; but equally others may be unable to give it any definite meaning and will be confused about the potential association with the Complainant.

Id., at 5.

Although often criticized, the *Vivendi* decision points out a particular problem with panel decisions: an American legal, English speaking approach. Too often we American panelists assume that everyone understands English in the same sense we do, and that the American legal approach is the only proper approach to legal analysis.

In the "marksucks" cases, the author believes that the objective approach to confusing similarity is the sensible approach at the first level. If, by applying the subjective approach, one found that "marksucks" domain name were never confusingly similar, Complainant would always fail at the first level. This would create a haven for cybersquatters. For example, Pepsi could register <cokesucks.com> and have it resolve to Pepsi's web site. Since <cokesucks.com> would never be found to be confusingly similar, Pepsi would be able to profit commercially from

the use of its competitor's mark. Moreover, the subjective test for confusing similarity is already applicable to the second level ("to misleadingly divert consumers" -- UDRP, ¶ 4(c)(iii)) and to the third level ("by creating a likelihood of confusion" -- UDRP, ¶ 4(b)(iv)). At either of these levels, the proponent of the subjective test could still apply it to avoid an improper result.

B. LEVEL TWO INCONSISTENCIES

1. Criticism or Free Speech Cases

At the second level, the UDRP protects a domain name registrant's "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." UDRP, ¶ 4(c)(iii).

The first issue which arises is whether it is appropriate to use the mark of another in a domain name when the domain name at issue resolves to a web site that is critical of the mark holder or the mark holder's conduct. The majority view is that the use of the mark in the domain name is protected where the domain name resolves to a site on which criticism or parody is present. One of the leading cases in this area is *Bridgestone Firestone, Inc., Bridgestone/Firestone Research, Inc., and Bridgestone Corporation v. Jack Myers*, WIPO Case No. D2000-0190. In *Bridgestone/Firestone*, the Respondent used the domain name <bridgestone-firestone.net> to resolve to a site that featured critical commentary on Complainant, his former employer, and a "Consumer/Employee Forum," which contained favorable and unfavorable comments about Complainants and even some disparaging comments about Respondent. Because Respondent had chosen the .net gTLD and had included disclaimers on the web site that it was not the official site, the Panel rejected the distinction that had been

made between "trademarksucks.com" cases and "trademark.com" cases, finding that the use of the .net gTLD also protected its use.

In this case, the Respondent's principal purpose in using the domain name appears not to be for commercial gain, but rather to exercise his First Amendment right to criticize the Complainants. The use of the <trademark.net> domain name appears to be for the communicative purpose of identifying the companies, which are the subject of his complaints. He is not misleadingly diverting users to his website, as he has not utilized the <.com> domain and has posted adequate disclaimers as to the source of the website. It does not appear that his actions are intended to tarnish, or have tarnished, the Complainants' marks.

Id., at 7.

Some panels in cases of <trademark.com> registrations, have found that such a registration is unprotected by free speech concerns:

Even if the site at newyorktimes.com were purely a commentary or opinion site, NYIS would not be entitled to use THE NEW YORK TIMES mark in the domain name. As this Panel discussed in *E. & J. Gallo Winery v. Hanna Law Firm*, WIPO Case D2000-0615, even though NYIS may have the right (1) to establish a commentary or opinion site re The New York Times and (2) to mention The New York Times at the site and to reproduce the mark there, NYIS is not necessarily entitled to use The New York Times name or mark as part of NYIS's address for such a website. A domain name is not only an address, it is also a personal identifier. Many addresses have been available to NYIS which would not in any way impinge on the trademark rights of The New York Times. NYIS consciously chose the domain name in issue to lead Internet users to the NYIS site. NYIS is consciously counting on initial confusion to direct Internet users to the NYIS site. It is highly likely that such users intend to find an authorized site of The New York Times. Disclaimers and links directly to the authorized site do not mitigate matters. The misdirected searcher is immediately confronted with advertising that has nothing to do with The New York Times.

The New York Times Company v. New York Internet Services, WIPO Case No. D2000-1072, at 17 (<newyorktimes.com>).

Other cases have not limited the application of the *New York Times* analysis to the .com

gTLD:

Respondent may well, and likely does, have extensive rights of free speech to provide a platform to criticize Complainant and a right to the fair use of Complainant's marks in so doing. The contents of Respondent's websites may also be a perfectly legitimate use of those rights. But Respondent could well have chosen to use a domain name that was not confusingly similar to Complainant's and/or in which Complainant had no rights; it intentionally chose not to do so. *See Gallo, supra, Brandon Dunes L.P. v. Default Data.com* Case No. D2000-0431; *Compagnie de Saint Gobain v. Com-Union Corp.* Case No. D2000-0020. Respondent's free expression rights do not here give it a right or legitimate interest in the domain names at issue.

Estée Lauder, Inc. v. Estelauder.com, Estelauder.net, and Jeff Hanna, WIPO Case No. D2000-0869, at 5 (<estelauder.com>, <estelauder.net>); to the same effect, *Mission KwaSizabantu v. Rost*, WIPO Case No. D2000-0279 (<kwasizabantu.com>, <kwasizabantu.org>, and <kwasizabantu.net>).

It has been held that the quality of the criticism expressed at the web site to which the domain name resolves is irrelevant to the question of whether such criticism is protected under the UDRP.

The accused Web site contains little criticism of Wal-Mart products or practices other than its efforts to control use of its name in Web domain names. This supports an inference that the Web site is closely related to earlier Cybersquatting cases involving this Respondent, rather than the kind of criticism of an enterprise that friends of the Internet might be comfortable in encouraging.

Do the cases allowing critical or parodic use of infringing marks or domain names extend to this kind of criticism? Can the Respondent be said to have a legitimate interest in a domain name used for purposes of criticizing prior domain name litigation? The U.S. Supreme Court has suggested that the quality of criticism is immaterial.

1. Quality of criticism immaterial

The Supreme Court has cautioned in a copyright parody case:

"The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived. Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use. As Justice Holmes explained, '[i]t would be dangerous undertaking for persons trained only to the law to constitute themselves final judges to the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke.' *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (circus posters have copyright protection); *cf. Yankee Publishing Inc. v. News America Publishing, Inc.*, 809 F.Supp. 267, 280 (SDNY 1992) (Leval, J.) ("First Amendment Protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed") (trademark case)."

Wal-Mart Stores, Inc. v. Wal-Martcanadasucks.com and Kenneth J. Harvey, WIPO Case No. D2000-1104, at 18-19.

But what if, in addition to criticism, commercial activities are carried out on the web site?

One case has held that the presence of one commercial banner ad cannot defeat the protection afforded fair use under the Policy (*Daniel J. Quirk v. Michael J. Maccini*, NAF Case No. FA 94964), while another case had held that the presence of a single banner ad strips away any such protection (*The New York Times Company v. New York Internet Services*, WIPO Case No. D2000-1072). Where the Respondent's domain name resolves to a web site on which criticism of Complainant appears beside offers to sell other domain names featuring Complainant's mark, the use of the domain name is not fair use. *PG&E Corporation v. Samuel Anderson and PGE in the Year 2000*, WIPO Case No. D2000-1264.

Once again, we American panelists have tended to assume that American jurisprudence and American Constitutional protections should be given precedence on the Internet. We are not

as sensitive to values held in other cultures, such as reputation, the right to protect one's good name, and differing views as to the proper relationship between the individual and the society. In interpreting UDRP, ¶ 4(c)(iii), we need to be aware of other and differing viewpoints. It works no hardship on a domain name registrant to require that he register more than <trademark.com> as a domain name for use with a protest site, but that he be required to indicate in the domain name the nature of the web site envisioned (*i.e.*, <trademarkcritics.com> or <trademarkisunfair.com>). Such a requirement would not preclude the offering of critical commentary online.

2. Distributor, Licensee, Franchisee, or Reseller

Critics have rights and legitimate interests in respect of the domain name. Do distributors, licensees, franchisees, or resellers have rights or legitimate interests in respect of a domain name so as to defeat the complaint of the mark holder? Panels have disagreed on this issue.

Some Panels have held that authorized resellers have no right to use the Complainant's mark in a domain name.

Respondent states it has been an authorized retail seller of Complainant's products since 1991. There is little evidence of this: no authorization or contract of any kind has been produced. Nor is there any evidence of a mandate from Complainant to Respondent to open websites to "increase Complainant's business."

Moreover, even if Respondent is a retail seller of Complainant's products, the collateral trademark use necessary to allow resell of Complainant's products is not enough to give Respondent proprietary rights in Complainant's trademarks, and certainly not enough to confer the right to use these trademarks as domain names. Many famous trademarks designate goods that are manufactured and sold through numerous retail stores. But this, without something more such as authorization in a licensing agreement or other special circumstances, does not give the retail

sellers rights of domain name magnitude over the manufacturer's trademarks.

The Stanley Works and Stanley Logistics, Inc. v. Camp Creek, Inc., WIPO Case No. D2000-0113, at 4 (<stanleybostich.com>, <stanley-bostich.com>, <stanleybostich.org>, <stanley-bostich.net>, <stanley-bostich.org>, <stanely-bostich.net>, <bostich.net>, <bostich.org>, <bostichnails.com>, and <bostichtools.com>).

Respondent and its predecessor CFR have claimed that they were acting "with Motorola's sanction and blessing", but they have presented no evidence to this effect. Nor have they presented any evidence that they had a trademark or common law use of the mark prior to Motorola's adoption and use of the TALKABOUT trademark. Their actions were in violation of Motorola's intellectual property rights and caused actual confusion among customers (Complaint, Annexes I, L, P, Q). Thus it cannot be said that the respondent or its predecessor CFR had or have a legitimate interest in respect of the domain name. Respondent argues that CFR had the right to resell Motorola's products. This assertion is not disputed by Motorola, but is irrelevant, since the right to resell products does not create the right to use a mark more extensively than required to advertise and sell the product. The use of a mark as a domain name clearly goes further than what is required merely to resell products.

Motorola, Inc. v. NewGate Internet, Inc., WIPO Case No. D2000-0079, at 4 (<talkabout.com>).

Other cases have differed. In one thoughtful analysis the Panel set out requirements for rights and legitimate interests in an authorized reseller and repair service. *OKI Data Americas, Inc. v. ASD, Inc.*, WIPO Case No. D2001-0903 (<okidataparts.com>). In order to have rights and legitimate interests, the reseller must actually offer the trademarked goods, must use the site **only** for the sale of the trademarked goods, must accurately disclose the relationship with the mark holders, and must not try to corner the market in similar domain names. *Id.*, at 4.

In addition to one or more of the *OKI Data* factors, other cases have emphasized the mark holder's knowledge of and acquiescence in the use of the domain name. *Draw-Tite, Inc. v.*

Plattsburgh Spring, Inc., WIPO Case No. D2000-0017 (operation of web site for two years before objection); *Gorsten Limited, Jamaica and Unique Vacations v. Twinsburg Travel*, NAF Case No. FA 94944 (web site operated since 1996, photo of Complainant's chairman and his endorsement on web site, Respondent identified on Complainant's web site as travel agency, and link on Complainant's web site to Respondent's web site).

Some cases have found rights and legitimate interests even where a reseller also sells the products of others, if such sales are not a significant part of Respondent's business. *Id.*, (90% of Respondent's business is the sale of Complainant's "Sandals Resorts" vacation packages); *Weber-Stephens Products Co. v. Armitage Hardware*, WIPO Case No. D2000-0187 (sales of other products *de minimis*).

C. LEVEL THREE INCONSISTENCIES

1. Inaction As Bad Faith Use

The legislative history of the UDRP makes clear that the complainant must prove **both** bad faith registration **and** bad faith use.

Several comments (submitted by INTA and various trademark owners) advocated various expansions to the scope of the definition of abusive registration. For example:

- a. These comments suggested that the definition should be expanded to include cases of either registration or use in bad faith, rather than both registration and use in bad faith. These comments point out that cybersquatters often register names in bulk but do not use them, yet without use the streamlined dispute-resolution procedure is not available. While that argument appears to have merit on initial impression, it would involve a change in the policy adopted by the Board. The WIPO report, the DNSO recommendation, and the registrars-group recommendation all required both registration and use in bad faith before the streamlined procedure would be invoked. Staff recommends that this requirement not be changed without study and recommendation by the DNSO.

Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy, submitted for Board meeting of October 24, 1999.

One of the first cases decided under the UDRP involved a respondent from Australia who had registered a domain name providing false contact details. The complainant was completely unable to contact the respondent to discuss the situation. The complainant was a corporation of Australian origin holding what was perhaps the most famous trademark in Australia. The respondent, who gave an Australian address and telephone number, was not authorized to do business in Australia. The domain name at issue consisted of Complainant's trademark plus the gTLD designation .org. The decision in that case, perhaps the most often cited of all UDRP decisions, is *Telstra Corporation Limited v. Nuclear Marshmallows*, WIPO Case No. D2000-0003. In that case the Panel undertook to analyze whether inaction could constitute bad faith use under the Policy. The Panel examined the four examples of bad faith registration and use given under paragraph 4(b) of the Policy. The Panel concluded that the only paragraph that involved "a positive action post-registration undertaken in relation to the domain name" was paragraph 4(b)(iv), which discusses using the name to attract users to a web site or other online location. The Panel found that the other three examples concerned the registration of the domain name for an improper purpose: 1) registration with the primary purpose of selling the name (UDRP, ¶ 4(b)(i)); 2) registration in order to prevent the mark holder from reflecting the mark in a corresponding domain name (UDRP, ¶ 4(b)(ii)); and, 3) registration primarily for the purpose of disrupting the business of a competitor (UDRP, ¶ 4(b)(iii)). In none of these cases was it required that the respondent take any action beyond mere registration to be found to have acted in bad faith, so long as it could be established that the registration was for one of the improper purposes illustrated in paragraph 4(b). Finally, the Panel noted that the illustrations given in

paragraph 4(b) were "without limitation," indicating that there could be other instances where a respondent could be found to have registered and used the domain name in bad faith.

The *Telstra* Panel determined that whether inaction (passive holding of a domain name) could constitute bad faith registration and use could only be determined by analyzing the particular facts of a given case, giving close attention to all the circumstances of the respondent's behavior. The *Telstra* analysis has since been followed and applied by numerous panels and is clearly the majority view in Panel decisions.

Nevertheless, a minority of Panels feel that the *Telstra* case was wrongly decided and that there must be some active use made of the domain name at issue to constitute bad faith, unless the conduct falls clearly within one of the enumerated examples. See, e.g., *Sporoptic Pouilloux S.A. v. William H. Wilson*, WIPO Case D2000-0265. Because of the strength of feeling of those holding the minority view, the author felt that it was important to include this issue among disputed third level issues.

2. Consideration of Rights of Third Parties

In determining whether a domain name has been registered and is being used in bad faith, at least some Panels have considered the rights of third parties in the trademark or service mark at issue. Other Panels have felt that the consideration of the rights of third parties is outside the scope of the UDRP and is improper. This division is perhaps most clearly illustrated in the majority and dissenting opinions in *First American Funds, Inc. v. Ult. Search, Inc.*, WIPO Case No. D2000-1840. In that case, the Complainant held a trademark registration for FIRST AMERICAN. Respondent held no such registration nor claimed common law trademark rights. Respondent used the domain name at issue to resolve to a "directory type web site" at which could be found links to various web sites. In determining that this use was not made in bad faith,

the majority noted that Respondent produced evidence that over forty United States trademarks were registered or had been applied for which included or consisted of the name First American, that over one hundred and fifty gTLD names included the string "firstamerican," and that there were over forty telephone directory entries of apparently unrelated businesses in the United States which used "First American" in their names. The majority reasoned as follows:

The majority is of the opinion that the evidence produced by Respondent shows that in the United States at least, the words "First American" are widely adopted and used by a variety of different businesses extending across a spectrum of business activities and geographical locations. *Respondent describes them as constituting a "relatively mundane commercial name used by a wide variety of businesses"*. On the evidence, that appears to be the case. That Respondent should adopt them, along with a number of other similarly mundane expressions . . . does not, in the opinion of the majority evidence bad faith on the part of Respondent.

Respondent denies that it had knowledge of Complainant when it adopted the name. Even if it had such knowledge, its adoption of a corresponding name for its portal service would not, *per se*, constitute bad faith, having regard to the wide-spread use by others. Such wide-spread use has the necessary consequences that the rights of the users are circumscribed and, absent other circumstances, there is no reason why a new entrant into a new field should adopt those words. The situation would of course be different if the words were well known and unique to one trader. Respondent in its submission draws a distinction between the case of a well known and fanciful term such as "Panavision" and the widely adopted and used expression "First America" [sic] of the present case.

* * *

Whilst it is not relevant to its decision, the majority directs attention to the consequence which would follow if the Panel were to find for Complainant. Complainant is merely one of a multitude which, on the evidence, could claim rights to the domain name. To accede to Complainant's demand for transfer would be to give it priority over all such other potential claimants. Complainant has not demonstrated any right to such priority. To order cancellation would merely serve to facilitate a new rush to be first in the queue

for registration. Had the Panel found Complainant's case to be proven within the parameters of the Policy, such consequences would follow, but the majority does not so find.

Id., at ¶¶ 7.2.5-7.2.6, and 7.4.

The dissent took issue with the consideration of the rights of third parties in determining a controversy between a given complainant and a given respondent, as follows:

The Panel's authority to act and the parameters within which it may act are carefully circumscribed by the Policy and by the Uniform Rules. Nowhere in the Policy or the Uniform Rules is the Panel asked to consider in its analysis the number of parties who have registered a trademark identical or similar to that registered by the Complainant or who use business names similar to that of Complainant, nor in what fields of commerce or in what geographic areas such trademark registrations are effective or in which such businesses are engaged.

I believe that this omission not only was intended, but also is practical and effective. The Internet knows no geographic boundaries. However, the number of domains available is limited. There are currently only three generally available gTLDs. Assuming a situation in which four or more entities have registered the same mark, if the majority's reasoning were carried to its logical conclusion, none of them would be entitled to prevail under the Policy as against a third party, since there is at least one holder of the mark who would not be able to register the mark in a corresponding domain name in a gTLD. If four is not the defining number, the majority fails to indicate how many trademark registrants would be a sufficient number to entitle the Panel to disregard the fact that Respondent has registered and is using a domain name identical to the mark in which Complainant has rights. The majority opinion effectively makes trademarks with multiple registrants fair game for any cybersquatter.

The Policy does not call upon the Panel to consider or adjudicate the rights of parties not present in the proceeding. As a Panel, we are instructed to evaluate only the rights, interests, and conduct of the parties before us. To the extent that the majority opinion considers the rights and interests of third-party trademark registrants or business entities, I believe it acts outside the scope of the Panel's authority.

* * *

Moreover Respondent's use of the domain name at issue is wholly unrelated to its locator services. The domain name at issue, <firstamerican.com>, has no relationship to any of the listings on the locator page at which the Internet user arrives. A user who entered www.firstamerican.com would be confused when he or she arrives at Respondent's web site which refers users to Travelocity.com, Hawaiian vacations, eBay, T-Shirt King, beautiful Russian women looking for love, how to make \$40,000 a month, and other unrelated services. None of these are even remotely suggested by the name "First American."

A user would expect to arrive at the web site of a commercial entity in which the mark FIRST AMERICAN is a significant part of the name under which the entity operates or, if at a locator page, at a page which lists various entities using the "First American" name. A user would not arrive at either, and a user would be confused.

When Respondent registered the domain name at issue and established its web site, Respondent both intended to and today undoubtedly does profit from this confusion. Such a practice has been found to constitute bad faith registration and use under paragraph 4(b)(iv) of the Policy. *E.I du Pont de Nemours and Company v. ITC*, ICANN Case No. FA96219 (in which users entering www.lycralovers.com would be confused when they arrived at a site which offers images of Lycra-clad individuals, banner ads, and links to other sites, when they would expect to arrive at a site which sold Lycra products). The fact that users would soon discover the unlikelihood of a business relationship between Complainant and Respondent does not mean that confusion has not occurred and that Respondent has not profited from such confusion. *National Football League Properties, Inc. and Chargers Football Company v. One Sex entertainment Co., a/k/a chargegirls.net*, ICANN Case No. D2000-0118.

Id., Dissent.

3. Independent Investigation

When attempting to determine whether there is registration and use in bad faith, is it proper for a Panel to visit the web site to which a domain name resolves? Many Panels have made such visits, without any need for justification.

In this case, the Panel finds convincing evidence of this type of bad faith. The screen shot of the web site corresponding to the Domain Name submitted as Exhibit E to the Complaint shows that Respondent had put the Domain Name up for "auction," with a "starting bid" of \$500. On August 23, 2001, the Panel visited the site, and found that the Domain Name had a purported "List Price" of \$5,000 -- ten times the "starting bid" originally requested by Respondent.⁵

n. 5: While fact investigation is not normally the role of judges or arbiters in adversarial proceedings, it appears to be appropriate for panelists in UDRP cases to review, at least, the publicly-accessible Internet web site (if any exists) associated with the disputed domain name(s). Indeed, visits to web sites appear to be an accepted panel practice. *E.g.*, *Pharmacia & Upjohn Co. v. Rainbow, Inc.*, Case No. D2000-1763 (WIPO Feb. 15, 2001); *High-Class Distributions, S.r.l. v. Online Entertainment Services*, Case No. D2000-0100 (WIPO May 4, 2000)).

Terabeam Corp. v. Colin Goldman, WIPO Case No. D2001-0697, at 6, and 6, n. 5.

In the case of *Chernow Communications, Inc. v. Jonathan D. Kimball*, WIPO Case No. D2000-0119, in finding bad faith registration and use, the majority visited the web site to which the domain name resolved and justified its visit:

The domain name at issue resolves to a web site which states "[t]his website is currently under construction . . . for info about partnership opportunities or domain availability, send email to jon.kimball@icapital.com. You are visitor number:" followed by a counter which records the number of hits on the site. The majority determined these facts by entering "www.ccom.com" and reviewing the web page to which it resolved.¹ The majority believes that this is the equivalent in a domain name case to the practice of taking judicial notice. *See, e.g.*, the United States Federal Rules of Evidence, Rule 201.

Id., ¶ 4.7, at 2-3. The dissent felt that it was improper to rely on evidence found in a web site visit. *Id.*, at 7.

In some cases, the Panel has sought and obtained the consent of one of the parties before conducting a web site visit:

Respondent also provided its consent for the Panel to log on to and review Respondent's website, at *www.drawtite.com*. This Panel has reviewed Respondent's website, and attached a printout from the same as Exhibit A to the hard copy of this decision. The panel's findings herein regarding the website are based upon that review.

Draw-Tite, Inc. v. Plattsburgh Spring Inc., WIPO Case No. D2000-0017, at 5.

Finally, the minority view is that the Panel should not conduct independent investigations in the form of visits to the web site:

The Panel believes in the theoretical correctness of what stated by *Jazid, Inc. v. Michelle McKinnon v. Rennemo Steinar* [sic] (E-resolution, case AF-0807): "it [is not] the burden of the Panel to seek further evidence (other than judicial knowledge) to sustain the parties' allegations, as this may be disruptive of the arbitration process. Therefore, the burden rests on the parties to either support or sustain their allegations with the appropriate documentation whenever possible" (*see also Benefitslink.com, Inc. v. Mike Haynes* (NAF, case FA0007000095164: "It is not the role of the panel to conduct an independent investigation outside the materials submitted in the record."))

Ferrari S.p.A. v. Pierangelo Ferrari, WIPO Case No. D2001-1004, at 5.

The author believes that it does not serve the interests of justice to ignore publicly available information in making a decision. Visiting the web site should be no different than consulting an almanac or calendar or making a site visit, common practice in Anglo-American jurisprudence.

4. Admissibility of Statements Made In Settlement Discussions

One of the ways that a Complainant can establish bad faith registration and use is by showing that Respondent's primary purpose in registering the domain name is to sell it to the Complainant for an amount in excess of Respondent's costs. UDRP, ¶ 4(b)(i). Once the Complainant has contacted Respondent and made a claim to the domain name at issue, it is not uncommon for the Respondent to offer to sell the domain name at issue to the Complainant. Is

such a statement admissible to establish bad faith under paragraph 4(b)(i) of the UDRP, or should such statement be barred as made in the context of an attempt to resolve the parties' dispute?

The apparent majority view is that such offers to sell are admissible as evidence tending to satisfy the requirements of paragraph 4(b)(i).

Respondents claim that the Panel should disregard its offers to lease because, pursuant to Rule 408 of the Federal Rules of Evidence, settlement negotiations are not admissible in evidence in U.S. courts. This is true, but it does not bind this Panel. Under paragraph 10(d) of the Rules, the panel "shall determine the admissibility of evidence." Thus, as a technical matter, Rule 408 is not binding on this Panel.

The Panel recognizes that there is a split in authority on this point. Several panels have adopted the dictates of Rule 408, which excludes evidence of offers of compromise after the dispute has begun. *See LifePlan v. Life Plan*, Case No. FA0005000094826 (NAF July 13, 2000); *Milwaukee Radio Alliance, L.L.C. v. WLZR-FM LAZER 103*, Case No. D2000-0209 (WIPO June 5, 2000). Other Panels have not applied Rule 408, and have looked to evidence of offers to sell the domain name (one of the express bad faith elements, Policy para 4(b)(i)), regardless of who initiated the discussion. *CBS Broadcasting, Inc. v. Saidi*, Case No. D2000-0243 (June 2, 2000) (Noting different aims of Policy and Rule 408); *Motorola, Inc. v. NewGate Internet, Inc.*, Case No. D2000-0079 (WIPO Apr. 20, 2000) (3-member Panel; one Panelist in dissent on this point); *Netvault Ltd. v. SV Computers*, Case No. D2000-0095 (WIPO July 19, 2000) (same).

Magnum Piering, Inc. v. The Mudjacks and Garwood S. Wilson, Sr., WIPO Case No. D2000-1525, at 9-10.

The minority view, as noted above, is that United States Federal Rules of Evidence, Rule 408 bars the admissibility of such statements:

As "proof" of Respondent's "bad faith" Complainant asserts that: "on 6/10/96 the Respondent [he] offered to sell the domain name lifeplan to me via telephone correspondence." Complaint page 2. The Policy at paragraph 4(b)(1) [sic] addresses circumstances

where offering to sell, rent or transfer a domain name to the Complainant shows "bad faith." However, the mere offering, without more, does not indicate circumstances suggesting that Respondent "**registered the domain name primarily for the purpose of**" selling, renting, or transferring the domain name to the Complainant as required under 4(b)(1) [sic].

Moreover, Respondent shows that the "offer" was made in with the context of negotiations aimed at settling the parties' on-going domain name dispute.

Under paragraph 10(d) of the Rules, the panel "shall determine the admissibility of evidence." *Rules for Uniform Domain Name Dispute Resolution Policy*, ¶ 10(d). Respondent's argument that evidence of the offer should not be considered pursuant to Federal Rule of Evidence 408 is thus well taken and such "evidence" is omitted from the panel's consideration.

LifePlan v. Life Plan c/o Relational Dynamics, Inc., NAF Case No. FA0005000094826, at 4-5.

III. CONCLUSION

These are only a few, and perhaps not the most important, issues on which the UDRP Panelists views have diverged. Perhaps it should be expected that in a unique process such as is the UDRP, Panelists would disagree both as to the nature of their role and as to the intent and meaning of the Policy. Nevertheless, such divergence of views, without a meaningful opportunity to harmonize such views, leaves the user in a quandary. Is the UDRP a system of law, or only of the luck of the draw? The UDRP lacks an appellate review which can provide uniformity to the process. As the late United States Supreme Court Justice Brandeis expressed in the case of *Burnet v. Coronado Oil & Gas Co.*, 285 U.S. 393, 406 (1932) (dissenting), "*Stare decisis* is usually the wise policy, because in most matters, it is more important that the applicable rule of law be settled than that it be settled right." Users are entitled to the predictability inherent in a settled process.

