AN INVESTIGATION INTO THE LEGAL STATUS OF INTERNET DOMAIN NAMES

A THESIS SUBMITTED TO THE UNIVERSITY OF MANCHESTER FOR THE DEGREE OF DOCTOR OF PHILOSOPHY (PhD) IN THE FACULTY OF HUMANITIES

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ABSTRACT

The thesis takes as its central object and problematic the contentious status of domain names in global and domestic legal systems. It considers the manner in which advances in technology have blurred the legal rights between domain names and the existing laws of trademark, contract, copyright and property. As it stands, domain names are presented as a secondary right attached to other legal rights such as trademark or contract law, rather than as a new form, or species, of intellectual property. And yet, domain names represent a valuable, distinct and scarce commodity, which, in so far as they are capable of exclusive and excludable use, control and “ownership”, exhibit regularities common to forms of property.

This thesis seeks to justify the application of legal frameworks with respect to domain name registration and use to prepare the way for a discussion of the highly qualified recognition of domain names as legal property in United States courts and, to some extent, by arbitral tribunals acting under the Internet Corporation for Assigned Names and Numbers ICANN mandated Uniform Dispute Resolution Mechanism.

By means of a detailed exploration of the legal and practical challenges accompanying the meteoric rise of Internet technology and commerce, the thesis intends to clarify the fundamental reasons for some of the current controversies. The thesis proceeds, in a first step, to identify several “gaps” in the current framework of domain name regulation, drawing the readers’ attention to the, arguably, flawed treatment of the legal issue surrounding domain name use, control and ownership by courts and tribunals against the background of the accelerating monetisation and commoditisation of domain names.

In capsule, this thesis aims to conduct a review into existing scholarship and case law on trademarks and domain names, in addition to contract and property law. It focuses on the associated legal frameworks for each, supported by cases that demonstrate their legal standing as a newly emergent property-based right. Moreover, the thesis sets these reflections against a broader discussion of doctrinal developments in the area of trademark law, the emerging role of ICANN as a custodian of the technical domain name allocation functions; the origins and theory behind the concept of property as distinct from the law of contract and, finally, the relevance of property rights to the legal standing of domain names.

The thesis concludes by arguing that domain names should be treated as expressions of contract and property law, and that the relationship between domain names and trademark law be critically assessed and not confused. Further, it is argued that courts should take account of this duality towards the development of a revised framework for the regulation and adjudication of domain name assignment and use. A movement in this direction would stabilise expectations around the rights owed to, and by, domain name “owners”, alleviating the uncertainty that remains as to their status under law, while reducing the scope for dispute. By taking these issues one by one, this thesis aspires to make a small but important critical contribution to the intellectual and political debate on the future development and enforcement of domain name law.

DECLARATION

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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THESIS OVERVIEW, FRAMEWORK AND METHODOLOGY

Overview of the Key Themes of the Thesis

As it stands, domain name rights are conventionally conceptualised, assessed and enforced as secondary or derivative rights and not as primary self-standing and self-executing rights. Their legal status, accordingly, is somewhat tentatively attached to what is commonly recognised as more established frameworks: namely trademark, contract and, to a lesser extent, copyright law. This thesis, therefore, appraises the manner in which these legal frameworks have been applied to the case of domain name law, before providing a critical examination of the limitations of existing law and jurisprudence. In the following introductory section, the key research themes of this thesis will be identified to prepare the ground for a more detailed discussion of these issues throughout the thesis.

In the first part the thesis will scrutinise the role of ICANN and its regulatory/adjudicatory functions as a custodian of domain names, focusing, in particular, on its decision to open up bids for top level domain names to an expanded pool of actors. The growth of the Internet finds its natural counterpart in a growing number of conflicts between trademark owners and domain name holders of the same or similar names to trademarks. In the above light, the thesis considers whether trademark law, and the remedies traditionally associated with it, provide adequate protection to both parties in domain names disputes. It poses the question: should efforts be made to further strengthen and enlarge the class of interests entitled to Internet domain name protection?

In an increasingly globalising business environment a trademark, often referred to as a brand or brand name, is a highly valued marketing tool, which differentiates one or more of the organisation's products or services from those of its competitors. It follows logically, therefore, that a corresponding domain name may contain textual or design elements commonly associated with that same enterprise. And yet, this is frequently not the case. Indeed, domain name holders do not always hold equivalent rights in a trademark. In point of fact, following ICANN’s decision to expand top-level domain name registration, prospective registrants are locked in a fierce competition to acquire common place, generic top-level

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domains, commonly referred to as gTLDs (e.g. book, business, etc.). These words lack the
distinguishing features of other forms of intellectual property.

Set against this background, this thesis will address a remaining controversy: how significant
a factor is it that domain names carry a trademark? Can an individual or entity claim rights
and interests in a domain name even where they lack formal rights in a trademark? And, if
such parties do, indeed, enjoy certain protections and remedies under the relevant common
law or statutory law, how do these compare with those enjoyed by those able to demonstrate
pre-existing trademark rights in a registered domain name? The jurisprudence developed
under the auspices of the US Anti-Cybersquatting Protection Act (ACPA), in addition to the
Federal Dilution Protection Act and the Lanham Act, will be discussed and contrasted with
the decisions issued under ICANN’s Uniform Dispute Resolution Mechanism.

**Competition Law Issues**

The on-going attempts by online advertising and retail giants such as Amazon and Google to
acquire rights in gTLDs only tangentially related to their business name or product is
contentious. Profound questions are raised over the balance to be struck between the goal of
fair competition and the protection of a trademark holder’s right in a domain name. Domain
names, and the processes under which they are assigned, transferred and purchased, have
tremendous significance for product innovation and competition, to say little of the long-term
development of the Internet marketplace of the future.

Disputes will arise over the legitimate use and control of such generic word terms (both at the
application stages and following an ICANN approved grant of registration). Even where a
trademark owner asserts legitimate rights in a domain name, one can easily conceive of a
situation where another party claims equal interest in that name and its use. These contests,
among others, expose the indeterminate status of domain name law and the tension-linking
relation in which it stands with traditional doctrinal categories of intellectual property law.\(^3\)

Confronted with the above-mentioned challenges, courts have struggled to formulate a
conceptually and practically appropriate model from within which to address, and resolve,
domain name disputes. The situation is further complicated by the fact that such disputes will

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\(^3\) Frederick Abbott, ‘On The Duality Of Internet Domain Names: Propertization And Its Discontents’ (2013) 3
often implicate thorny (private law) questions of jurisdiction and choice of law. To the extent that proliferation of online transactions has been most rapid in developed countries, such as the USA and the UK, the rules, procedural and substantive, applied to domain name disputes have, in most instances, evolved through local interventions, judicial and regulatory. Following the creation of a uniform and global system of dispute resolution under the ICANN-approved Uniform Domain Name Dispute Resolution Policy (UDRP), there is, in theory at least, some movement towards the development, and refinement, of a more cohesive body of interpretative rules and practices for dealing with legal aspects of domain name registration and use. Notwithstanding these movements, one can point to notable divergences and inconsistencies between the customary rulings and practices of the World Intellectual Property Organisation (WIPO) Panels, on the one hand, and the recent judgments of the Ninth Circuit Court under the ACPA, on the other.

**Domain Names as Property**

The above discussion offers a mainspring and background from which to begin addressing the central question of the thesis: what is the nature and content of the rights which attach to domain names? Are domain names to be treated as a new or even sui generis form of intellectual property? Are domain names distinct from other forms of tangible and intangible property – in other words what are the areas of overlap and departure between domain names as putative property and more established forms of IP law, including trademark law? If domain names are distinct, what rights and regularities attach to this legal classification?

While trademark law, patent law and copyright are obvious candidates for a comparative analysis, the thesis directs the scholarly attention to an issue which has received less attention: if domain name registration and use is established and regulated under a registrant services contract, how then do domain names achieve a status of property? This question is important because different rules apply to contract and property law, and each bear distinct rationales and functions. Property and the laws that govern its use will, after all, have a social-distributive-regulative dimension. Contracts, by contrast, are the product of an agreement between two or more consenting individuals or entities. Law has no direct intervening role in the latter; it merely sets procedural conditions subject to which both

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contracting parties are required to observe a minimum level of fairness and regularity in the enforcement of these agreements. Property law has traditionally been reflective of its own purposive and substantive aims. The allocation, distribution and transfer of property is liable to generate wider socio-economic impacts. Domain names as a putative form of property, in other words, might also be conceived as a common or public good: the rules which govern access, use, control and monopoly over that property are not self-contained and discrete in their effects, to be agreed upon among contracting individuals. Rather, those rules, and indeed, the effects of rules regulating property are, or rather, should be, placed within the realm of legitimate public contestation.

Courts and academics have begun to consider the status and value of intangible resources like that of domain names, with a view to assessing how these can be made to “fit” with existing legal categories and frameworks. And yet, arguably, few inroads have been made. Domain names continue to be analysed in zero sum terms. It is striking that we should find in the reasoning of the US federal courts, a persistent tendency to confine domain names within insoluble and mutually discrete categories. In the past, courts and scholars have tended to privilege, exclusively, the contractual model of domain names as services rendered. The value inherent in domain names as an excludable, distinct and desirable resource (with or without rights in a registered trademark) should, this thesis contends, for reasons of efficacy, as well as legitimacy, be isolated from the more technical aspects of domain name allocation and assignment as governed under contract (in accordance with the ICANN standardised Domain Name System (DNS) registration agreement).

Recent court decisions, by contrast, have tended toward a property-based view of domain registration use in cases involves bankruptcy, related party transfer and garnishment (essentially attachment of earnings in the UK context) actions and so on. In other words, if previous courts have treated domain name “object” as a wholly contractual creation, which confers upon the registrant a mere conditional right to domain name use for a specified period, recent decisions enforced under the ACPA have tended towards an over-inclusive definition of intangible property: domain names are classed as an insulated case of absolute and perpetually protected property rights which are made subject to the ordinary rules of personal property. Acceptance of one of these modes of argumentation is assumed to

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invalidate the persuasive weight and authority of the other. Against these premises, this thesis argues that domain names should be properly analysed, mutatis mutandis, as both a right created under contract and as a new form of intellectual property.

The policy implications of a property-based conception are apparent in any number of ways, including forms of contestation around the balance to be struck between competing goals, values and rights: privacy versus public registration and use of domain names, free competition versus proprietary control of domain names; the differences between the traditional objects of trademark, copyright and patent copyright protection and the more limited rights framework associated with domain names and so forth, are significant. These issues remain intensely controversial and their resolution, as yet, judicially unclear. The Internet is continuously evolving so that opportunities for further study in this area will emerge; as will the legal question of how to balance competing rights and interests (e.g. individual rights and collective goods; security and competition and so forth). Many of these issues are already emerging as dynamic and rapidly evolving arenas of commercial and personal activity, for example, in the burgeoning industries of online gaming and social networking sites.

Viewed in the above light, further clarification as to the nature and content of rights attached to domain names is required if we are to move forward confidently and productively into a future sure to be dominated by the concept of cyberproperty.6 Existing frameworks applied to domain name registration and use, as this thesis will seek demonstrate, fail to grasp the dual character of domain names: their contractual origins, on the one hand – leading downwards from ICANN (minimally harmonised) rules all the way through to the particular agreements concluded between registrar and registrant – and their status as a putatively “new” form of intangible intellectual property, on the other. By eroding, rather than clearly delineating, workable distinctions between real property, intellectual property and contractual law, recent court decisions, in the United States in particular, threaten to further muddy the waters at the very moment that clear rules for governing the thriving market in domain names are most needed.

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This thesis concludes that domain names can be appropriately formulated and conceptualised as both expressions of contractually based rights and as intangible property. It will attempt to reveal the limitations of the reasoning employed by US courts and contrast with the relative merits, and demerits, of the customary administrative practice of the UDRP. At the level of conceptual analysis and critique, it will suggest that the hierarchies and distinctions applied to domain name registration and use are ill-adapted to the many, and specific, challenges raised by domain name use and acquisition, as we find them in the world today.

**Methodology**

The demand for domain names, and the contests which develop around them, is a global phenomenon which escapes confinement within any one state or jurisdiction. This thesis will, in the main, focus on the recent decisions and jurisprudence of WIPO Panels (under the UDRP) and US courts (acting pursuant to the ACPA), in light of their broader significance as a potential model and framework for resolving domain name related disputes. It is worth noting, nonetheless, that many of the common law principles applied to these decisions by the relevant panels and courts are recognised by other jurisdictions, notably the UK and the EU. The case law that has emerged in these jurisdiction remains, however, outside the scope of this thesis.

The methodology used here centres around an examination of comparative law, with the emphasis on the ability of comparative law to offer an insight into both the legal systems compared and the assumptions and policy choices made within those legal systems. This can often generate new insight, and in the context of an investigation of the possibility of relatively novel protections and legal regimes around domain names, the self-reflection and wide variety of perspective offered appears extremely useful. It is important to avoid the trap of viewing law in a way that is essentially the product of the predispositions and policy choices of the jurisdiction and world-view of the researcher. The goal of this research is to identify the possibility of change and, to do this, it is also important to compare the “patterns
of order that shape people, institutions, and the society in a jurisdiction\(^7\) and the assumptions that underpin that.

A natural question arising from this is why the thesis chooses to focus on US and EU law in the main. There are several reasons for this. Firstly, the history of the Internet was originally a US-dominated one. For this reason much of the well-developed law around domain names is US-based, and indeed even the state law of Georgia and Virginia has had a surprising impact\(^8\) due to the presence of a large internet backbone infrastructure running through each state and the ensuing jurisdiction over much of the day-to-day communications of the Internet. This has important implications for Internet Protocol (IP) law in particular, and it is important to capture this side of the existing law. The US also contains a large amount of hosting infrastructure and content, as well as containing many of the internet businesses that define the internet economy. Aside from the existing issues this concentration of hosting has created in such areas as regulation of hate speech in non-US jurisdictions due to US freedom of speech laws,\(^9\) some US legal commentary claims that an effectively universal jurisdiction has been created where US law can apply to almost any internet dispute.\(^10\) This is perhaps unconvincing to many other countries, but the concepts of US internet law in patents and trademarks are similar to EU and WIPO/WTO/TRIPs norms. It is therefore essential to consider the US perspective even when the reforms being considered could be implemented in the EU without intervention from the US. Any proposed change must therefore at a minimum include the major common law jurisdictions and EU law, and this has shaped the scope of the legal examination made in this work. The thesis then seeks to demonstrate that a new approach is required, using the above method to evaluate the claim that a hybridised approach is needed, rooted in both property and contract law. This allows for a contextualised approach, and the multi-jurisdictional research allows for consideration of the impact of the different US legal concepts such as merging, conversion, \textit{in rem} and \textit{in personam} remedies and garnishment.

Structure of the Thesis

The structure of the thesis is as follows.

Chapter One begins with an introduction to ICANN and its international role as a custodian of domain names. A second section considers the historical evolution of state-related and international intellectual property law, preparing the ground for a discussion of the uniform and automatic system of dispute settlement operationalised under the UDRP. Finally, it briefly discusses the contractual framework on which domain name registration and use appears to be modelled, with a view to assessing, and challenging the claim that the rights which derive from the registrar/registration agreement are a purely contractual creation, and thus distinct from property.

Chapter Two both considers the development of trademark law from its inception to the present day and attempts to draw out potential similarities in the legal approaches taken in the Intel and InterFlora cases regarding trademark rights online and the applicability of those frameworks and approaches to the nexus between domain names, trademarks, contract and property rights. The chapter also places trademarks within the broader IPR context, and examines the relationship between trademark law and domain name registration and use. It concludes with a discussion of the possible limitations of existing frameworks of intellectual property law, and especially the impact of the investment and dilution approach regarding both advertising and domain name usage online.

Chapter Three shifts the focus to the emergence of a global system of domain name regulation and dispute resolution, at the centre of which stand ICANN and WIPO arbitration panels. This analysis begins with a discussion of ICANN’s domain name expansion programme. A second part focuses on ICANN mandated dispute settlement mechanisms, which are contrasted with mechanisms and remedies available under US statutory law.

Chapter Four builds on the former discussion and attempts to flesh out ICANN's expansion agenda, which enlarges the range and number of Top-Level Domain Names (TLDs). It analyses the significance of these reforms in economic and IP value terms, particularly in relation to the growing number of gTLDs applications. The registration, use, control and abuse of gTLDs introduce a new set of questions and challenges, beyond those more commonly associated with famous trademarks. Indeed, despite their considerable social and
economic value, generic word registration bids are liable to escape the protections of traditional trademark law. The chapter concludes with an assessment of the relevance of domain names in the era of search engine optimisation. In so doing, it considers ICANN policies in light of their broad implications for the e-commerce marketplace of the future.

In a second part, the thesis is divided into two broad parts.

The first of the chapters, Chapter Five, contrasts and compares contractual models for assessing rights in domain names on the one hand, with a property-based framework on the other. This chapter commences with a discussion of each of these rights and their significance. It proceeds to discuss the judicial embrace of contractual conceptions of domain names in previous jurisprudence, focusing on the seminal Umbro case, a judgment passed by the US Ninth Circuit Courts.

Following on from Chapter five discussion, Chapter Six considers the features and functions of property as they have been conceived in classic property law theory. Chapter Seven applies these insights to recent case law. In so doing, the chapter looks to assess important jurisprudential developments in the United States, many of which find their antecedents in the Kremen judgment: the landmark case in which domain names were first recognised as a form of intellectual property. As an aspect of this thorough-going analysis of recent departures in US jurisprudence, this chapter considers and critiques the recent tendency to construe intellectual property rights, and their definitional scope, in overly broad, imprecise and poorly reasoned terms. The interpretative position favoured by the Ninth Circuit Courts widens the class of interests able to claim possessory rights in domain names. As such, this chapter reflects on the many, and specific, challenges raised by an over-inclusive definition of property.

Chapter Eight offers a conceptual defence of a hybridised approach that recognises that domain name rights, while created under contract, will nonetheless exhibit many of the features and functions commonly associated with property.

Finally, the conclusion proposes a more holistic and supportive legal approach than that currently offered by the courts. It suggests that the dual aspects of domain name registration should be fully developed and recognised by the courts and in legislation.
CHAPTER ONE
ICANN AS A CUSTODIAN OF DOMAIN NAME REGULATION

1. Introduction

This introductory chapter critically appraises the key functions and features of ICANN’s domain naming system (DNS) and will begin with an in-depth discussion of the domain name registration process. It will then reflect briefly on the contractual basis of domain name registration. This section will discuss ICANN’s relationship with country-level or private registrars. Significantly, this chapter will also focus on the creation of a minimal harmonisation system under which rules and policies governing the terms and conditions of a registration agreement are standardised, at least in part.\(^{11}\)

The chapter proceeds to assess new developments related to ICANN’s domain name expansion programme. Finally, it briefly discusses the contractual framework on which domain name registration and use appears to be modelled, with a view to assessing the claim that the rights which derive from domain names are contractual in nature, and thus distinct from property. The conclusions drawn at the end of the chapter offer a lens through which to view the more descriptive discussion of the relevant laws and policies, the focus of the first part of the thesis (Chapters 1-4), to prepare the ground for a more prescriptive discussion of the relative merits of a property based conception of domain names, discussed in part two of the thesis (Chapters 5-9).

1.1 ICANN as a Custodian of Domain Name Regulation: The Development of a Global System of Domain Name Allocation and Assignment

By the early nineties, the Internet “space” had grown exponentially as the commercial restrictions on its usage were relaxed.\(^{12}\) With these movements, a number of policy fields

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\(^{12}\) Abbott (n 3) 3-4.
including, inter alia, business, education, economic development and security were now impacted by Internet activities. In the face of the increasingly integrated nature of the global economy – and the cross-border quality of commercial operations and activities – came renewed demands for intellectual property and, especially, domain name laws and policies that were global in reach, and adaptive to online markets and technologies. Indeed, many of the transformations undergone in international property law in recent decades have been pioneered by public and private actors acting in institutional settings at levels beyond the state.

Given its importance, a number of significant intergovernmental institutions have taken steps to institute and enforce common standards in the area of intellectual property law. A pioneer in this regard is the World Intellectual Property Organisation (WIPO). Among its most noteworthy reforms, the organisation made the decision to constitute standing committees. These committees present proposals to WIPO assemblies, which can be later adopted as non-binding recommendations. As a result, signatory states can pursue substantive goals, while bypassing cumbersome treaty mechanisms pursuant to which decisions are passed only after politically protracted negotiation processes. Recourse to the non-binding recommendations procedures, sometimes known as “soft law” techniques have been employed with frequency, particularly in the trademark law context. The most important of the recommendations, for the purposes of this chapter, concerns the creation of the Internet Corporation for Assigned Names and Numbers (ICANN).

More and more information was circulated and exchanged on the Internet, particularly as commercial restrictions on its usage was relaxed and access to the web expanded. In view of these developments, many commentators and actors would demand the creation of global governance institutions with capacity to regulate, manage and coordinate all aspects of

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13 See in particular the TRIPs Agreement, art 2(1) which requires compliance with national treatment (in accordance with art 3 of the Paris Convention) and art 9(1) (requiring compliance with stated provisions of the Berne Convention).
16 ibid 334.
Internet-related technical policy making. The technical development and expansion of the global system of communication and information exchange, in other words, would bring renewed calls for a complex model of governance that was adequate to the demands of an increasingly economically and socially integrated world.\(^{17}\)

Following these calls, a rudimentary system of domain name allocation was established, known as the Internet Assigned Numbers Authority (IANA).\(^ {18}\) In later years, a new purpose-built organisation would incorporate the IANA: this organisation, ICANN, was instituted in 1998 with the single mandate of “lessening the burdens of government and promoting the global public interest in the stability of the Internet”.\(^ {19}\) Significantly, ICANN would take control of domain name registration and use related policies, functions that had previously been unsuccessfully delegated to the private company, Network Solutions Inc (NSI), which struggled to deal with problems such as cybersquatting.\(^{20}\) Contracted by the US Department of Commerce, ICANN effectively functions as the de facto agency of the Department of Commerce. In this capacity, the Internet body has substantial powers relating to the administration and implementation of the technical policy aspects of the Internet, including, most importantly, the naming, assignation and allocation of domain names, their registration, transfer and legitimate use.\(^ {21}\) Indeed, many of the transformations undergone in international property law in recent decades have been pioneered and concretised in institutional settings, and a growing number of public and private actors acting at levels beyond the state.

1.1.1 The Demand for a Global System of Dispute Resolution

The material, and critical, point about the rules generated from the above-discussed processes is that they have emerged not from the usual processes of intergovernmental model of law-making but from private actors, agencies and institutions.\(^ {22}\) By assessing the conditions under which the global system of domain name allocation and dispute resolution came into being, the next section appraises ICANN’s remedial role, and its collaboration with, and links

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\(^{17}\) Castells (n 11) 12.

\(^{18}\) Springer (n 15) 329.


\(^{21}\) Castells (n 11) 11.

to, WIPO. It focuses on ICANN approved dispute settlement mechanisms, and contrasts the relevant discussion and remedies available under this system with those instituted under US legislation. This discussion is set against a broader discussion of the history and foundations of the global and automatic system of dispute settlement operationalised under the UDRP. In doing so, it considers the policies it devises for the owners of trademarks, how these are employed in domain name disputes and the significance of these for IP law.\textsuperscript{23}

1.1.2 The Inadequacies of the National System of Domain Name Regulation and Resolution

Under the previous NSI-regulated system, only the owner of a trademark registration, and it alone, could mount a challenge against a domain name presumptively in breach of a protected trademark, or which otherwise adversely affected the legitimate interests of a trademark owner.\textsuperscript{24} The very substantial influence that trademark law has on the operation of the domain name system, and on the rights its owner consequently acquires (for instance, the right to sell, distribute or promote commercial products or services on the Internet) has the potential to create perverse incentives for illegitimate online activity (e.g. cybersquatting) on the part of individuals or businesses who seek to illegitimately or unfairly profit from the goodwill inherent in a trademarked domain name. Trademark owners, in turn, are compelled to take legal action against a registered domain name, particularly when the name in question contains textual or design elements which are identical to, or confusingly similar to a registered trademark or other forms and expressions of intellectual property. This action, referred to as reverse domain name hijacking, frequently results in an individual or small organisation deciding to relinquish their rights, whether in a registered trademark or under common law, rather than face a costly legal battle, which may not result in a successful judgment against the defending party.

Pursuant to its internally developed procedures and policies, NSI did not formally recognise, much less enforce, common law trademark rights. This posed great difficulties for a domain name holder who did not hold rights in a protected trademark. On such occasions, NSI would leave the question of the contested domain name unresolved, until the matter could be

\textsuperscript{23} ibid 248.

appropriately settled before a court. On the other hand, NSI policy failed to afford equal recognition or protection to the rights of parties with a “legitimate interest” in a domain name, but who had, otherwise, for lawful or defensible reasons, failed to obtain a trademark registration. Furthermore, NSI embraced a narrowed interpretation of the scope and substance of the regulatory framework over which it presided, opting to honour claims based upon trademark registration. As a result, no threshold test or standard existed by which to assess the underlying intent of disputant parties.

As discussed above, and in view of the limitations of the NSI, President Clinton, in 1997, issued an executive order requesting the Secretary of Commerce to privatise the management of the domain name system. WIPO, a specialist and intergovernmental agency of the United Nations, also played a central role in the creation of the UDRP. The organisation is responsible for overseeing the administration of procedural and substantive (normative) treaties for the protection of patents, copyrights, trademarks, designs, as well as other forms and expressions of intellectual property. It has attracted near universal membership, and more than 170 Countries have ratified the treaty since the creation of the body in 1994. The WIPO body produced a landmark report entitled “The Management of Internet Names and Addresses: Intellectual Property Issues”, published on 30 April 1999 (WIPO Report). This report set out several recommendations relating to four key issues and areas: the institutions of a Domain Name Dispute Resolution System for domain name registration authorities; best practices for administering this system; the exclusion of high profile marks from domain name registration; and the expansion of new gTLDs. Shortly thereafter, ICANN implemented many of WIPO’s recommendations. On 24 October 1999, ICANN instituted the UDRP and the Rules for Uniform Domain Name Dispute Resolution Policy (UDRP Rules), thereby replacing the earlier system used by NSI.

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27 Discussed in Delaney and Ford (n 25).
1.2 The Broader Significance and Governance Functions of ICANN

1.2.1 The Rise in Abusive Domain Name Registration

Prior to the creation of ICANN, governments and trademark holders witnessed the growth of a particular species of Internet-based trademark infringement known as cybersquatting. Cybersquatting refers to the actions of an individual or entity who registers and acquires rights over a domain name with the sole intention of selling it back to the entity or individual with rights in a trademark, or who otherwise intentionally misuses a trademark, for private gain and profit. For instance, the term “typosquatter” refers to an individual who registers common misspellings of trademarks with the aim of misleading Internet users with the specific intention of diverting them away from the goods and/or service provider(s) they had originally intended to search out (e.g. by registering a domain name that is confusingly similar to a trademark domain name; for instance, “goggle” because of its similarity to “Google”).

By the late nineties, many commentators in the United States had reflected on a serious lack of clarity in legal rights relating to domain names as well as the potential for abuse, including: the steep rise in disputes over domain names involving similar but not identical rights; the “bad faith” or unfair use of a trademark with rights in a domain name; the status of a third party with “legitimate interests” in a contested domain name; the intentional misspellings of domain names and use of pejorative words in connection with a recognised domain name and other factors indicating (the registrant’s) illegitimate, defamatory or profit-and-rent seeking intent. Notwithstanding the exponential growth in cybersquatting activities, and the pecuniary losses sustained from diverted revenues and reputational damage (owing to defamatory use of trademarks or service markers, e.g. [trademark].sucks.com) the relevant US authority, NSI, had, to most minds, failed to address these “gaps” in the law.

31 ibid 337.
32 For a discussion of these issues see William New, ‘WIPO says Cybersquatting Filings Sharply Up, Watches ICANN’s Domain Name Expansion’ 31 March 2011 Intellectual Property Watch.
33 Efroni (n 30).
As to its institutional design, the NSI framework lacked robust enforcement mechanisms. It failed, for instance, to provide an effective remedy for trademark owners whose vested rights in a registered trademark were materially and legally affected vis-à-vis another domain name holder. Individuals seeking to reclaim and protect their intellectual property interests had no option but to seek redress through traditional forms of litigation in domestic courts. Litigation, however, was often highly expensive, as well as procedurally cumbersome and time consuming. Faced with the high costs of litigation, trademarks holders were discouraged from pursuing traditional avenues in order to enforce their rights and/or seek an order for the transfer or cancellation of trademark-infringing domain name registrations. In the absence of alternative dispute settlement mechanisms, NSI policy did little to deter the practice of cybersquatting as well as other forms of trademark infringement.

Responding to these developments, a US-government sponsored initiative prepared the ground for the creation of ICANN, and for the development of a new system of dispute resolution for resolving disputes over domain names, thereby providing an effective remedy for trademark owners whose rights in domain names had been transgressed.

1.2.2 The Classic International Intellectual Property Framework and its Discontents

Strictly speaking there exists no such body of international trademark law, which is to say that trademark law falls largely within the jurisdictional competence of states and national courts. And yet, the historical origins of the contemporary system of international intellectual property law can be traced to the nineteenth century and, more particularly, to the adoption of two significant international treaties – the Paris and the Berne Conventions.

34 Delaney and Ford (n 25).
35 This qualification aside, the vast majority of sovereign states are signatories to the World Trade Organization’s Agreement on Trade-Related Aspects of Intellectual Property (TRIPs) (1994). Under this agreement, states are required to enforce minimum standards of trademark protection. Article 15(1) of the TRIPs Agreement states: Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colors as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.
36 Delaney and Ford (n 25).
These two multilateral agreements have been ratified by a number of states. As is customary of agreements constituted under international law, these treaties address sovereign state actors who, in formally adopting these agreements, agree to implement obligations of a binding character, following their formal participation in consensual decision-making processes at the international level. Each of these agreements are premised on two twinned, and interrelated, propositions that are relevant to understanding the doctrines and architecture of international trade law. The first of these propositions imposes a requirement upon signatory states to enact and incorporate, into their own domestic law, certain minimal intellectual property protections. In common usage this requirement is known as the substantive minima.

Protections of these kinds (e.g. “the substantive minima”) are intended to safeguard the property rights of economic actors and prohibit the unfair commercial use of trademarks. As a second condition, contracting parties (i.e. states) are expected, as a general rule, to provide foreign nationals with protections equivalent to those afforded to its own nationals. Indeed, this conceptual approach has since then been concretised and codified in a number of trade agreements, including the constitutive instruments of the WIPO and the WTO. Broad recognition, and acceptance, of the substantive minima requirements has likewise persisted. Together, these two components form the backbone of the current international intellectual property law regime.

1.2.3 Lack of Enforcement and Divergences in State Law

The classic regime of international intellectual protection law barely intruded upon the sovereign autonomy of nation states. The absence of effective enforcement mechanisms at levels above the state were sharply compounded by the scarce involvement of national courts in the construction of international intellectual property law. Principles and standards derived from customary public international law nonetheless made their way into national law through legislative processes. This was particularly true of countries advancing a dualist approach to international law, for instance, in the United States or the United Kingdom where

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38 Paris Convention (n 37) art 4. Berne Convention (n 37) art 33.
most, if not all, primary international legal sources – in this case, the core intellectual property treaties – are not self-executing, but give rise instead, to binding and enforceable law only after they have been formally incorporated into domestic law. Any comprehensive, express or implied, code (of conduct) or body of guidelines that could potentially substitute for national acts of domestic legislation was omitted from the core conventions.

National courts, as a consequence, were forced to rely exclusively on local intellectual property laws, even while acknowledging that the content of that law was directly influenced by, or derived from, sources of international law. Furthermore, courts were frequently called upon to resolve disputes involving conflicts between different national rights. Thus, in countries such as Canada, where international treaties are not self-executing, international property rights were regarded as national in scope and pedigree. This stance reflects the principle of territoriality (of rights), which is well known to classic conceptions and sources of international intellectual property law. In classic conceptions, intellectual property rights – as with all rights – are national and public in character. On this view, such rights can only be articulated, contested and adjudicated through national constitutional and political processes.

From these premises came the widely held assumption that there was simply no such thing as an international trademark, patent or copyright. Reinforcing these assumptions, courts have traditionally been reluctant to intervene in disputes involving foreign intellectual property rights, which were, in most cases, regarded as (presumptively) non-justiciable. On the other hand, courts were often forced to grapple with issues connected to the burgeoning field of private international law, not least when confronting issues related to the cross-border effects of trademark-related disputes. In accordance with the conventional distinction drawn between public and private law, a boundary was erected between the scope of a domestic

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41 See, e.g., Vanity Fair Mills 234 F 2d at 641 (US–Canadian trademark infringement).
44 Steele v Bulova Watch Co 344 US 280, 283–84 (1952) (extraterritorial application of Lanham Act to conduct taking place in Mexico having consequences for US commerce); Robert Stigwood Group Ltd v O’Reilly 530 F 2d 1096, 1101 (2d Cir 1976) (refusing to apply US copyright law extraterritorially to copyright infringement activities in Canada).
court’s authority to adjudicate among contested interpretations of rights – questions deemed to fall within the ambit of public law – on the one hand, and the choice of law applicable to the dispute in questions – the traditional preserve of private international law – on the other. In the United States as elsewhere, domestic courts have declined to hear a case if domestic law is not applicable. As a result of this public/private distinction, aggrieved states, acting, typically, on behalf of the particular individual or firms whose IP rights has been infringed, were forced to file suits in different national judicial forums, and, therein, submit to the jurisdictional procedures and substantive rules of that state.\(^{45}\) In other words, the regime of intellectual property protection suffered from what is commonly referred to as the challenge of legal fragmentation. In the first sense, the term fragmentation refers to the absence of an overarching judicial power with broad or universal jurisdiction to hear cases emanating from disparate legal systems.\(^ {46}\) In the second sense, it suggests a failure to formulate common interpretative techniques and procedures with which to minimise or temper conflict between divergent national IP laws, as well as applicable rules of procedure.\(^ {47}\)

1.2.4 Jurisdictional Challenges

In spite of these challenges, the matter of the applicable law was commonly assumed to entail a fairly straightforward, fact-based test: where did the unfair or commercial use, publication, distribution or sale of the protected intellectual property occur? Applying the test, it was inferred that the place where the wrongful act occurred was also the place of breach or infringement.\(^ {48}\) By extension of the same logic, the law of that place emerges as the applicable law, and correspondingly, the place where the claimant can sue, and an award of damages is enforced.\(^ {49}\) In practice, therefore, few concrete conflicts of law arose. Consequently, the problems associated with complex and multi-jurisdictional intellectual property litigation did not pose a serious dilemma. All things being equal, national courts had little incentive to develop and evolve robust rules of international private law for governing cross-border transnational disputes. By the same token, there has been little engagement on

\(^{45}\) Delaney and Ford (n 25).
\(^{46}\) Lawrence Lessig (ed) Code And Other Laws Of Cyberspace (Basic Books 2000) 25.
\(^{47}\) See Itar-Tass Russian News Agency (n 40).
\(^{48}\) This rule may be modified for cases involving the internet. In Case C-170/12 Pinckney v KDG Mediatech CG [2013] Bus LR 1313, the EU Court held that, under art 5(3) of the Brussels I Regulation, claims could be brought in any Member State where the website is accessible, although the principle of territoriality still applies to the damages that may be claimed .
the part of courts with rules of public international intellectual property law, principally because a strict separation has been maintained between primary sources of domestic law, on the one hand, and non-self-executing international law, on the other. While judges would occasionally consult international legal materials in the course of deciding a case, particularly where an international treaty is seen to enshrine an accepted interpretation of the applicable law, national courts have, by and large, been reluctant to give direct effect to international treaties, fearing that such a move would be perceived as an unconstitutional exercise of judicial activism. With these broader movements, the gulf which has separated public from private aspects of the intellectual property regimes has been further widened and entrenched. At this point, however, it is instructive to consider the Star Wars litigation that came before the UK Supreme Court in 2011.

The case involved the unauthorised production and sale, by an English domicile, of Stormtrooper helmets that were used in the Star Wars films. In the US, the case had already been decided in favour of the appellants as a breach of copyright. Given the unenforceability of the US judgment by an English court, the relevant questions were whether the US copyright claim was justiciable in England and, if it was not, whether the Brussels I Regulation nevertheless required jurisdiction to be exercised. Relying on the act of state rule in British South Africa Co v Companhia de Mocambique, the Court of Appeal held that the English courts have no jurisdiction over foreign intellectual property claims and there was no obligation to exercise jurisdiction under article 2 of the Brussels I Regulation. The Supreme Court disagreed and allowed the appeal, holding that “the English court has jurisdiction, provided there is a basis for in personam jurisdiction over the defendant”.

On the article 2 issue, the Supreme Court declined to express a view since the issue was determined by the finding that the case was justiciable. Article 2 of the Brussels I Regulation states that: “Subject to this Regulation, persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State”. It had been established in Owusu v Jackson, that a court could not stay an action on the grounds of forum non

50 Lessig (n 46) chs 1, 3 and 5.
54 Lucasfilm Ltd v Ainsworth (n 53) [105].
conveniens where the defendant was domiciled in a Member State, regardless of whether the claim was based in the territory of another Member State or in the territory of a non-Member State. The Court of Appeal in *Lucasfilms* had distinguished the case on the basis that the case before it was not justiciable. Since the Supreme Court overruled the Court of Appeal on this point, the Court of Appeal’s reason for distinguishing *Owusu* was rendered ineffective and no longer a bar. It was, therefore, a non-issue. It should, however, be noted that the Supreme Court was unsympathetic to the argument that article 2 was concerned with both subject matter and personal jurisdiction. To accept such an argument, the Supreme Court noted, would require the English courts to decide cases that would otherwise be treated as non-justiciable, which would put the UK in breach of international law.\(^{56}\)

In allowing that the foreign copyright claim was justiciable, the Supreme Court noted that: “There is no doubt that the modern trend is in favour of the enforcement of foreign intellectual property rights”.\(^{57}\) This was reflected in the Rome II Regulation\(^{58}\) and the minimal limitations on jurisdiction contained in article 22(4) of the Brussels I Regulation.\(^{59}\) There were no convincing policy arguments against accepting jurisdiction and, if anything, the Berne Convention highlights that “States have an interest in the international recognition and enforcement of their copyrights”.\(^{60}\) The Supreme Court also rejected the Court of Appeal’s reliance on *Mocambique*, and, holding that *Tyburn Productions Ltd v Conan Doyle* was wrongly decided,\(^{61}\) reversed the extension of the rule in *Mocambique* to intellectual property claims that had begun with the Australian case of *Potter v Broken Hill Pty Co*.\(^{62}\)

The judgment by the Supreme Court represents a clear intention to allow that foreign intellectual property claims are capable of being heard by English courts, in so far as that is permitted by the act of state doctrine and comity. Given the global nature of commerce and communication, with the widespread use of satellites and the Internet, this approach should be welcomed. As Torremans notes, “it is gratifying that the Supreme Court puts the idea of a subject-matter jurisdiction limitation for foreign intellectual property rights to rest ... [this]

\(^{56}\) *Lucasfilm Ltd v Ainsworth* (n 53) [111-113].

\(^{57}\) *ibid* [108].


\(^{59}\) Article 22(4) only applies to issues of validity of title of intellectual property rights that must be registered or deposited.

\(^{60}\) *Lucasfilm Ltd v Ainsworth* (n 53) [109].

\(^{61}\) *Tyburn Productions Ltd v Conan Doyle* [1991] Ch 75; (1990) 19 IPR 455.

\(^{62}\) *Potter v Broken Hill Pty Co* [1905] VLR 612, affd (1906) 3 DLR 479.
can only be a major step forward towards the effective international enforcement of intellectual property rights”.

The approach taken by the Supreme Court allowed them to avoid the public law issues of comity and the act of state doctrine. The court was concerned to avoid anything that might be interpreted as a breach of international law, which was the consequence of the approach taken by the Court of Appeal. The Court of Appeal had relied on the public law rule from *British South Africa Co v Companhia de Mocambique* that issues of foreign property titles and wrongful entry are not justiciable in an English court, which it accepted had been extended to include foreign patents by the Supreme Court of Victoria in *Potter v Broken Hill Pty Co Ltd*. Strictly speaking, the rule in *Mocambique*, and the act of state doctrine as applied in *Potter*, should only apply where title to the property is registered by the state. In some later cases, however, the rule was held to apply more widely to all foreign statutory intellectual property rights. This was an unfortunate misinterpretation, and overly wide application of the *Potter* decision, which has now rightly been overruled by the Supreme Court. The Supreme Court’s decision returns the justiciability of foreign intellectual property claims to its proper state. It is an important decision that is crucial to the protection of artistic and intellectual creativity, given the global commercial environment and the ease of abuse of intellectual property rights through, for example, the Internet.

The criteria elaborated in the Berne and Paris Conventions were, initially at least, fairly undemanding. States, moreover, retained considerable interpretative discretion in determining how, and the means by which, they would meet and enforce their obligations under a given treaty. As noted above, this approach was representative of the classic “contractual” model of international law.

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63 Paul L C Torremans, ‘Star Wars rids us of subject matter jurisdiction: the Supreme Court does not like Kafka either when it comes to copyright’ (2011) 33 European Intellectual Property Review 813, 817.
64 *British South Africa Co v Companhia de Mocambique* [1893] AC 602.
65 *Potter v Broken Hill Pty Co* (n 62). The subsequent appeal to the High Court of Australia was dismissed: (1906) 3 CLR 479.
68 These Conventions are supplemented by the Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite 1974, which simply requires contracting states to take ‘adequate measures’ to prevent unintended distribution of programme carrying signals by unauthorised distributors (art 1(1)).
69 Dinwoodie (n 49).
most cases, presumed to reflect the consensus position, in other words, codifications of existing state practice. Furthermore, many central concepts and doctrines of investment law (for instance, who is an “author” of a copyrighted work?) were framed in deliberately open-ended, rather than closed, terms. Similarly, signatory states were free to flesh out the scope and meaning of these concepts in accordance with their own national policies and values, as deemed appropriate by the relevant national authorities. The importance assigned to the autonomy of the sovereign state was similarly affirmed, in practical terms, by the absence of coercive (institutionalised) enforcement mechanisms. In other words, signatory states understood to be in breach of their obligations would often escape the review power of a supranational institution or tribunal.\(^{70}\)

A general proposal calling for the institution of a supra-national body with adjudicatory or quasi-adjudicatory functions was discussed in later revisions of the Berne and Paris Conventions, particularly in the lead-up to the establishment of the International Court of Justice.\(^{71}\) Under this provision, signatories would have opportunities to refer disputes to an international court with general jurisdiction to hear claims brought by contracting parties. At subsequent stages of treaty revision and amendment of the Berne Convention, some delegations advanced the possibility of a universal and uniformly applied trademark law, as an alternative to judicial oversight from “above”.\(^{72}\) Ultimately, both proposals were rejected, owing to pragmatic demands for greater national control over the development and direction of national intellectual property law. As a result, questions concerning the legality of, for instance, applicable national regulations and polices circumvented any form of external review by an independent international or global review body. Similar conflicts and tension surfaced in the development of the Paris Convention.

### 1.3 The Creation of the ICANN System of Domain Name Management, Allocation and Assignment

#### 1.3.1 The Creation of the ICANN System

\(^{70}\) ibid.
\(^{71}\) ibid.
\(^{72}\) H. Reichman, ‘Enforcing the Enforcement Procedures of the TRIPs Agreement’ (1997) 37 Virginia J Intl L 335, 339 n17; Delaney and Ford (n 25).
The last two decades have witnessed important changes to the foregoing description of the classic regime of intellectual property protection. Our social and economic environments have become increasingly integrated, and simultaneously fragmented, in a globalising world. Intellectual property users and creators are no longer confined within state borders, but operate across and between them from within international commercial networks and communities. In view of the increasingly integrated nature of the global economy, and the cross-border quality of commercial operations and activities, there have been growing demands for intellectual property laws that are global in reach, and adaptive to new problems and technologies. Against this backdrop, the permanence of such enduring doctrines – territoriality and national autonomy – have come increasingly under pressure and into disrepute. Indeed, many of the transformations undergone in international property law in recent decades have been developed by a number of actors acting at levels beyond the state. Notable in this regard is the creation of ICANN in 1998.

ICANN is the authority for a number of governance-related functions and responsibilities including, inter alia, the naming and allocation of domain names. Owing to the contracts it has with the US Department of Commerce, ICANN effectively functions as the de facto agency of the Department of Commerce, for the purposes of the administration and implementation of the technical policy aspects of the Internet.

As to its institutional structure and composition, ICANN is governed by a Board of Directors made up of 15 voting members, and the President and CEO, who is also a voting member. The board is further aided by five non-voting liaisons, making up a total of 21 members.

As stated on its own website, ICANN is an internationally organised, non-profit corporation that assumes responsibility for several crucial areas of Internet governance and management including inter alia, Internet Protocol (IP) address space allocation, generic (gTLD) and country code (ccTLD) Top-Level Domain name system management, and root server system management functions. In the face of the explosion of online transnational business and e-commerce networks, ICANN has developed a number of policy initiatives aimed at

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73 Dinwoodie (n 49); Reichman (n 72).
76 Castells (n 11) 11.
enhancing the security of commercial transactions on the web while improving the experience of consumer, social and business communities active on the worldwide web.\textsuperscript{77} As a self-styled private-public initiative, ICANN’s stated mission and objective is to: maintain the security and effective functioning of the Internet; promote competition among service providers; and, finally, widen and facilitate the democratic participation of global digital networks and communities through inclusive and participatory governance mechanisms.\textsuperscript{78} On the whole, ICANN has been effective at performing these functions and now serves over two billion Internet users worldwide.\textsuperscript{79} Moreover, ICANN had adopted a number of measures aimed at improving the accessibility and functionality of, and competition in, the Internet.

1.3.2 Domain Names Registration and the ICANN Registration Agreement

In an important development, ICANN had standardised the process of domain name registration. The domain name registration process is remarkably straightforward. An individual seeking to register a domain name must, however, satisfy a number of requirements, in accordance with ICANN authored and authorised rules and procedures. In brief, applicants are required to visit the domain name registration site; disclose the requested information, (including the name, address and contact details of the named individual or entity under which the domain name will be registered) and pay the registrar’s fee.\textsuperscript{80}

Once these steps have been completed, the registrant becomes the holder of a domain name. The registrar, in turn, collects and records the registrant’s information, which is then stored in an online database. Made accessible to the public, a database, known as the “WhoIs”, equips individuals with information about domain name holders, should they seek to contact the registrant in connection, for instance, with legal or commercial issues, or should they wish to

\textsuperscript{77} ICANN, ‘Memorandum of Understanding’ (n 74).
\textsuperscript{78} See Department of Commerce, ‘Comments by the Government of Canada on the Continued Transition of the Technical Coordination and Management of the Internet Domain Name and Addressing System’, National Telecommunications and Information Administration, Docket No 060519136-6136-01.
express objections over the content of a registered domain or site, where, for example, issues of broader public interest are implicated.\textsuperscript{81}

Upon registering a domain name, a registrant agrees to voluntarily enter into a contract with the registrar. This agreement defines the terms of service for maintaining domain name registration. Once both parties have “signed up”, the registrar can then associate a particular domain name (or alphanumeric string) to a “registry” containing all data relating to domain name/IP address associations. A given registry has an additional technical function which should be discussed in greater detail. The registry facilitates the process through which all Internet search enquiries are routed to a server or to another location from which data can be retrieved and/or stored. Moreover, in the case of a newly registered domain name, the registrar’s server is commonly used as the temporary location for a recently registered website – known as a “parking page”.\textsuperscript{82}

Following on from the above discussion, it would be useful to delineate a more precise account of the character and identity of domain names. Given the profound policy implications of ICANN’s technical domain naming and allocation functions, any enquiry into the nature of domain names may at first appear to be a rather trivial, even inconsequential exercise. However, to the extent that courts and panels are called upon to resolve disputes which concern matters of domain name use, control and ownership, it is critical that we first establish a fundamental basic understanding of what domain names are.

1.3.3 What is a Domain Name?

Computers exchange information by way of a network known as the Internet Protocol (IP).\textsuperscript{83} Each computer has a unique IP address and it is this address which enables remote computers to locate and communicate with other computers on the network, regardless of their geographical location.\textsuperscript{84} In order to gain access to another computer on the network, users simply input the IP number into the Uniform Resource Locator (URL) (found at the top of one’s browser) and search for the site associated with that number. Each IP address

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\textsuperscript{81} Lessig (n 46) 25.
\textsuperscript{82} ibid 25. See also Squyres (n 24).
\textsuperscript{83} IP is a communications protocol for computers connected to a network, especially the Internet, specifying the format for addresses and units of transmitted data (dictionary.com) at http://dictionary.reference.com/browse/internet+protocol accessed 15 February 2014.
\textsuperscript{84} Sheldon Burshtein, “Is a Domain name Property?” (2002) 3 Internet and E-Commerce Law in Canada 49.
comprises a series of four unique numbers with a value between 0 and 255; an example is 235.101.45.7.\textsuperscript{85} From the perspective of the Internet user, these numbers are unwieldy and difficult to memorise, precisely because they bear no obvious resemblance to the business operating under, or otherwise affiliated with, a particular IP address.\textsuperscript{86}

It is for the above-discussed reasons that the Report of the First WIPO Domain Name Process defines domain names as “the human-friendly form of Internet addresses”. This is because this address enables the user to identify the location of a computer by words rather than numbers.\textsuperscript{87}

1.3.4 The Technical Functions of the Domain Name Registrar

On a general appraisal, the domain name system (DNS) appears to share many similarities with the hierarchical structure of the telephone number allocation and carrier system. For example, each domain name is unique within an Internet network. Similarly, a telephone’s location can be identified in a wider international telephone network by way of its association with a specific and pre-designated number. A domain name, as with an assigned telephone number, functions as a (geographical) locator and/or (telephone or domain name holder) identifier.\textsuperscript{88} Sheldon Burstein expands upon the telephone analogy:

[A domain name] is like a telephone number: a sequence of electronically generated signals assigned by the operator of a telephone utility to a subscriber enables the subscriber’s instrument to be contacted for sound, text and graphics from another instrument in the network. An alphanumeric telephone number corresponds to the sequence of electrical signals needed to contact the instrument.\textsuperscript{89}

In other words, in accordance with Burstein’s reading, a domain name is the term used to signify the distinct sequence of alphanumeric symbols and words which corresponds to a particular Internet site’s IP address. This system is known as the DNS. The salient features of

\textsuperscript{86} Burshtein (n 84) 49.
\textsuperscript{87} Froomkin (n 85) 17, 38.
\textsuperscript{88} See Jahn v 1-800-Flowers.com Inc 284 F 3d 807 (CA 7 2002) and First Central Services Corp v Mountain Bell Telephone 623 P 2d 1023 (NM Ct App 1981).
\textsuperscript{89} Burshtein (n 84) 49.
the DNS are as follows. Firstly, each name consists of an alphanumeric string which is exclusively associated with an IP address. Secondly, each allocated address corresponds to a particular computer server or another location in which the data is stored.\textsuperscript{90}

Under the DNS system, domain names are organised according to distinct categories known as Top-Level Domain Names (TLDs). All TLDs, without exception, are electronically “stored” under a specific registry and each registry is maintained by a designated registrar.\textsuperscript{91} Moreover, each nominated registrar/registry controls the process of registration for specific categories of domain names.\textsuperscript{92} Under the current regime, ICANN requires every registrar to register domain names in the most commercially profitable generic top level domains – in other words, those with the greatest (monetary) value.

All domain names consist of two elements: the second-level domain and the top-level domain.\textsuperscript{93} The second-level domain name consists of a single term or series of terms, for example “Facebook” or “YouTube”.\textsuperscript{94} The TLD, by contrast, refers to the characters which follow the ubiquitous dot, for instance, <.com> or <.org>. Of these TLDs, many correspond to country level domains (e.g. <.uk> or <.de>). These registries are administered by the appropriate national authorities which are, in turn, appointed by the relevant governments. More generally, the TLD denotes the character of a web-based enterprise e.g. educational or commercial etc.\textsuperscript{95} Commercial enterprises are commonly assigned the <.com> suffix, while educational service providers are grouped under the <.edu> denominator. These registries are administered by private companies. In essence, ICANN “contracts out” domain name allocation and assignment functions to these private bodies. Any individual wishing to register a domain name controlled by this type of registry is therefore required to apply directly to the registrar responsible for maintaining it.\textsuperscript{96}

\textsuperscript{90} See the WIPO case Office Depot v Zuccarini 596 F 3d 696, 698-99 (9th Cir 2010). Moreover, see discussion above regarding technical function of registry.

\textsuperscript{91} ICANN, new Gtld Applicant Guidebook (June 2012).

\textsuperscript{92} Squyres (n 24) 4.

\textsuperscript{93} Interactive Prods Corp v A2Z Mobile Office Solutions Inc 326 F 3d 687, 691 (6th Cir 2003).

\textsuperscript{94} Ian C Ballon, E-Commerce And Internet Law: A legal treatise with forms (2nd edn, Thomson/West 2011) at chapter 7.02.

\textsuperscript{95} Burshtein (n 84) 49.

\textsuperscript{96} ICANN, new Gtld Applicant Guidebook (June 2012).
1.3.5 Domain Name Registration

Before 1999, responsibility for overseeing domain name allocation and assignment functions belonged exclusively to Network Solution Inc (NSI).\textsuperscript{97} In 1999, however, as a direct result of \textit{Smith v Network Solutions Inc}, additional companies were given the legal right to register domains and to provide domain name registration services in direct competition with NSI.\textsuperscript{98} There are now hundreds of domain name registrars accredited by ICANN, each operating in one or more top-level domain, thereby allowing applicants a far larger choice of registrars and thus more competitive prices.\textsuperscript{99} Despite the variety of registrars available, every single registrar is under a contractual obligation to register all domain names that have been granted to registrants with ICANN, after which time the registrar must govern the rights and responsibilities of its registrants, in accordance with the procedures mandated under ICANN’s Registration Agreement, irrespective of their own point-of-sale policies.\textsuperscript{100} At the point of payment, which is also the official point of registration, the registrant must agree to the terms of the Domain Name Dispute Policy implemented by ICANN agreeing to a number of terms and conditions of use.\textsuperscript{101}

The thrust of the above passage is that when an individual or company applies to register a domain name, that individual is also entering into a contractual agreement with the registrar. The contractual terms and conditions of this agreement are somewhat standardised, and are regulated under what is known as the ICANN Registrar Accreditation Agreement (RAA).\textsuperscript{102}

In capsule, the RAA defines a number of rights and responsibilities owed to, or by, the registrant/registrar. The relevant ICANN policy document, entitled “Registrant Rights and Responsibilities Under the 2009 Registrar Accreditation Agreement”, states in the above regard:

\textsuperscript{97} Lessig (n 46) 25.
\textsuperscript{98} Smith v Network Solutions Inc 135 F Supp 2d 1159, 1161 (ND Ala 2001).
\textsuperscript{100} Burshtein (n 84) 49.
\textsuperscript{101} ICANN, ICANN Registrar Accreditation Agreement (2012).
In order to become an ICANN-accredited Registrar, the Registrar must enter into a contract with ICANN, referred to as the Registrar Accreditation Agreement or the RAA. The RAA sets out various rights and responsibilities for Registrants, and Registrants have additional rights and responsibilities that are set forth in separate ICANN policies and specifications that the Registrars agree to follow.\(^\text{103}\)

Under this agreement, the model of domain registration use appears to take on the characteristics of a standard contractual agreement as services rendered, albeit subject to the global application of ICANN authored uniform (harmonised) rules and policies. On this view, and providing that the registrant continues to comply with the terms and conditions of the contract, the registrar is obliged to “supply” IP assignment functions; the very functions the registry service has, arguably, been created to achieve. Much like the telephone number analogy discussed above, a domain name is available on a “first-come-first-served policy” basis, and can, therefore, only be the object of domain name registration application if it has not already been registered by another.\(^\text{104}\) Contained within the registration agreement are standardised representations and warranties, including the agreed duration of domain name registration; terms of payment, and, crucially, the de facto compulsory jurisdiction of the UDRP, the mandatory dispute settlement procedure to which all registrants must submit when and as disputes arise. Indeed, all registrants assent to be bound by the terms of the RAA in the very act of registering a domain name. Put differently, registrants agree, as a condition of their registration, to be bound by the ICANN approved dispute resolution mechanisms.\(^\text{105}\)

### 1.3.6 Conflicts among Rights

A number of contentious issues fall outside of ICANN’s remit including, but not limited to, rules governing financial transactions; unsolicited commercial mail; and the broader issue of data protection.\(^\text{106}\) Notwithstanding its defined competences, it is worth stressing that the technical policy decisions adopted within ICANN can, and frequently do, implicate issues of broader legal and political significance, many involving conflicts between competing rights and interests (e.g. property rights securing the rights of individual trademark holders against

\(^{103}\) ibid.

\(^{104}\) ICANN, *ICANN Registrar Accreditation Agreement* (2012) s 3.3.1.

\(^{105}\) ibid, s 3.3.1.

\(^{106}\) Lessig (n 46).
more collectivist conceptions of the “public good”). Beyond these contests, the organisation’s close ties with the US government have surfaced as a source of controversy, compounding concerns over the accountability and legitimacy of the organisation. From the early days of its development, it has been long envisioned that private leadership would come to replace the privileged status of the United States and its leading role in the creation and development of the organisation. And yet, attempts to hand over exclusive control over domain registration to private actors has encountered as much, if not more, criticism. Unchecked privatisation, as argued by scholars such as Lessig, threatens to subordinate the collective ownership of Internet-related public goods (e.g. the educational value of the Internet, transparency and open competition in the sphere of market exchange, the protection of civil liberties etc.) to the commercial interests of a handful of industry giants, even when formally justified under the pretext of IP rights protection.

The next section goes on to assess the features and remedies available under the UDRP dispute settlement system and contrasts these with the statutory protections enumerated under the ACPA.

1.4 The Creation of a Global, Harmonised System of Domain Name Regulation and Dispute Settlement

Accompanying the changes introduced, or strengthened, with the rise of global networks, online technology, commerce and communication, the last decade has witnessed the explosion of newly created global institutions and tribunals with powers to address aspects of intellectual property regulation and adjudication. From the standpoint of domain name regulation and adjudication, the most important of these is ICANN’s creation of a uniform, global, automatic and de facto mandatory set of rules and procedures for governing domain name disputes. The mechanism in question is known as the UDRP.

107 Burshtein (n 84) 48.
109 Burshtein (n 84) 47.
110 Schtern et al (n 108) 233.
111 Kaytal (n 22) 248.
It is striking that we should find that principles governing disputes under the regime of private international law have remained largely untouched by subsequent intellectual property conventions. The doctrinal premises of territoriality and substantive minima, as well as the national origin of rights, are reflected in the substantive agreements of the WIPO regime, despite the globalising character of intellectual property related issues, and its transnational dimensions and scope. And yet, these principles cannot be traced back to an original constitutional mandate, relating, for instance, to specific clauses such as the full faith or credit clause (since these do not apply to foreign acts or to international treaties). Rather, it can be explained with reference to the increasingly important role accorded to arbitration panels acting under the ICANN approved UDRP.113

1.4.1 The Creation of the UDRP

Mirroring the rise in domain name registration and use, certain class of disputes, namely those involving conflicts between domain name registrants and trademark holders (cybersquatting), can be referred to arbitration tribunals appointed by the WIPO Arbitration and Dispute Settlement Centre as well as other UDRP approved disputes resolution service providers.114 Under this regime, disputes are to be resolved in accordance with substantive rules as laid down in the UDRP policy handbook.

Pursuant to the UDRP’s policies and procedures, any individual seeking to register, maintain and renew an approved domain name within one of the generic top-level domains (.aero, .asia, .biz, .cat, etc) voluntarily submits themselves to automatic jurisdiction of the UDRP, should a domain name dispute arise.115 Furthermore, the registrant is under an obligation to ensure that an applied-for domain does not encroach upon the intellectual property rights of

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113 Kaytal (n 22) 248.


115 ICANN, Uniform Domain-Name Dispute Resolution Policy (n 112); ICANN Rules (n 112) §3(a); and WIPO Rules (n 112) §4(a).
another and is not being registered for knowingly illegitimate or unfair ends.\textsuperscript{116} The UDRP Policies and Procedure document sets out the rules and procedures governing domain name disputes.\textsuperscript{117}

In seeking remedies under the UDRP (e.g. cancellation or transfer of a domain name\textsuperscript{118}), a complainant party claiming adverse rights in a registered domain name must, first, prove each element of paragraph 4(a) of the Policy, namely:

i.) the disputed domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and

ii.) the Respondent has no rights or legitimate interests in respect of the domain name; and

iii.) the disputed domain name has been registered and are being used in bad faith.\textsuperscript{119}

These elements are cumulative.\textsuperscript{120} The relevant dispute resolution panel must, therefore, determine whether each component has been satisfied before it can find in favour of the complainant or respondent. Notably, these rules have been developed from within fairly unconventional processes of rule and decision-making which emerge outside of traditional intergovernmental process.\textsuperscript{121} As a result, these processes reduce the autonomy and involvement of nation-states at the level of rule-making.

Pursuant to the UDRP’s policies and procedures, any individual seeking to register, maintain and renew an approved domain name within one of the generic top-level domains (.com, .net, .org, .aero, .asia, .biz, .cat, .coop, .info, .jobs, .mobi, .museum, .name, .pro, .travel, .tel, etc) voluntarily submits themselves to automatic jurisdiction of the UDRP, should a domain disputes arise.\textsuperscript{122} Furthermore, the registrant is under an obligation to ensure that: the information given is complete and accurate; an applied-for domain name does not encroach upon the intellectual property rights of another and is not being registered for knowingly illegitimate or unfair ends.\textsuperscript{123} Extrapolating from the above, the salient point of legal

\begin{itemize}
\item \textsuperscript{116} Reichman (n 72) 339 n 17.
\item \textsuperscript{117} ICANN, Uniform Domain-Name Dispute Resolution Policy (n 112).
\item \textsuperscript{118} ibid.
\item \textsuperscript{119} ICANN Rules (n 112) §3(a), §3(b) and §3(b)(i)-(xv). Also see WIPO Rules (n 112) §4(a).
\item \textsuperscript{120} ICANN, Uniform Domain-Name Dispute Resolution Policy (n 112).
\item \textsuperscript{121} ibid.
\item \textsuperscript{122} ICANN, Uniform Domain-Name Dispute Resolution Policy (n 112) §3(a), §3(b) and §3(b)(i)-(xv).
\end{itemize}
relevance concerns the private law framework on which the UDRP is modelled, being based on the contractual form, and not on a directly enforceable legislative instrument or regulation (either statutory or supranational). In practice, however, submission to the UDRP amounts to a de facto, if not de jure, requirement, even if a registrant formally consents to being bound by its procedures and policies.

Leaving to one side such concerns, the automatic execution and uniform application of the UDRP appears to circumvent, in principle at least, the more problematic jurisdictional issues that have repeatedly arisen in the context of domestic litigation.

When considering the UDRP, it is critical to keep in mind that ICANN, the private organisation established under Californian Law, has absolutely no jurisdiction over, or direct involvement in, the dispute settlement process and capacity of the UDRP. Instead, until recently, ICANN had “outsourced” dispute resolution functions to five organisations, the World Intellectual Property Organisation (WIPO), the National Arbitration Forum (NAF), the Czech Arbitration Court Arbitration Center for Internet Disputes (CAC), the Arab Center for Domain Name Dispute Resolution (ACDR), and the Asian Domain Name Dispute Resolution Centre (ADNDRC). In effect, it contracts out (or “outsources”) dispute settlement functions for handling and resolving UDRP cases to its UDRP service providers. The cases are then heard and decided by ad hoc tribunals, which conduct their functions in accordance with ICANN approved best practices and decisional procedures. The UDRP Policy and Rules sets out rules and procedures for dealing with disputes, including legal fees, time limits, length of pleadings.

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124 Parisi v Netlearning Inc 139 F Supp 2d 745, 747 (ED Va 2001) (“...the UDRP is enforced through contract rather than regulation.”). This does not preclude the likelihood that jurisdictional issues may arise within a UDRP arbitration proceeding, such as in cases with multiple parties or in appealed cases.


127 The ICANN Domain Name Dispute Resolution Procedure does not represent a paradigmatic model of dispute settlement arbitration in the classic New York Convention sense of the term. As pleadings are submitted electronically, parties do not give oral arguments before the arbitrator in UDRP proceedings. It would be more accurate to describe the UDRP proceeding as an administrative procedure.

128 ICANN Rules (n 112) §3(a).
Under the UDRP, either party, the complainant or respondent, may opt for a one- or three-member panel. In the event that the complainant states a preference for a three-member panel, the cost is born by the complainant as the initiating party of the dispute. In the event that a respondent chooses to appoint a three-member panel, the cost, as stated under the UDRP procedures, should be apportioned equally among the two parties. Where a single member panel is selected by the complainant, and the respondent does not choose a three-member ad hoc arbitration panel, the cost of the panel is born by the complainant. The WIPO Arbitration and Dispute Settlement Centre will appoint a single member panel from its published list of panellists.

1.4.2 The Virtues of the UDRP

The UDRP has long been considered as an effective solution for trademark owners, domain name registrants, and registration authorities. Instituted to meet the need for an administrative dispute resolution mechanism purpose-built to resolve certain online trademark disputes which frequently cut across national boundaries, it garnered respect as a cost effective and expedient alternative to traditional court options, while still retaining such options, and without imposing binding judgments on state parties – actions which would have engendered resistance by states and their courts eager to assert the ultimate supremacy of their national laws and enforcement procedures. As a result, disputants can initiate curial proceedings, while bypassing the challenges associated with private international law, including the most problematic questions of territoriality, choice of (national) law and choice of appropriate jurisdictional forum, and the effective enforcement of foreign judgments in other jurisdictions. Ultimately, the ICANN domain name dispute resolution system is able to circumvent these challenges owing to the peculiarities of two key structural features. These features can be isolated, and described in the following terms. The first relates to the uniform application of the UDRP. The second relates to the availability of an effective remedy for successful complainants under the UDRP. On the latter point, a decision issued by an ad hoc

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129 ibid § 4, 5, 6 and 16.
130 ibid § 5 & 6.
131 ICANN Rules (n 112) §4, 5, 6 and 16.
panel can be enforced without state approval or the issue of a binding award in more formal judicial proceedings.\textsuperscript{134}

As to the benefits the UDRP provides for trademark owners, it continues to secure the legal and commercial stability of the domain registration, while protecting the rights and interests of its stakeholders. By the same token, instead of being sued for damages in the courts, registrants/respondents can take advantage of a relatively contained system, from within which both parties, complainant and respondent, can nominate and rank candidates, and choose between a three- or one-member panel of experts, appointed by WIPO. While not binding per se, panels appointed under the UDRP have been making informed decisions based on more than a decade’s worth of collectively reasoned, largely coherent, jurisprudence.\textsuperscript{135}

Viewed holistically, the UDRP’s crowning achievement has been to keep thousands of cases out of the courts, without needing to institute a global court, as it were, with authority to issues decision from “above”. The decisions of panels constituted under the UDRP can be overcome by contrary determinations in national courts and those courts are not obliged to defer (or even refer) in any way to the conclusions of the UDRP panel. Indeed, the decision of the panel may be effectively stayed, should a losing party choose to file a complaint with the relevant national court.\textsuperscript{136} In practice, however, these more novel forms of law-making – the drivers of which are not states but non-state actors (excluding the unusually dominant role of the United States in the creation of ICANN) – may well end up generating standards which operate more tightly than those rules produced from classic intergovernmental processes.

In the same respect, the UDRP has been wielded in such a way as to ensure its flexibility in the face of rapid technological and economic changes, enabling it to accommodate evolving norms and practice. By resisting the temptation to micro-legislate particular issues, it has endeavoured to develop, in ongoing terms, a non-exhaustive body of doctrinal concepts, best practices and (de facto) system of precedents built up and refined by hundreds of UDRP panellists. Central doctrinal concepts such as respondent rights or legitimate interests and bad faith are subject to panel interpretation in light of evolving legal norms and business

\textsuperscript{135} Delaney and Ford (n 25).
\textsuperscript{136} August (n 125) 548.
practices. Yet, panels have also secured appropriate procedural powers, enabling them to refine principles and practices applicable to a whole range of issues: admissibility of evidence, refilled applications, language requests, multiple party complaints, suspension procedures to facilitate party agreed settlement, request for additional submissions – to name but a few of its powers and responsibilities.

1.4.3 The Position under the US Anti-Cybersquatting Act

Notwithstanding the institution of the UDRP, courts retain substantial discretion over how they are to interpret and apply the rules of private international law (including questions of conflicts of law and jurisdiction (which court, in which state has authority to adjudicate disputes), the applicable choice of law, recognition of foreign judgments and enforcement). In the United States, the Constitution imposes greater controls on how courts exercise personal jurisdiction while remaining silent on “choice of law” issues (prescriptive jurisdiction) rules, most of which remain, to this day, largely unregulated. That being said, however, it should be pointed out that, in practice, courts have tended to accord recognition to foreign arbitral awards.

Paralleling developments in the UDRP, the US Congress formulated its own legislative response to the growing problem of abusive domain name registration so-called cybersquatting. These efforts culminated in the adoption of the ACPA in 1999. The ACPA is designed as a supplementary instrument to the Lanham Act, which is the United States’ prevailing (general applicability) trademark statute. The anticybersquatting legislation permits and identifies several causes of action in federal district courts, subject to the requirement that jurisdiction is established in connection with the ownership of trademark rights, including personal names (e.g. celebrity names) which are offered similar protections to trademarks. In addition to the requirement that a person demonstrate a direct interest in

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137 Lifshitz (n 114) 531- 32.
139 ibid.
140 15 USC § 1125(d).
142 Robert J Kaczorowski, ‘The Common-Law Background of Nineteenth-Century Tort Law’ (1990) 51 Ohio State LJ 1127, 1128; 15 USC § 1125(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 …”
the domain name as a ground for establishing jurisdiction, known as “personam” jurisdiction, the ACPA also encompasses jurisdiction in rem against domain names in certain cases, and where the stipulated preconditions are met.\footnote{143}{For example, a mark cannot even be registered as a federal trademark if it is not “used in commerce”. 15 USC § 1051(a)(1).} In the latter case, however, the remedy available to the injured party is limited to cancellation or transfer of the infringing domain name.\footnote{144}{15 USC § 1125(d)(1)(A)(ii).} This use of in rem jurisdiction is somewhat alien to the majority of British courts, but is common in admiralty law when a vessel is seized to ensure the satisfaction of debts that are incurred during the operation of the vessel. In a similar way, the claim here could be directed at the domain name to allow for the satisfaction of either injunctions or financial damages if the domain name was then sold for a high enough market value.

A number of legal rules distinguish the ACPA from the UDRP. For instance, the ACPA, arguably, “more expressly” denotes that a cause of action can only be brought against a defendant, in connection with a disputed registered domain name, after the complaining party has established rights in a trademark.\footnote{145}{ibid.} In other words, the complaining party must be able demonstrate that a trademark was registered prior to the registration of the domain name, and/or the commission of the abusive or trademark infringing act. While the situation is less clear in the context of the UDRP, in so far as the relevant rules appear to provide some scope for a limited recognition of common law trademarks not formally registered, on the whole, and as a general rule, UDRP panellists have tended to follow the approach endorsed by the ACPA.\footnote{146}{Haight Farley (n 123) 626.} Furthermore, the ACPA sets out a number of additional actions indicating bad faith, beyond those expressly laid down in the UDRP. It is not clear, however, whether the lengthier list of potential grounds of bad faith enumerated in the ACPA adds anything of significance or, otherwise, goes substantially further than equivalent provisions as specified under the UDRP. Similar to the UDRP, the ACPA sets out a number of public policy exceptions to actions which would ordinarily constitute trademark infringement under the substantive rules of both instruments, for instance, where a defendant party can demonstrate fair use, or where other protective doctrines (e.g. public safety) preclude action.\footnote{147}{15 USC § 1125(d)(1)(B) provides that “(ii) Bad faith intent described under subparagraph (A) 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.”}
The most notable, and critical, point of divergence between the two instruments is the differing remedies that are provided to injured parties. Under the ACPA, a federal court is authorised to order the cancellation or transfer a domain name. These remedies are also available under the UDRP. The ACPA, however, also incorporates measures designed to prevent the future commission of abusive and infringing conduct, empowering the courts to issue an order of cancellation or transfer (against the person who registered the offending domain name or names). As a consequence, both registrant and registrar are enjoined in their liability. The ACPA seeks to block and prevent unfair use by a plaintiff (i.e. complainant) trademark owner, including, critically, the registration of confusingly similar domain names. Registrars who turn a blind eye, or otherwise adopt a permissive attitude, to registered domain names known to encroach upon an existing mark or other forms of intellectual property, may be subject to liability actions under the ACPA. Where infringement is found, federal courts can award damages to the complainant, including statutory damages.

One of the perceived benefits of the UDRP, as indicated earlier, is the relatively low costs incurred by the complaining party in pursuing an action in alternative dispute mechanisms compared with that of traditional litigation. It is worth noting, nonetheless, that an action brought against a third-party domain name registrant in a federal court will be more costly and time-consuming than the UDRP equivalent, even if the damages won from a successful prosecution may be substantially greater. Of course, there is a world of difference between successfully securing a financial award against an abusive domain name registrant and the collection of that judgment as the case law in the United States demonstrates.

1.4.4 Should Domain Names be interpreted from within a Contractual Framework of Services Rendered?

The above analysis begs but does not yet answer the question: should domain names be subject to traditional forms of trademark law? Conversely, should they be accorded their unique rights-based protections from within an appropriately devised and conceptualised
legal framework? As a matter of current law, domain names do not enjoy such protections, and the regulation and adjudication of such issues are treated and addressed through use of, arguably, outdated, “contractual” and “property” law-based distinctions.\textsuperscript{152} This thesis will argue that domain names cannot be forced into, and analysed from within, traditional categories.

If one can make a theoretically and normatively sound case for (re)characterising domain names as property, to what degree is the electronically coded information contained within a domain name capable of exclusive otherwise, ownership, possession and control by an individual with rights in that name?\textsuperscript{153} Whereas property rights endow domain name holders with inalienable, absolute and continuous rights relating to ownership and transfer, contractual rights invest in their holders more limited and qualified rights over the control and use of desirable and scarce “things”.

On the specific question of trademark law, to what extent does the excludability of interests enhance, or obstruct, public access to domain name use and/or consumer knowledge of the origin and quality of goods and services sold and advertised on the Internet?\textsuperscript{154} The next section considers the key issues raised by these questions, to prepare the ground for a more probing analysis of the questions in subsequent chapters.

\subsection*{1.5 Domain Names as Contract Rights}

A number of commentators, including Dolkas, Menser,\textsuperscript{155} and Burshtein,\textsuperscript{156} have insisted on the conceptual and practical appropriateness of the contractual model of domain names. On this view, the domain name registration agreement can be analogised to any other kind of service agreement. The domain name registration is but one fairly untypical example of a service rendered, in this case by a registrar.\textsuperscript{157} If this approach is accepted, domain names should be treated and enforced as contractual rights, and, accordingly, distinguished from the

\begin{itemize}
\item \textsuperscript{152} Henry E Smith, ‘Exclusion Versus Governance: Two Strategies for Delineating Property Rights’ (2002) 31 JLS 453.
\item \textsuperscript{153} ibid.
\item \textsuperscript{154} Delaney and Ford (n 25). See also Smith (n 152).
\item \textsuperscript{156} ibid.
\item \textsuperscript{157} See generally, August (n 125) 548.
\end{itemize}
bundle of rights associated with, or inherent in, legally recognised forms of property. Any rights which attach to a domain name should, therefore, be treated as though they were created under contract. The logic applied by advocates of this conceptual approach is deceptively simple. Domain name registration agreement can be broadly compared with a “licence to use a service” agreement. Although domain names cannot operationally qualify as licences owing to their non-existence prior to payment (and cessation on expiration of the domain name use agreement), the mutuality of obligation created at the point of domain name registration and the registrar’s agreement can be analogised to a standard contract for the provision of services.\footnote{ibid.}

If the above analysis is correct, a domain registration agreement is not distinguishable from any other basic service contract, for example a telephone carrier service or a pay for view satellite subscription service.\footnote{ibid.} The role of the registrar might be compared with that of the database administrator, albeit the registrar is responsible for carrying out additional technical and policy related responsibilities. Broadly speaking, however, the key responsibilities of the registrar are largely functional in character, encompassing, for instance, technical tasks relating to: the allocation and validation of a domain name; association of the IP address to the chosen domain name; and the provision of maintenance services for the link.\footnote{Burshtein (n 84) 28.} Correspondingly, a domain name registrant acquires only the conditional right to the exclusive use association of the relevant domain name with a particular IP address. If we take this analysis as our starting point, rights in a domain names might conceivably be described, as the above commentators have argued, as a purely contractual creation: they take the form of a right to direct how a character string will resolve when a user enters a name on the browser. In other words, by the act of registering a domain name, a registrant enters into a bilateral contract, pursuant to which the domain name registrant acquires a mere conditional right to direct how a domain name is resolved, for a stipulated period of time.

1.5.1 Domain Names as Licences

In order to obtain a domain name, an applicant must apply to an ICANN-accredited registrar for their name of choice. If the name is available, the applicant is required to pay a
registration fee to the registrar. Until the point at which the application has been approved, and consideration has been made, the domain name is assumed not to exist. If we accept the view that domain name registration is governed solely by contract, the creation and use of a domain name becomes “choate”, i.e. is rendered into existence as a defined and enforceable right, only after such point as the registration agreement has been concluded between the registrant and registrar.\textsuperscript{161} Providing that the registrant continues to pay the renewal fee stipulated by the registrar, the conditional right of contract may well continue indefinitely. At the point of non-renewal, the domain name ceases to exist, thereby re-entering the pool of available names for which prospective registrants can apply.

In a typical scenario, the domain name registration agreement invests the registrant with certain contractual rights, specifically the right to cancel or renew the registration, in the latter case indefinitely.\textsuperscript{162} Registrants are also typically granted a grace period by the registrar and/or registry, should the registration lapse, absent an application for renewal. Furthermore, the agreement usually sets out procedures for cancellation (of an agreement). The registrar is also empowered to terminate the contract, should the conduct of a registrant constitute a material breach of the terms of that agreement (though the registrant may later challenge the decision in traditional litigation or UDRP procedures).\textsuperscript{163}

All domain names have an end date, or expiry. The process of re-registration operates through the payment of a renewal fee. In view of the existence of an expiry on a privilege of use, domain names might be usefully analogised to a licence (of use).\textsuperscript{164} However, and despite its fixed duration, a domain name registration agreement is qualitatively different from the licence agreements. According to the ICANN Registrar Accreditation Agreement, registrants possess no rights or interests in domain names since such rights do not come into existence prior to the point of registration. If this view is correct, domain names cannot be “owned” by any individual other than the registrant themselves.\textsuperscript{165} It follows, equally, that no privileges or rights accrued throughout the duration of the registration can be assigned or transferred to a third party. It is these features which have led many to conclude that domain names can in no sense be construed as property.

\begin{flushright}
\textsuperscript{161} ibid.
\textsuperscript{162} See, for example, Abbott (n 3) 19.
\textsuperscript{163} August (n 125) 548.
\textsuperscript{164} Abbott (n 3) 18-24; Gurry, Abbott and Cottier (n 141) 457.
\textsuperscript{165} Burshtein (n 84) 45.
\end{flushright}
If domain names are properly conceived as contractual rights and not as property, an important question arises: how, then, do domain names come to be bought and sold in the online marketplace? In practice, and consistent with the defence of a contractual conceptualisation of domain names, parties are assumed to enter into a sale or transfer agreement on their own volition. This approach reflects the “hands off” approach which has traditionally been observed by states and the judiciary when enforcing a contract assumed to have been concluded among equally situated (e.g. parity of bargaining power) and consenting parties. On a related issue, a domain name registrant is authorised to transfer a registered domain name from one registrar to another.  

1.5.2 National Registration Agreements

Strikingly, the language employed in a number of country top level service agreements appears to vindicate the contractual model of domain name allocation as services rendered. The NSI, the national registrar/registry operating in the United States, is a clear case in point. For example, the NSI agreement emphasises, in unequivocal terms, its exclusive function as a provider of services. Beyond this, as expressly stated in clause 20 of the agreement, registrants are excluded from exercising a number of rights attaching to property, principal among them the right to transfer. In other words, the right to use and registration of a domain name under the agreement is neither assignable nor transferable. Indeed, the terms of the agreement expressly prohibit a registrant from asserting those rights with reference to a given domain name associated with a particular IP address.

The Canadian Internet Registration Authority (CIRA), the .ca registry/registrar, goes a step further, adopting an approach more restrictive than even the NSI agreement. As expressly stipulated in 7.2 of the Registrant Agreement of CIRA; “Except as otherwise set forth herein, your

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169 ibid.
170 Canadian Internet Registration, Registrant Agreement <https://services.cira.ca/agree/agreement/agreement.jsp> accessed 13 January 2014.
rights under this Agreement are not assignable or transferable. Any attempt by your creditors to obtain an interest in your rights under this Agreement, whether by attachment, levy, garnishment or otherwise, renders this Agreement voidable at our option. You agree not to resell any of the Services without Network Solutions prior express written consent.\textsuperscript{171} And hence no term or provision in the contract should be interpreted as proof of ownership. Nor, as it expressly stated under the terms of the agreement, should the registration of a domain name in the relevant WHOIS registry be seen to create or transfer a proprietary right or grant of security against the sale and transfer of the domain name to a third party. Thus it would appear that the contractual model most accurately represents the circumstances governing domain name registration: the registrant of a domain name obtains no property right in the domain name or its registration.

1.5.3 Domain Names as a Sui Generis class of Rights

Building on the equivalency and equal-protection rule enshrined in international intellectual property agreements,\textsuperscript{172} ICANN is responsible for developing and promulgating quasi-standardised rules on domain name allocation provision. The standards are, in effect, mandatory: these impose conditions on all contracting states party to the ICANN regime, and its constitutive instruments. By extension of the same bootstrapping logic, registrars must comply with ICANN’s “regulated contracts” model of domain name registration and use.\textsuperscript{173} The salient point is that the rules generated by ICANN serve to constrain the discretion and autonomy of national and private registries/registrars alike. In instituting flexible yet mandatory procedural constraints which regulate the process (but not the content) under which contracts are concluded, in addition to establishing de facto uniform conflict rules for resolving disputes, ICANN performs important regulatory cooperation, coordination and management functions. These rules are designed with the aim of mitigating conflict and promoting greater forms of integration and harmony amongst divergent national laws, while remaining sensitive to “legitimate differences” across national contexts and cultures.

In any event, domain names registrar agreements are by no means the only kind of “regulated contract” found in existence, or, for that matter, the only kind of contract which can be cancelled in the event of breach of contractually specified conditions. In day-to-day life,

\textsuperscript{171} ibid Section 7 Assignment and Resale
\textsuperscript{173} Mueller (n 79) 23.
consumers enter into utility contracts with suppliers. Some of these agreements deny the consumer any right of cancellation, even where no fault or liability on the part of the consumer is established in accordance with the explicit or implicit terms of a given agreement. And yet, utility contracts (e.g. electricity suppliers) have a public interest dimension which can be likened to domain name provision and use related services: both regulate the provision of public goods and services. Consumers depend on these services; indeed, they may have no choice but to acquire the services of one major supplier particularly where no reasonable alternative exists.

In the final analysis, the domain name registrar/registration agreements assessed above can be understood to promote and support a reciprocal relationship between a domain name registrant and a registrar. Presiding over this bilateral relation from “above” is the global organisation, ICANN. The two parties subject to its supervisory authority must each submit to the global entity’s prescribed rules on domain name registration, use and dispute settlement.174 And yet, the service agreement, which binds together the domain name registrant and the registrar through mutual expectation and obligation, is itself an unusual, perhaps even “unique” device, or legal “construct”.175 Domain name holders exercise exclusive control over the use of the domain name, owing to the “first-come-first-served policy” policy (meaning that where a domain name has already been registered it cannot be assigned or transferred to another).176 Through the process of registration, the registrant is invested with rights that go significantly beyond those passively acquired in the typical service agreement. For instance, the registrar/registry cannot simply “breach and pay”: they cannot cancel the service they provide to the user, in this case domain name registration, and simply offer forms of monetary compensation for loss of use and access to services rendered, thus resulting in breach of contract.177

Another related point of distinction is that both registrar and registry exercise limited control over the registrant, and have few powers to impose conditions or restrictions on the use of the domain name, outwith those already approved under ICANN authorised rules. They are not permitted, for instance, to refuse renewal of registration or terminate registration of the

175 See, for example, Abbott (n 3) 20.
176 ibid.
177 ibid.
domain name “without cause”, these causes being confined to those formally recognised under ICANN rules.\textsuperscript{178} If the business associated with a domain name folds or no longer exists, domain name registrations are nonetheless retained on the registry database. They can, therefore, be transferred, by the registrant, to a different registrar.\textsuperscript{179}

On the other hand, the legal circumstances governing domain name registration and use may not be qualitatively different from those applied to other forms of intellectual property, such as the patent. Once a patent is registered with the national patent office responsible for granting applications, that office has no authority to cancel without reasonable cause (e.g. without some reasonable evidence of a defect in the patent or, otherwise, proof of wrongdoing on the part of the patent holder).\textsuperscript{180} Similar to the situation of the domain name, a patent comes into existence only after it has been granted by the patent office. Relatedly, a granted patent is subject to a global harmonisation framework, not dissimilar to that instituted and governed under ICANN. The patent rulings issued by the equivalent global or international body “trump” decisions issued by the national office.\textsuperscript{181} The Global Patent Authority defines a patent as property, albeit as a legislated form of “temporary property” because of its limited duration. Upon its expiration or passing, the patent holder surrenders any rights in the exclusive use, control and ownership over the information contained within a patent.\textsuperscript{182}

A domain name, by way of contrast, enjoys indefinite duration and can be renewed without limit. In many ways it is this feature which, unlike the patent, makes a domain name more like property than typical contract rights.\textsuperscript{183} The question which remains is whether domain names can make credible claims to their existence as “legislated property” in the same way that patents have been viewed. Certainly, domain names are regulated from a quasi-global

\textsuperscript{178} ICANN, Registrar Accreditation Agreement (n 174).
\textsuperscript{179} ibid ¶3.
\textsuperscript{180} See Patents Act 35 USC § 261 (2006) (stating that patents have the attributes of personal property); Copyright Act 17 USC § 201(d) (2006) (conferring copyrights with the status of personal property in regard to the transfer of ownership).
\textsuperscript{181} For example, in the US, patents and trademarks are granted by the United States Patent and Trademark Office but they are overseen by the Global Patent Authority. While copyright protection attaches automatically to any original work that takes a tangible form, an author is required to register the work with the US Copyright Office in order to prevail in a claim.
\textsuperscript{182} Patents Act 17 USCA § 411(a).
\textsuperscript{183} Gurry, Abbott and Cottier (n 141) 457-76.
In this sense, the global authority ICANN, responsible for developing rules governing registration and dispute settlement, performs standard-setting functions which are functionally equivalent to those undertaken by the Global Patent Authority. Of course, the background to the current system of domain name regulation moving from the “on high” creation of ICANN, to the institution of registries/registrars and all the way down the line to individual applications for domain name registration, differs quite substantially from the background leading to the development of the current patent certification framework. One crucial distinction should be made explicit, the rights and responsibilities owed to, and by, a domain name registrant are not the product of legislation, whether in origin or in their current expression. They are defined and regulated under contract with the registrars.

1.6 Conclusion: the Dual Nature of Domain Names

Domain names exhibit two connected features which, when combined, are unique. One the one hand, traditional forms of “intellectual property” are not usually created and regulated under contract. Trademarks are registered with the national trademark office or federal authority, but the rules relating to their use are governed by statute. Common law trademarks not yet registered may be enforced under a court-centred common law assessment of, for instance, the goodwill of a product and the frequency of use (of a trademark name). But these too are not created or regulated under contract. The law relating to trade names, likewise, may rely on common law principles, just as they can be formally registered with local authorities. But, trade names are not contractual creations either. Generally speaking, the same is also true of patents. Patents are granted by a patent office, and subsequently registered with that office. The rules regulating patents (e.g. expiration, terms of duration and so on) have been the object of considerable legislation and global rule-making. And yet, while the global and national elements of the framework governing the application and approval of patents share features common to service agreements, (namely the rules on payment of renewal fees), they, too, cannot be treated as “contract rights”.

Invert the perspective and there are notable similarities between domain names and traditional forms of intellectual property. Indeed, one might argue that domain names exist as

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185 Haight Farley (n 123) 626.
186 Gurry, Abbott and Cottier (n 141) 457-76.
a special class of rights. The protections that would flow from this classification (e.g. domain names as a “class” of property) have, however, not been made “transitive” through explicit recognition of their “property” based status under a statute or other relevant instrument. Of those intellectual property statutes adopted in common law jurisdictions, including the United States, few, if any, delineate in clear terms the scope and subject matter of intellectual property protections. Indeed, most address legal issues relating to domain name registration, including trademark infringement and abusive use of a domain name, only incidentally. There is good reason to suppose, therefore, that the status of a domain name has not yet been definitively resolved. On the other hand, courts have not been prepared to redefine “intellectual property” as a sui generis category of rights protections which can be treated, neither as “pure” contractual rights nor as a distinct form of intangible property but, rather, something in between.187 This is all the more striking since the rules governing domain name registration and use and those governing trademarks and trade names overlap in significant ways. The next chapter examines this relation in greater depth to prepare the ground for a discussion of the special features of domain names use and registration.

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CHAPTER TWO

TRADEMARKS, AND THE DEVELOPMENT OF NEW LEGAL LINKAGES IN APPROACH BETWEEN TRADEMARKS AND DOMAIN NAMES

2.1 Introduction

This chapter will focus on the meaning of the term trademark and its significance in the context of domain name registration and use. The central object and problematic of the chapter will settle primarily on the owners of trademarks but it will also attempt, along the way, to highlight the role of other stakeholders such as consumers and governments who may claim an adverse right or interest in a contested domain name.188 The chapter begins by discussing the nature and value of domain names and how they can act as an identifier. It then discusses the contextual relationship between domain names and the trademark law. Then it will proceed to examine trademarks as commercial “identifiers” in greater depth, thereby revealing important parallels between trademarks and domain names in respect of their common signalling function.189 The chapter will later focus on the EU’s new approach in the Intel and InterFlora cases190 whilst seeking to ascertain which legal frameworks and approaches can be adapted from the more modern approach to trademarks to provide a useful conception and legal treatment of domain names.

A number of pressing questions are opened up for critical engagement, and the chapter seeks overall to determine possible roots for the legal character and status of domain names and to determine the frameworks that could generate the rights which govern their registration, control, possession, transfer and use. Most crucially, the chapter aims to determine any new legal concepts that could be used to more clearly identify the placing of domain name rights within the context of either property or contract.191

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188 Abbott (n 3) 11; Abbott and Cottier (n 141) 457.
190 Intel Corporation Inc v CPM United Kingdom Ltd (Case C-252/07) [2008] All ER (D) 277 (Nov); Interflora Inc v Marks & Spencer plc (Case C-323/09) [2013] All ER (EC) 519.
191 Olivia Maria Baratta and Dana L Hanaman, ‘A Global Update on the Domain Name System and the Law; Alternative Dispute Resolution for Internet Competition – “Oh, the Times They are A-Changin!”’ (2000) 8 Tulane J of ICL 325, 330.
2.2 The Nature and Value of Domain Names

From the standpoint of the consumer of goods and services, domain names achieve similar functions, in the domain of electronic commerce, as those historically performed by trademarks in the more traditional arenas of business. In past periods, particularly in the initial phases of the Internet’s development, business enterprises significantly underestimated the commercial value and investment potential of domain name selection. Domain name systems were thought, for instance, to have an exclusively or predominantly technical function. Chosen, in most cases, by technical personnel with little regard for their potential investment and marketing possibilities, the principal logic of the domain name system, as perceived by its stakeholders, was the sound and effective functioning of the Internet. Any such complacency concerning the economic and social significance of domain name was soon swept away by the advent of the worldwide web, marked by the rise and expansion of the Internet as a thriving electronic market place and advertising medium.

Paralleling these developments, businesses soon recognised that since potential consumers of goods and services rely on domain names when locating web resources, a successful marketing strategy of any online business would depend, to a large extent, on the registration and acquisition of memorable domain names, namely those containing semantic and visual identifiers which relate closely to the company’s products, trade names and trademarks. As one illustration, a car manufacturer has a clear interest in obtaining the domain name cars.com, in much the same way as consumers will rely on domains such as apple.com when looking to use and purchase authentic Apple products. The recognisability of a domain name therefore can greatly impact the modes and means by which a business conducts commerce on the Internet, in addition to its role in protecting and enhancing the commercial identity of that business. On the other hand, consumers, many of whom are unaware of the domain name company, will locate online products by inputting the principal trademark of a company in a search engine such as Google, Yahoo etc.\textsuperscript{192}

From the nineties onwards, the computer industry, particularly the sphere of audio and visual technology, has generated billions of dollars in new investments.\(^{193}\) Relatively affordable use of the Internet has secured its widespread access, elevating its status to that of a truly global communications system which serves, amongst others, governments, schools, businesses and consumers. Billions of Internet users communicate daily across the “Net” transmitting and receiving e-mail, documents, pictures and so forth, creating web pages aimed at soliciting and advising potential or existing customers.\(^{194}\)

Companies increasingly look to market their products and services electronically.\(^{195}\) These developments have rendered the identification and quality standard test of the trademark, in combination with traditional source-transparency functions, all the more essential. Transactions that take place on the web can be obscure, in that consumers have few or meagre opportunities to interact with service providers, towards determining the quality of goods and their origin, relative to a “face-to-face” in-store shopping experience (where consumers can actually see the product and research their product before making a selection). The goodwill or quality assurance embedded in a trademark may be the only information that the online consumer has to base its decisions upon.\(^{196}\)

This must be evaluated in greater detail, and the remainder of this chapter will focus on the meaning of the term trademark and its significance in the context of domain names. These actors may well emerge as the constituency most likely to contest and challenge legal rights in trademarks or domain names.

2.3 Domain Name as Identifier

A domain name shares many common characteristics with various forms of intellectual property, conventionally understood. In its function as an “identifier”, a domain name may exhibit characteristics similar to those of a trademark and trade name. An Internet domain name identifies the company, school, institution or organisation and is the online designation under which an e-enterprise operates. In other words, domain names, like trademarks,
function as the primary means by which an online user can identify the origin and source of goods or services. Functionally speaking, a domain name is analogous to an old-fashioned telephone number. The IP address routes and resolves a search enquiry to a particular computer server. This search function may be activated by a random character string associated with an IP address. Internet users are, however, unlikely to remember the strings of numbers to locate the individual, or indeed the goods and services they are seeking out. Domain names thus constitute a “human friendly” signaller of a website’s content and character.

From a technical IP standpoint, a trademark singles out a good or service thus distinguishing it from another commercial, or other kind of, enterprise. A common analogy is drawn between the “identifier” function of a domain name and those found in toll-free vanity telephone numbers (e.g. 0800-PETINSURANCE). As with a domain name, a specific telephone number is assigned to an individual person/household to the exclusion of everyone else. A domain name, to put it another way, can be conceptualised as a memorable mnemonic which substitutes for the unwieldy computer code contained within the first portion of a numerical address. This mnemonic assigned to a telephone number will correspond to a business name or a trademark. The allocation of a pre-designated telephone number does not preclude that holder from registering the alphanumeric characters that comprise it as a trademark, subject to the proviso, applicable in most legal systems, that the goods and services it relates to are sufficiently distinctive so as to be distinguished from those offered by other subscribers. It is quite possible that a telephone number, like that of a domain name, may, over time and repeated usage, serve to distinguish the relevant product associated with, and traded under, a telephone mnemonic. In turn, it may well be the object of a successful trademark claim. Another presumed similarity, or so we are told, lies in the fact that the continued right to use of a vanity number will come to depend on the ongoing provision of services provided under contract.

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197 ibid, 1128.
198 Burshtein (n 84) 49.
199 ibid 49.
201 ibid.
202 Burshtein (n 84) 49.
Given that access to them is limited, demand for domain names is high. Since each allocated IP number constitutes a unique marker, acquisition and use of these numbers are coveted as lucrative source of advertising investment and revenue. Brand name businesses recognise the value of registered domain names and seek to incorporate, within that name, the trademark or service mark of their business. An abbreviated “sub type” trademark-incorporating domain name is often contained within the “trade name” (e.g. Apple).\textsuperscript{203} Since each allocated number constitutes a unique marker, acquisition and use of these numbers is coveted as a lucrative source of advertising investment and revenue. Indeed, Internet users will often type directly into their browser the name of a trademark with the precise aim of retrieving a search result in which the website of the relevant business is prominently displayed.\textsuperscript{204}

### 2.4 A Contextual Approach to Domain Names and Trademark Law

Domain names play a significant part in e-commerce and hence they are very important to Internet users as domain names prove to be the most convenient and easiest possible way which can be adopted by the users to access material available on the Internet/cyberspace. The technology, commerce, legal, social and economic worlds all refer to cyberspace. Immense economic values are associated with some domain names which are easy to type and to remember; similar values exist for certain domain names and, undeniably, domain names representing a trademark have equal value based on how popular the trademark is. It is designed so that the user can just type a keyword in the box designated, to access any search engine like Yahoo or Google or any other website/product which he/she wishes to find and it is considered that these actions have damaged the significant value of the domain names. On just typing the keyword, accurate domain names are quickly provided to the user even if the link or the domain name or the webpage desired by the user is very much more complicated.

To this end, legal protections are required for domain names in the context of trademarks as they have high business value in the economy and as they are subject to common risks, such the abusive registration of domain names – so-called cybersquatters and typo-squatters.\textsuperscript{205}

\textsuperscript{203} ibid.  
\textsuperscript{204} ibid.  
\textsuperscript{205} This includes registering domain names with misspellings of some well-known domain names example: micr0soft.com.
There are many differences which exist between trademarks and domain names. A noteworthy difference is that the right of using a similar trademark is given to a number of right holders. A unique sign which specifies a group of services and goods is referred to as a trademark. Other right holders can register their various kinds of services and goods with a similar trademark. Another distinction is that, as a general rule, the trademark holder holds the right of the trademark for a limitless period. The renewal of the trademark can be done once every 10 years for an infinite number of times. There may be a lapse of the trademark being registered if it is left unused, but if the owner of the trademark duly pays the registration fee and if no objections are put forward regarding the registration, the owner will not be subject to losing the trademark. Also, the area where the trademark is established or the country where the trademark is registered, are its geographic limits.

2.4.1 Early Interaction between Trademarks and Domain Names

Confronted with the rapid growth of the ecommerce market in the late nineties, most commentators now grappled with the unique bundle of legal issues presented by domain names, and the apparent “gaps” in traditional trademark law concepts as a tool for addressing its abuses. Domain names were inexpensive to register and generally open to public applications (in contrast with the more complex, restricted and costly trademark registration process). Applications for domain name registration, moreover, do not feature any ex ante screening or review mechanism in the vast majority of TLDs.

The inequitable trade-off reflected in the low cost of registration and potentially high returns of trademark infringement, in turn served to create perverse incentives for the profit-motivated abuse and exploitation of a trademark, while paving the way for competition impeding forms of rent-seeking behaviour. The initially limited law in the area at first also meant that the trademark owner was limited to time- and cost-intensive litigation in the federal (or state) courts. This litigation was typically based in a claim of direct infringement under s.32 of the Lanham Act, but this means that the claimant must demonstrate ownership

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206 Note in some jurisdictions if the trademark is well known, however, the trademark right may apply to all goods.


of the mark,\textsuperscript{209} use of the mark in interstate commerce,\textsuperscript{210} and a real likelihood of confusion between the mark and the defendant’s infringing use.\textsuperscript{211} This can then be matched with a claim of unfair competition under s.43(a), but, aside from the requirement to demonstrate further harms and acts, the s.43(a) claim is dependent on the successful s.32 claim for validity due to the need to demonstrate use in commerce. The claims were also complicated due to the fact that \textit{Jews for Jesus v Brodsky}\textsuperscript{212} established that mere registration of a domain name did not constitute use. This was confirmed by \textit{Lockheed Martin Corp v Network Solutions Inc},\textsuperscript{213} which found that “Domain names, like trade names, do not act as trademarks when they are used merely to identify a business entity; in order to infringe they must be used to identify the source of goods or services”.\textsuperscript{214}

In a related dimension, although the location of a domain name was geographically specific, and hence subject to the in situ jurisdiction of the state in which the domain name had been registered, the actual use (and abuse) of the domain name could potentially occur anywhere, across the globe.\textsuperscript{215} In other words, a domain name associated with a registry located in the UK can, nonetheless, still be used or employed in a manner constituting an abuse of the rights of a trademark owner based in the US or Australia. This is particularly clear in the case of the .com registry (which is marketed as globally applicable\textsuperscript{216}) and country registries that coincidentally happened to be globally marketable, such as Tuvalu’s tv.\textsuperscript{217} The high requirements for proof under the Lanham Act and the multijurisdictional issues thus made the gap between available actions in trademark and the requirements of law relating to domain names look rather serious.

\textbf{2.4.2 Origins and Basic Principles}

Trademark laws are designed to protect and enhance the commercial identity of owners and the source and quality of goods and services provided under a business name. While most

\begin{footnotesize}
\begin{enumerate}
\item Lanham Act 15 USC §§ 1051, s.32(a).
\item ibid s.32(b).
\item ibid s.32(c).
\item \textit{Jews for Jesus v Brodsky} 993 F Supp 282, 307 (D NJ 1998).
\item \textit{Lockheed Martin Corp v Network Solutions Inc} 985 F Supp 949, 957 (CD Cal 1997).
\item ibid 956.
\end{enumerate}
\end{footnotesize}
states have refined and implemented, through legislative instruments, doctrines and general principles, a body of trademark laws, these rules frequently come into conflict. At any rate, no regime of international harmonisation of worldwide trademark law exists. Most countries have adopted the Paris Convention, an agreement that requires signatory states to offer the same protections to foreign nationals as it does its own citizens. This guarantee of equal treatment, does not, however, establish substantive rights for individuals affected by or subject to the laws of member states signatory to the Convention. The juridical divide between common and civil law impedes the path towards international harmonisation, though efforts to achieve it have been somewhat successful in the context of the TRIPS agreement.

In common law jurisdictions, a trademark owner acquires exclusive rights in a registered trademark when customers of a business or trade use it to identify distinctive goods and services associated with the trademark owner. The requirement that the trademark be “distinctive” vis-à-vis its exclusive association with a particular product or distributor has long been established as the doctrinal core of common law recognition of trademark rights.

Countries subject to common law include the UK, Canada, the US, Singapore, Hong Kong, Australia and India. In this system, rights in a trademark are revoked at the point which the owner no long uses the trademark; a legal situation known as trademark “abandonment”.

In civil law countries, by way of contrast, the registration of a trademark is the principal mechanism by which an individual can obtain trademark rights. The civil law countries are those that follow the Code Napoleon, Roman law, or other European Continental codes, including Japan, France, Spain, Italy, Germany, Korea, Austria, China and Latin America.

2.5 The Rationale and Public Policy Purpose Underwriting Trademark Protection

The legal regime of trademark protection is ostensibly underwritten by a specific public policy imperative: the prevention of consumer confusion, namely the demand for information

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218 Tanner (n 189).
219 Anne Gilson Lalonde, Gilson on Trademarks (Matthew Bender 2009) § 2.03[4][d].
221 See e.g. Playboy Enters v Netscape Communications 55 F Supp 2d 1070 (CD Cal 1999).
about the quality of a product relative to its competitors, in addition to greater transparency as
to its origin. The US Supreme Court famously said in this regard; “The law of unfair
competition has its roots in the common-law tort of deceit: its general concern is with
protecting consumers from confusion as to source”.223 The use, well-intentioned or otherwise,
of an identical or confusingly similar trademark may affect consumer choices, when, for
instance, they purchase a different or inferior product than desired, based on the consumer’s
knowledge of the original trademarked good.224

Trademarks function as an identifying marker on which consumers can rely when making
rational product selections. In the event that the consumer is satisfied with the quality, price
and functions of a product, the trademark allows for easy identification of those or other
goods supplied under that mark, should they seek out those products or services in the
future.225 In essence, trademarks have a cost reducing function, lessening the information
burden for consumers who would otherwise be forced to invest considerable resources into
investigating and comparing the quality of different goods before making a selection.226

2.5.1 Quality Function

An incidental gain of the information and cost-related benefits of trademark registration,
companies that use trademarks precisely to ensure that consumers can easily identify goods
are given an incentive to reasonably meet the expectations of their consumers, and to
maintain consistent standards of quality for goods and services offered under their marks. The
value represented by a consumer loyalty for the high standards maintained in the manufacture
of a product is referred to as the “goodwill” associated with the trademark.

2.5.2 Protection of Property (Goodwill)

The “goodwill” that is fostered by a trademark has long been held227 to constitute and
simultaneously reflect a measurable and costable value in the intangible property assets held

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223 Bonito Boats Inc v Thunder Craft Boats Inc 489 US 141, 157 (1989). In addition, see Levmore (n 192).
224 Lessig (n 222).
225 ibid.
226 Gilson on Trademarks (n 219) chs 2 and 3.
by the trademark owner. It is an asset, which is recognised in both the Paris Convention and the Lanham Act to be protected from damage through exclusion of unauthorised uses of trademark which may impair the reputation of the trademark, or diminish the value of the mark (i.e., those uses which are intended to confuse consumers or prevent them from identifying the trademarked goods and services they wish to obtain) as noted above. With the exception of those instances in which another company seeks to trade on the goodwill established by a trademark, where market forces indicate that the “goodwill” inherent in a trademark has ceased to function as an indicator of the quality and reputation of the source of goods sold under the trademark (in other words where the distinctiveness of the goods is put into question), the trademark owner loses any right to deny third parties use of that trademark. This loss of goodwill may result, for example, from the unrestricted use of a trademark by the public, such that a marker can no longer be identified exclusively or primarily with a particular producer or distributor but is recognised, instead, as the generic name used for goods and services of a similar likeness or kind to those offered by the trademark owner.

2.5.3 Trademarks and their Function

One of the critical functions associated with trademarks relates to the protections they give to consumers, namely by enabling them to identify the source of goods. Pursuant to both common and civil law systems, trademarks are acquired only in relation to defined and distinctive goods or services. As a result, the scope of trademark protection normally extends to those goods which consumers perceive to have originated from a single source. The belief that goods emanate from a single source is most commonly manifested when products are closely related and similar in likeness and “in kind” (e.g. brush and brush pan). The single source perception may also be present when an industry giant manufactures and distributes an array of goods under its trademark, such that consumers are likely to view the provision of

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229 Lessig (n 222).
230 Tanner (n 189).
231 Gilson on Trademarks (n 219) § 2.03[4][d].
additional goods as the development of the trade name as well as existing products distributed under a service or trademark.\(^{232}\)

In overseeing registration of a trademark, most countries adhere to, and apply, the International (Nice) trademark classification system administered by WIPO.\(^{233}\) Under these rules, applicants must first identify the relevant class of goods or services they seek to register. Applicants are also required to specify the particular goods and services for which a mark will be used. The categorisation of identified goods in connection with particular class has no substantive bearing on the scope of an applicant’s rights in the goods. Rather, it is used as an administrative device by which to classify the applicant, the relevant product/services and resulting registration.

2.5.4 Scope of Protection for Trademark Holders

Registered or common law trademarks operate as a distinctive indicator of the origins and quality of a particular class of goods. Therefore, beneficiaries of well-known marks may be entitled to protections against their use by others. Many of these protections are enshrined in international conventions.\(^{234}\) Pursuant to Article 6b of the Paris Convention, signatory states are obliged to extend equivalent protections to internationally recognised trademarks, where these are “well-known in that country”, against the use or registration of confusingly similar marks applicable to identical or similar goods.\(^{235}\) In the US, owners of recognisable or “famous” trademarks can pursue measures to insulate their rights in a trademark from “dilution” under the Federal Trademark Dilution Act of 1995 (particularly as it impairs or dilutes any “goodwill” inherent in a trademark).\(^{236}\) This statute, along with analogous regulatory instruments, institutes protections designed to guard against: “the gradual whittling


\(^{235}\) Paris Convention for the Protection of Industrial Property, 20 March 1883, 21 UST 1583, 828 UNTS 305.

\(^{236}\) 17 USCA § 411(a) (West 2001).
away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods”,\textsuperscript{237} or, otherwise, goods which consumers would not perceive as sufficiently related so as to have originated from the same source.

The Lanham Act, perhaps the most well-known of the US statutes governing trademark related issues, defines dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception”.\textsuperscript{238} A key rationale behind this provision, owners of “famous” trademarks can prevail against confusing or diluting use of marks by competitors, even when evidence of traditional forms of infringement are not present.\textsuperscript{239}

2.6 Why is Trademark Property?

This section will aim to demonstrate the underpinnings of the general approach to trademarks as intellectual property, showing the uniqueness and rivalries nature of the goods as well as their accepted status as intangible assets. Similarities will then be drawn between the approach to trademark and the approach that should be taken with domain names, illustrating an interpretation of domain names rights as property.

2.6.1 Background

Abbott argues that domain names are both tangible and intangible property, but should be defined as property, making the argument that they “are a form of intangible property that is created by and subject to contract”.\textsuperscript{240} Trademarks are also often held to be intangible assets, and may be processed in similar ways to other forms of property; security interests may attach, the property may become a considered asset during the bankruptcy process, and can be transferred from owner to owner as desired. Yet some elements suggest that the trademark or domain name cannot be considered a simple piece of property divorced from the contract


\textsuperscript{238} Lanham Act 17 USCA § 411(a) (West 2001).


\textsuperscript{240} Abbott (n 3) 52.
under which it was acquired. Both are subject to a good faith requirement during application, and both are monitored by a regulatory body that reserves the right to strip owners of their rights under the framework they agreed to when they first acquired them. In the case of domain names, an action against a domain name can be made under UDRP para 4(a) when it “has been registered and is being used in bad faith”.\(^{241}\)

The bad faith requirements in the UDRP are set out below in UDRP para 4(b):

(i) the domain was registered primarily for the purpose of selling it to the complainant or a competitor for more than the documented out-of-pocket expenses related to the name; or

(ii) the domain was registered in order to prevent the mark owner from using it, provided that the registrant has engaged in a pattern of such registration; or

(iii) the domain was registered primarily to disrupt the business of a competitor; or

(iv) by using the domain, the registrant has intentionally attempted to attract users for commercial gain by creating a likelihood of confusion as to source or affiliation.\(^{242}\)

Subsection (iv) in particular is extremely similar to the signalling function. This offers a temptingly similar approach to be drawn out, and the aim of this section is to identify the reasoning that may apply to trademarks and domain names, as well as the current state of the law both at that point of nexus and more generally.

For business accounting and tax purposes, trademarks are usually treated as an intangible asset.\(^{243}\) The trademark has significant intrinsic and extrinsic value with relevance to its owners and for prospective consumers and purchasers of a trademarked good or business. Accounting and taxation practices, as well as the status assigned to trademarks, will vary from one jurisdiction to another. In the US, the tax and accounting codes applied to trademarks will vary depending on whether the trademark was developed in the US or was purchased outside it.\(^{244}\) Regardless of the specific treatment and code applied, the intangible asset value of trademarks is usually appraised by financial and business information services,

\(^{241}\) UDRP para 4(a).

\(^{242}\) Ibid para 4(b).

\(^{243}\) 15 USC § 1060(a).

reflecting its market exchange value.\textsuperscript{245} The value of a brand can be worth millions and billions of US dollars, and increasingly the ownership needs and interests of owners in both categories appear to show the need for a common approach.

\subsection*{2.6.2 Statutory Law and Definitional Issues}

Prior to the establishment of the UDRP which came into effect on 1 December, 1999, in the US, trademark law was used as the basis for resolving disputes relating to domain names. One or more of three aspects of trademark law were invoked: infringement, dilution or confusion. These elements will be discussed in the next section.

In many jurisdictions, notably the US, the applicable intellectual property statutes fail to provide a clear and exhaustive definition of the legal status, and scope of protections applicable to a “domain name”, though, as will be discussed in greater detail below, they do provide injured parties with remedies against abusive registration use.\textsuperscript{246} Moreover, the relevant statutory provisions do not allow for useful distinctions to be made between the unique classificatory character of domain names and other well-established, and enumerated, forms of intellectual property (e.g. patent, copyright and trademark).\textsuperscript{247}

The laws applicable to trademarks in the UK are extensive and regulated under the Trade Marks Act (1994).\textsuperscript{248} A trademark is described as a sign that is used to differentiate the goods and services of one entity from those of its competitors. There is an additional list of features that are not acceptable as trademarks in the UK, including lack of distinctiveness, being offensive, promoting illegal goods or services, being deceptive and so forth.\textsuperscript{249} In the UK registration of a trade mark provides the owner with exclusive rights to it, as well as a right to take legal action against anyone using that registered trademark without the consent of the proprietor, from the date of registration.\textsuperscript{250} Infringement of a trade mark occurs if another entity uses a sign identical to that of the registered owner, and in relation to similar

\textsuperscript{245} See \textit{Panavision Int’l v Toeppen} 141 F3d 1316, 1324–26 (9th Cir 1998) (focusing on the defendant’s overall business plan rather than his use of the domain name alone).

\textsuperscript{246} Lee (n 239).

\textsuperscript{247} ibid 515.


\textsuperscript{249} IPO, \textit{Trade mark law and practice} <http://www.ipo.gov.uk/pro-types/pro-tm/law.htm> accessed 3 February 2014.

goods or services, or when there is a strong probability that the public confuse the goods/services of one company (which may also have rights in an adverse trademark) with the trademark owner alleging infringement. Infringement may also occur in connection with dissimilar goods and services, for instance when a party seeks to trade on the goodwill of a business for private gain, or when the conduct of that party damages the reputation of the company in some fundamental way.\textsuperscript{251}

\section*{2.6.3 Trademark Assignment and Transfer}

State legislatures and courts have traditionally recognised trademarks as a form of property capable of ownership and transfer in the US and elsewhere, regardless of any controversies which attach to its conditions of use.\textsuperscript{252} In the US, for example, the legal status of property for purposes of assignment and transfer is conditioned on the goodwill of the business, even if the precise meaning of this term is unclear and subject to competing interpretations.\textsuperscript{253}

Yet a number of ambiguities, tensions and disputes are bound up with legal issues affecting trademark assignment and transfer. What is more, there remain notable divergences between US law and international trademark law.\textsuperscript{254}

In the US, importantly, the consensus view has long been that a trademark can neither be assigned and/or transferred independently of the business with which it is associated.\textsuperscript{255}

Among its functions, as mentioned above, a domain name operates chiefly as an identifier, communicating to outside world relevant information about the products and services distributed by an online business. But rights in a mark also serve to protect and promote the commercial identity of a trademark owner, insulating it against misappropriation of that owner’s valued corporate reputation, and the “good faith” it reflects. Indeed, this animating principle or concept has since then been widely accepted and, hence, concretised in the US both at common law and in s. 10 of the Lanham Act – in the latter case through the statutory exclusion against assignments in gross (the attempt by companies to bring everything related

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{251} UK Trade Marks Act 1994, Infringement proceedings 14-21 (n 248).
\item \textsuperscript{252} Tanner (n 189) 16, 18.
\item \textsuperscript{254} Baratta and Hanaman (n 191).
\item \textsuperscript{255} McCarthy on Trademarks and Unfair Competition (n 250).
\end{itemize}
\end{footnotesize}
to their product, no matter how remotely, within the scope of their registered trademark protections). 256

As such, courts and commentators alike have contended that a trademark cannot be disassociated from the product sold, or from the reputation of the business owner. To accept that a trademark can be either viewed or enforced in isolation from the end product and the company’s reputation it is intended to safeguard would be entirely inconsistent with the very function and purpose of trademark protection. If this interpretative stance is correct, it is not clear why a consumer should assume the costs of a new trademark ownership by a business that has had, until now, no direct association with the business in which the mark is being used, or with the specific goodwill, reputational and otherwise, inherent in the goods and services to which it relates. 257 It would therefore take some degree of creative advocacy before one could conclude that assignment of business does not also entail its transfer.

On the other hand, the US, as a contracting party to WIPO, is required to adhere to Article 21 of the WTO TRIPS Agreement, a provision reflected in s. 10 of the Lanham Act. Article 21 states that: “[T]he owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs”. 258

One can make contrary arguments, therefore, in support of, or against, “assignments in gross”. The US position seems to be based largely on a normative, prescriptive approach. The TRIPS international position, by contrast, captures the descriptive reality of trademark activity “as it exists” in the “real world”. It is beyond refutation that trademarks have been commoditised. Well-established, high profile “brands” are associated with goods and products (e.g. celebrity perfumes, sports emblems etc) in a more or less random fashion, often where there is no apparent connection between the brand, and the goodwill inherent in it, and the product itself. 259 It is open to question, therefore, whether the law should reflect, and seek

256 Lanham Act, 15 USC § 1060(a) provides, inter alia, “A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark”.

257 Panavision Int’l v Toeppen (n 245).


to alter, market behaviour, so that it will better accord with preferred expectations, or whether it should seek instead to mould itself to the economic and social reality of the society in which it operates.

Domain names may be employed in the assignment of trademark violation. A domain name, may, for instance, employ the similar (or a vaguely comparable) alphanumeric string as a trademark. It may be listed by an individual who is not the actual trademark owner (and otherwise without the permission of the actual owner) and direct Internet users (for instance clients) to a website wherein goods vying with those covered by the trademark are available for sale. Such third-party employment of a domain name may comprise an action of trademark violation within the gist of the Lanham Act (in the US). The trademark owner may go ahead and seek damages and restrictions against the accused violator in a federal district court. This is not a kind of action that is limited to domain names. The application of a trademark without permission of the owner (whether in a domain name, on product packaging or on a good, on a television advert, and the like) may result in the violation reason of action.

2.7 Judicial Interpretations of the Scope and Purpose of Trademarks Law

2.7.1 Production Confusion in connection with Similar or Identical Goods

The trademark owner attempting to prove infringement of trademark can bring an action on the grounds that a consumer is liable to be confused by the existence of an adverse trademark as was demonstrated by a recent landmark case Louis Vuitton Malletier SA v Singga Enterprises (Canada) Inc. The plaintiffs (i.e. Complainants) in this case were Louis Vuitton Malletier SA, Burberry Limited and their Canadian subsidiaries, which owned a range of trademarks registered in Canada. The court ruled that the defendants had not only breached a number of articles of trademark law, but had also used the plaintiffs’ copyright (reflecting on “well settled” expansive scope of the Lanham Act instead of addressing the practical effects of the defendant’s activities).

- Trademark rights may be based on registration or they may be unregistered/common-law rights.
- ibid § 1114(2)(D)(iv-v).
- ibid § 1114(1). Of course, there are many potential defences to infringement, including fair use defences.
- 2011 FC 776.
illegally, and that these acts had been carried out knowingly and wilfully. The court awarded damages of $1.98 million for the infringement of trademark and copyright and a further $500,000 for punitive damages. 265

2.7.2 Antidilution

Following on from the above discussion, another fundamental element of trademark law, and its propertisation or commodification, relates to the doctrine of antidilution. This principle or doctrine is guaranteed under legislation and international rules. Article 6b of the Paris Convention enumerates special protections for “well-known” trademarks, and these protections have been extended and bolstered through their inclusion in the TRIPS Agreement rules. Similarly, US legislation grants rights to trademark owners which protect them, first, against third-party use of the mark in connection with unrelated or dissimilar goods or services (i.e. with the intention of confusing the consumer as to the origin of the product) or from attempts to diminish or impair the reputation of a trademark (i.e. blurring or tarnishment). In effect, these rules are assumed to establish clear boundaries between discrete property rights, insulating the owner against misuses which damage or devalue its trademark asset. As such, the protections enshrined in these instruments shift the balance of priorities away from the traditional trademark function of consumer protection, and towards the strengthened legal protection of a trademark as the property of its owner.

Two aspects of dilution are illustrated by the case _Toys “R” Us v Akkaoui_, 268 which was an allegation of tarnishment of the trademark Toys “R” Us through its unwanted association with a pornographic website named adultsrus.com. The owners of the trademark Toys “R” Us sought an injunction against the use of the names “Adults “R” Us”. Toys “R” Us thus sought relief for damages suffered under the relevant statutory provisions on trademark dilution and infringement, false designation of origin, and unfair competition. 269

268 40 USPQ 2d (BNA) 1836 (ND Cal 29 October 1996).
269 ibid 1855.
The court found in favour of the plaintiffs, holding that the Toys “R” Us range of trademarks had been recognised as famous and distinctive, well before the existence of the “Adults “R” Us” mark. Adults “R” Us was also found to have tarnished the Toys “R” Us trademarks through sexual imagery and word association with toys distributed under the Toys “R” Us brand.\textsuperscript{270} This sole factor diluted the trademark, but the court went further to hold that the trademark had also suffered “irreparable” damage, owing to the existence of the Adults “R” Us web pages, which continued to be uploaded on the Internet. Correspondingly, an injunction was granted that all remaining references to Adults “R” Us must be removed.

2.7.3 The *Intel v CPM* Approach to Trademark Dilution

The case of *Intel v CPM* represents a recent change in the approach taken to the matter of trademark dilution in the EU.\textsuperscript{271} Intel owns a number of EU and UK trade marks, relating to computers and their peripherals and the company filed proceedings against CPM, a telemarketing company, which had registered the UK trademark, Intelmark, associated with marketing and telemarketing products. The case itself centred on the meaning of provisions contained in the UK Trade Marks Act 1994 in conjunction with Article 4(4) (a) of the Trade Marks Directive 89/104/EEC. While both companies offered products that were not used in similar ways, Intel argued that CPM’s use of the trademark registered would be detrimental to Intel’s interest on two grounds: the defending company actions constituted unfair competition and damaged its reputation.\textsuperscript{272} This case initially failed in the UK, since both the Intellectual Property office and the High Court granted against Intel.\textsuperscript{273} However, Intel pursued an appeal. In the appealed case, the UK Court of Appeal acknowledged that the reputational value of Intel’s trademark and the word Intel had no meaning beyond the well-known products, goods or services supplied by that favoured company. As such, continued use of the confusingly similar CPM’s Intelmark was likely to dilute the value of the trademark, and the goodwill inherent in it.\textsuperscript{274}

\textsuperscript{270} ibid.
\textsuperscript{271} *Intel Corporation Inc v CPM United Kingdom Ltd* (Case C-252/07) [2008] All ER (D) 277 (Nov).
\textsuperscript{272} ibid.
\textsuperscript{273} ibid.
\textsuperscript{274} For further discussion see B Clark, ‘the EU Court clarifies dilution test for well-known brands’ (2009) Managing Intellectual Property 186.
The Court of Appeal turned to the Court of Justice of the European Union (EU Court), requesting its legal opinion on the extent to which trademark relating to goods and services in one sector could infringe the trademark of goods and services in another. The EU Court’s response was that the effect of dilution should be considered with reference to the degree to which goods and services offered by the earlier mark would affect the “economic behaviour” of the consumer. In capsule, the courts were to consider the extent to which consumers was likely to confuse products supplied under an earlier registered trademark, which had built up a reputation, and the later trademark. This, the court contended, would involve a “global” assessment of all relevant factors in determining whether the use of the new mark provided the defending company with an unfair advantage (by trading on the established reputation of the Intel brand). The UK Court of Appeal was then left to make a decision and ultimately found against Intel on the grounds that it had not shown satisfactory evidence of any effect on consumer economic behaviour in this case. The EU Court stated that dilution should consider the following five factors:

- degree of similarity of conflicting marks
- comparison of goods and/or services relating to the conflicting marks
- the degree of overlap between their respective consumers
- how distinct the earliest registered mark was and whether it was essentially unique
- the degree to which consumers were likely to confuse the two.

The judgment established a high evidentiary standard for successful action for those parties alleging dilution of a trademark. The onus was on the complaining party to demonstrate adverse effect on consumer economic behaviour in circumstances factually similar to those found in the Intel case. This case illustrated the uncertainty experienced by firms seeking protection under UK law, not least because such cases may be referred, directly or indirectly, to the EU.

Strikingly, Intel findings have somewhat given way to a slightly different approach in post-Intel cases. The cases of L’Oreal, Google France and Interflora Inc v Marks & Spencer plc can be considered a single line of law.

276 Case C-324/09 L’Oreal SA and Others v eBay International AG and Others [2011] I-06011.
277 Cases C-236 to 238/08 Google France.
2.7.4 InterFlora case

This thesis will examine the InterFlora case in detail, and L’Oreal and Google France within the context of this case due to the discussion and development of the concept of the “investment function” and general double identity issues in the InterFlora judgment. This is important in the investigation of trademark law due to the possible evaluation of damage done to trademark and any special value or damages that could be assigned based on the mere registration of a domain rather than the Lanham Act-style requirement for active use.

The InterFlora case centres around the use of “AdWords”, a system of Google advert placement where advertisers may bid in an auction for the right to display their own adverts against the results produced when a searcher inputs a certain search phrase. A relatively uncontroversial example of this might be British Airways bidding to display their advert against the search phrase/keywords “flights to the UK”. British Airways would then become the economic operator of the advert. On the facts in the case, Marks & Spencer (M&S) had bid on many keywords and phrases involving the word “InterFlora”. This meant that M&S adverts would appear against the search results for InterFlora’s (IF) business and trademark. The uniqueness of the InterFlora trademark clearly indicates that searchers were seeking flower delivery from the IF network, and indeed both parties accepted the special meaning and reputation of the InterFlora trademark in both the UK and EU. It should also be noted that M&S did not have any commercial arrangement with IF, and specifically had not paid to be part of the IF network. The adverts paid for by M&S were not apparently claiming to be part of the IF network, merely advertising flowers from M&S and the opportunity to order for next day delivery (etc). The case evaluated the possible justifications for a claim by IF under several lines of reasoning, and these are evaluated below.

2.7.5 InterFlora Approach to Double Identity

The first and arguably main issue is that of double identity. This issue relates to Article 5(1) (a) of the Trade Marks Directive, which states that:

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278 Case C-323/09 Interflora Inc v Marks & Spencer plc [2013] All ER (EC) 519.
The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered.\(^{280}\)

The *Google France*\(^{281}\) and *BergSpechte*\(^{282}\) cases have already dealt with the role of AdWords within Article 5(1) (a), finding that the use of trademarks in selection of AdWords terms can be used in the course of trade. There is, however, a distinction to be drawn between these two cases, as *BergSpechte* allows for the consideration of keyword selection even if the keyword itself is not contained within the advert. Set against this, *Google France* and *L'Oreal v Bellure*\(^{283}\) make clear that the use cannot be restricted absent a provable or likely adverse effect on the functions of the mark. This means that the proprietor may only rely on the monopoly when an essential function is hampered. The essential functions include the standard indication of origin of any badged product or service, but also include the guarantee of quality of the product/service, communication to the customer, advertising or investment. The *Arsenal* case\(^{284}\) established this broadening of the considerations by moving past the relatively narrow formulation of essential functions to consider the wider test of the “functions of the trademark”\(^{285}\). This enables a wider field of consideration, and the newer functions are detailed below.

### 2.7.6 Trademarks as an Instrument of Commercial Strategy

This head of damage is relatively effectively accepted by the EU Court in *InterFlora*, and it now takes the view that trademarks are an instrument of commercial strategy, and are thus not only an indication of origin but are valuable for “advertising purposes or to acquire a reputation in order to develop customer loyalty”\(^{286}\). This is perhaps similar to the *Intel* reasoning, but crucially the court has taken the stance that this does not apply only when the

\(^{280}\) ibid Article 5(1)(a).
\(^{281}\) Cases C-236 to 238/08 *Google France* (n 277).
\(^{282}\) Case C-278/08 *BergSpechte* [2010] ECR I-2517.
\(^{283}\) Case 487/07 *L'Oreal v Bellure* [2009] ECR I-5185.
\(^{284}\) Case C-206/01 *Arsenal Football Club plc v Matthew Reed* [2002] ECR I-10273 ¶ 48 (EU Court, 12 November 2002).
\(^{285}\) ibid.
\(^{286}\) Case C-323/09 *Interflora Inc v Marks & Spencer plc* (n 278) [39].
mark has already acquired that reputation. This was actually contrary to the stance of the EU Court in the case, and the stance of the court is therefore relatively robust rather than being based on a lack of argument. The mark holders are therefore confirmed in *InterFlora* to have a great deal of potential protection.

The importance of the broader functions within trademark law is relatively novel, and *InterFlora* offers some useful guidance as to the scope of those functions. These will be examined individually here. The traditional role of trademarks is the indication of origin as discussed above in *Intel*, but it is worth noting that *Google France* has somewhat limited the potential scope of protection. The findings in *Google France* set the test for adverse effects on the origin function of a mark as the EU Court held that

> function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive Internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party  

but instead causes confusion as to the true origin. Both *Google France* and *InterFlora* involve the indirect issue of the AdWords result to a search term rather than a claim of origin in the resultant advert, but the *Google France* test potentially applies to both the advert and a related domain name. *Google France* concluded that the conclusion must be drawn that an infringing adverse effect on the mark’s origin indication function occurs when either an explicit link is made in the advert or when Internet users cannot easily determine if the advertising originates from the mark holder or a third party.

This was explicitly reaffirmed in *InterFlora*, where the relevant test was if normal Internet users could be said to be confused between the M&S and IF flower delivery networks. The court also explicitly imposes a reasonableness test, noting that any finding of fact that “some Internet users may have had difficulty grasping that the service provided by M&S is independent from that of InterFlora is not a sufficient basis for a finding that the origin

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287 Cases C-236 to 238 *Google France* (n 277) [84].
function has been affected”288 unless “the relevant public comprises reasonably well-informed and reasonably observant Internet users”289 rather than cherry-picked innocents for trial purposes.

Applying this logic to domain names is a short leap, as the domain name either is or is not likely, to confuse Internet users in the same way as the advert (and indeed is on the same page, merely in the SERPs290 rather than in the AdWords). The use of a domain such as interfloradeliveries.com might well be expected to infringe where interfloraalternatives.com might not, and the Interflora test could clearly apply here. The test does rather require the court to make a finding of fact regarding the ability of the well-informed user to distinguish the two domain names, but this is perhaps more reasonable when standard statistical surveys can be undertaken rather than “man on the Clapham omnibus” judicial reasoning.

Crucially, the EU Court required the national courts to explicitly judge the question on whether the use of set distinguishing words such as M&SFlowers is sufficient to enable well-informed users to differentiate the offering from IF’s company, and this would very clearly link into the interfloradeliveries.com/interfloraalternatives.com test above. The weight put on the fact that the advert or result displays in response to a search for InterFlora does however suggest that much SEO291 work is potentially infringing, based partly on the mere fact that it is designed to target the same search terms that pull up IF themselves. It is also notable that the EU Court has assigned value based on the potential reputation gained rather than actual use, and there is a hint here of a potential method for valuing an unused but potentially valuable domain name such as money.com under the instrument of commercial strategy reasoning.

2.7.7 Advertising Function

Set against this relatively high level of protection, the advertising function has been largely neutered in InterFlora by the continuation of the Google France and BergSpechte reasoning. The court explicitly states in InterFlora that any resultant requirement for the mark holder to

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288 Case C-323/09 Interflora Inc v Marks & Spencer plc (n 278) [50].
289 Ibid.
290 SERP stands for Search Engine Results Page.
291 SEO stands for Search Engine Optimisation.
“intensify its advertising in order to maintain or enhance its profile with consumers is not sufficient basis, in every case, for concluding that the trade mark’s advertising function is adversely affected”. 292 This is perhaps to be expected, or the act of advertising in many media would become massively regulated. To its credit, the court recognises the wider threat and notes that keyword targeting is generally a legitimate way to present alternative goods and service providers to those of the trademark holder. It must again be noted that this is unsurprising; the analogous situation of paying for the positioning of a real-world billboard next to a competitor’s showroom is not an issue at all. The court also heavily limited future claims by finding that advertising on a trademarked search term does not by itself “have the effect of denying the proprietor of that mark the opportunity of using its mark effectively to inform and win over consumers”. 293 It is thus problematic for a mark holder to attempt to bar speech around and regarding the trademark, and this is likely to have an impact on $NAMEsucks.com style domains and relatively generic terms in domain names.

2.7.8 Investment Function

The major innovation of the case is the investment function. This is stated to be the value of the mark derived from the possibility or demonstrated ability to “acquire or preserve a reputation capable of attracting consumers and retaining their loyalty” 294 based not only on advertising but other “also various commercial techniques”. 295 This is a clear differentiation from the mere advertising function, as the reputation of the mark is at issue. The function can thus be affected in an infringing way when the mark becomes associated with poor quality identical goods or services in such a way that the continued use of that mark to the same level of effectiveness is either rendered impossible or put at risk. The impact of this is, however, limited by the court’s view that the mark holder cannot prevent use of the trademark if the consequence of the way it is used is to require a change in the way that the reputation is acquired or preserved and the mark is used in “conditions of fair competition that respect the trade mark’s function as an indication of origin”. 296 This may include AdWords (the actual findings of fact were left for domestic courts) and thus arguably also domain names that are suitable for SEO in the same target search terms.

292 Case C-323/09 Interflora Inc v Marks & Spencer plc (n 278) [57].
293 ibid.
294 ibid [60].
295 ibid [61].
296 ibid [70].
Article 5(2) of the Directive states that any member state:

may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.\(^\text{297}\)

This has been validated by the *InterFlora* judgment, and is arguably somewhat extended by this chain of cases when compared with *Intel*. The court has followed the *L’Oreal* reasoning in *InterFlora*, concluding that apart from Article 5(2) it is not required for the mark holder to show that confusion is actually likely; the crucial factors are dilution, tarnishment and free riding. The judgment does not examine tarnishment in detail, although it is arguable that a similarity exists between the reasoning relating to tarnishment and the investment function. Setting this possible link aside, it is worth examining the free riding and dilution reasoning, focussing on the interestingly full acceptance by the court of free riding as an advertising tactic.

### 2.7.8.1 Dilution

Dilution, as in all cases, was defined as the loss of association between a trademark and the products marketed by it. The court also noted that the mark holder should be able to act at any point in that process rather than being forced to delay action until the full dilution of the distinctive nature of the mark has occurred. Given this reasoning, it appears reasonable to feel that AdWords and domain name based marketing is extremely risky, as it might expose the advertiser to an Article 5(2) claim. The court, however, noted that the targeting of adverts based on a trademarked search term will not necessarily be evidence of dilution, pointing out that such targeted adverts may fairly be used “to draw the user’s attention to the existence of an alternative product or service to that of the proprietor”.\(^\text{298}\) Given this, the question at hand is reduced to the factual issue on whether the reasonably well-informed and observant

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<td>(^{297}) Trade Marks Directive 2008/95 (n 279) Art 5(2).</td>
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<td>(^{298}) Case C-323/09 <em>Interflora Inc v Marks &amp; Spencer plc</em> (n 278) [81].</td>
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Internet user understands that the advertised good or service is independent of that of the mark holder. This reasoning also appears to fit well with the interfloradeliveries.com/interfloraalternatives.com hypothetical example noted above.

2.7.8.2 Free Riding

It should, however, be noted that the court is coming close to accepting free riding in this case; the AdWords in question are targeted at search terms that would be expected to produce results from the original mark holder. Indeed, and although the court did not note this, the expected results of free riding can arguably be quantified in the case of AdWords due to the auction process and difference in final advert placement cost when the generic search terms and named trade mark search terms are compared. The court acknowledges that advantage does exist (even absent the attempt to quantify it), but makes a distinction between fair and unfair advantage. The example given of unfair advantage is the sale of imitation goods, and indeed this does appear unfair. It is perhaps problematic to use imitation as an example here, as it is established in Arsenal and many other cases that this would be barred for several other reasons. The court’s acceptance of advertisement of goods that are not “mere imitation[s]” and do not involve issues of dilution, tarnishment or Article 5(1) interference with the functions of the trade mark involves a conclusion that “such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is not without due cause for the purposes of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94”. This offers a relatively robust defence for most claims, and indeed the process of prosecuting a free riding claim must presumably now involve gaining a determination that the products are not mere imitations. This is likely to be particularly problematic in the case of service provision, as business methods themselves are not at issue and indeed cannot become so without massive restriction of competition. The judgment therefore allows for much greater competition using the trademarks of others, but the precise limits of fair competition are somewhat hazily defined by example rather than precise rules; as noted above, this is particularly problematic when the only example of unfair competition given is the marketing of mere imitations that were already largely impermissible. The use of targeted AdWords advertising is, however, accepted and it appears reasonable to apply the

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299 ibid [91].
300 ibid [91].
same reasoning to the use of domain names for fair competition absent later judgments denying this.

2.7.9 Other Trademark Related Legal Actions

In the US, other causes of action are available to trademark owners, in addition to the doctrines of confusion and dilution. These are all treated under the category of unfair competition and include passing off, reverse passing off, and misappropriation. Passing off is the doctrinal device used to guard against individuals or entities that make false claims or misrepresentations about the source of a good/service which they provide or manufacture, particularly where the intention is to mislead consumers. Reverse passing off occurs when an entity selling products or services made by the trademark owner represents themselves as if it were the source of them. Misappropriation is, likewise, commissioned when an individual entity unfairly or illegitimately trades on the goodwill built up by another. For instance, the sale of cola brands that are the same colour, bottle type and a red and white (or blue red and white) label with a name including the word Cola could be regarded as passing off the product as Coca Cola or Pepsi Cola respectively, reverse passing off would be to re-label bottles of Coca Cola with another name as if the seller had manufactured it.

2.8 The Legal Status of Domain Names which Lack Formal Trademark Status

In the final analysis, and with direct relevance to the as yet legally unclear relationship between domain names and trademarks, there are two separate but interconnected indicators of goodwill: the first is the more traditional use of a name as a trademark indicator, the second corresponds to the specific identification of goods and services traded online, in other words the domain name indicator.

302 ibid.
303 See e.g. Planned Parenthood Fed’n of Am Inc v Bucci (n 259) and the comment on the case made in that footnote.
A domain name, however, this thesis contends, constitutes a distinct, potentially sui generis form of intellectual property. While a business may have a trade name, it does not necessarily follow that it has trademark status. To illustrate the point, we can use the example of a person who has recently established a new financial consultancy company. In so doing, that individual has also taken steps to acquire a domain name with a previously unused, and unique, alphanumeric string (e.g. 513jT6.com) as the basis for a new commercial website. The name of the business on the website is “Business Advice Consultancy”, but the unique alphanumeric string in the domain name bears no obvious relation to and in that sense does little to signal relevant information about the commercial identity and services offered by the business and its website. The question which remains to be answered can be posed as the following: does the domain name “513jT6.com” constitute a form of intellectual property, to be understood as independent and distinct from a business service mark or trade name, simply because it serves the exclusive function of directing users to a location on the Internet? In other words, is it intellectual property as such?

To be clear, two or more forms of intellectual property may co-exist; a domain name, for instance, may also qualify a trademark (e.g. Apple.com or Amazon.com). For instance, the hypothetical example given above of the “513jT6.com” domain name may also be registered as a trademark (or service mark) to the extent and only in so far as end users and consumers are familiar with the mark and rely on it when seeking the services of the fictitious company, “Business Advice Consultancy”. Nonetheless, from a legal standpoint, the registration of a unique domain name in itself does not afford it special statutory protection, though equivalent protections may extend to the domain name through application, for instance, of laws relating to unfair competition.

It should be mentioned that some domain names make use of generic, commonplace terms, e.g. “health”, “drugs”, “travel”, with the intention of luring Internet users to websites or other sources of information for goods and services typically (though not necessarily) associated with a particular supplier/provider. Many of these words lack the distinctive quality of trademarks discussed above, their “identifier” function as a signaller of a product’s origin is

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304 ibid.
305 Abbott (n 3)14-15.
306 For a relevant case see Panavision Int’l v. Toeppen (n 245) and the comment on the case made in that footnote.
307 McCarthy on Trademarks and Unfair Competition (n 250) § 7:17.50.
308 Lessig (n 222) 638.
weak, and their association with a particular online business and related goods and services usually tenuous and remote. These, however, sit outside the trademark system due to the same issues of genericide or lack of special meaning that would exempt them from protection even in the mark application process.

2.8.1 Restrictions on Domain Name Characters

In relation to legitimate non-commercial or fair use, the trademark or service mark is often supplemented with additional terms. The characters from which a domain name is resolved to an IP address are much more restricted than trademarks, and will generally extend to words only. The ICAAN Registrant Agreement specifies what can be used and describes the permitted characters as those that are used in the basic writing system of the country. It states that in phonetically based language systems a character is likely to be a letter or a syllable, whereas in an ideographic system the character represents an idea. ICAAN states that the character has two elements, its linguistic base and the related Unicode point and it provides examples such as Chinese and Japanese characters/symbols that words consist of. This factor further limits the extent to which the owner of a trademark can represent it through a domain name.

A third type of domain name contains what is, in effect, a random or partly random sequence of alphanumeric strings which does not signal or render transparent the type or nature of the web location to which the Internet user is being routed. A number of reasons may be given for such random use of alphanumeric identifiers. So-called “identifiers” have been the object of intellectual property rights since the advent of commerce itself. Indeed, artisans’ “marks” of craft makers have existed since time immemorial, whereby the artisan would place a mark or some other identifying signature or hallmark on the created object. Among their many forms and functions, intellectual property rights have served as identifiers for geographical locators and/or indicators, in addition to a number of ways and means by which products, for example agricultural products, have been marked and designated. Each of

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309 Tanner (n 189).
311 Tanner (n 189).
313 Paris Convention for the Protection of Industrial Property (n 235).
these issues will be explored in greater detail below in connection with ICANN’s newly implemented policy on top-level domain name expansion. This policy, crucially, will extend to generic word strings, many of which do not appear to be suitable candidates for, and lie outside, the traditional sphere of intellectual property law.

2.9 Conclusion

As noted above, courts have made attempts to reconcile domain name registration and use with existing legal frameworks and in particular with trademark law. It is also clear that the potential for trademark infringement and free riding shown in the Datacard Corp v Eagle Technologies Ltd,\(^{314}\) Google France Sarl v Louis Vuitton Malletier SA,\(^{315}\) Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmuller GmbH v Guni,\(^{316}\) Portakabin Ltd v Primakabin BV\(^{317}\) and Interflora Inc v Marks & Spencer plc\(^{318}\) line of cases is rejected once the potential for confusion of the average consumer exists within the EU. The EU has therefore accepted that the domains are not only property, but have special attributes that lie in a very similar realm to trademark. It is suggested by this chapter that the similarities offered here invite a similar treatment of domain names themselves as property, just as trademarks are considered such. The US also treats trademarks as property and enforces rights across the domain names in that sense as property.

The main remaining issue is that the current legal status of domain names is ambiguous and existing trademark rules do not offer adequate protection to domain name registrants. Rather, consideration must be given to the notion that virtual assets may constitute a new type of property which requires a unique definition, and a correspondingly distinct legal framework. The role of the consumer in both trademark and domain name recognition has also been made clear by both Intel and InterFlora, and the interests of governments and businesses in regulating usage of confusingly similar names and marks has been largely respected in the case law. It is also concluded that the rights that are discussed here largely spring from trademark, and the ability of domain names themselves to attract special meaning indicates an extremely close relationship.

\(^{315}\) Case C-236/08 Google France Sarl v Louis Vuitton Malletier SA [2011] All ER (EC) 411.
\(^{317}\) Case C-558/08 Portakabin Ltd v Primakabin BV [2011] Bus LR 1339.
\(^{318}\) Case C-323/09 Interflora Inc v Marks & Spencer plc [2013] All ER (EC) 519.
CHAPTER THREE
DOMAIN NAME EXPANSION AND DISPUTE RESOLUTION

3.1 Introduction

The world of Internet domain names has emerged as the site of tremendous activity and change. Notable in this regard is the expansion or opening up of top-level domain name space by the Internet Corporation for Assigned Names and Numbers (ICANN). The implementation of the top-level generic domain expansion programme promises to transform the Internet space, by widening the pool of new registrars who administer their own space and by instituting a range of differentiated dispute settlement mechanisms.\(^{319}\) This chapter refocuses the site of scholarly attention away from traditional forms of intellectual property and law as it has evolved in national systems and to the global system of domain name regulation, highlighting, in turn, the role of ICANN as custodian of domain name dispute resolution.\(^{320}\)

3.2 Why is ICANN’s gTLD Expansion Being Introduced?

In 2005, ICANN’s Generic Names Supporting Organisation (GNSO) began a policy development process to consider the introduction of new gTLDs, based on the results of trial rounds conducted in 2000 and 2003.\(^ {321}\) The new gTLDs expansion programme is designed with the aim of “opening up” access to the Internet, namely by enabling registrants to submit gTLD applications in connection with certain key words, geographic locations, and recognisable brand names, markers and trademarks.\(^{322}\) Despite failing to get the idea “off the ground” when it was first proposed, ICANN finally succeeded in reviving its domain name expansion programme in 2008 and has since then invested tremendous energies into rolling out its proposed reforms in discrete administrative stages. ICANN had originally intended to set these plans in motion in January 2013. However, owing to technical difficulties in the application and administration of the newly created system, it is now stated on ICANN’s


\(^{320}\) ibid.


\(^{322}\) ICANN, New Gtld Applicant Guidebook (n 319).
website that the new gTLDs will be available for general registration in January 2014\textsuperscript{323} and the plan is to facilitate a measured rollout of new domains so as not to disrupt the DNS. Accordingly, new gTLDs will be introduced into the Internet steadily over time.\textsuperscript{324} At any rate, there remains little doubt that the delegation process has been set in motion, with no turning back.\textsuperscript{325}

During the three-year period between the June 2008 ICANN Board approval of the new gTLD program and its June 2011 vote to proceed to the application stage, and in GAC-Board discussions that have followed since, one issue with particular relevance to competition and competition law has since then emerged as the source of heated and contentious debate.\textsuperscript{326} The debate, in short, has centred upon whether the registry-registrar separation maintained in connection with registration process should be relaxed in the new gTLD programme.\textsuperscript{327} ICANN has since answered this question in the affirmative despite intense resistance from some members of the GAC.\textsuperscript{328}

3.2.1 The Components of the New gTLDs

A more detailed technical analysis of the constituent elements of the domain name system would prove useful at this juncture.\textsuperscript{329} Since the proposed gTLD expansion programme is formally concerned with the top-level domain space, one might assume that only this class of (top-level) domain name holders will be directly impacted by ICANN’s upcoming reforms.\textsuperscript{330} It is worth emphasising the point, however, that each top-level domain name stores an inestimable number of second-level domain names. Consequently, the more indirect collateral costs and impacts on second-level domains cannot be accurately predicted or calculated in advance. This uncertainty is likely to persist for some time after the full and complete implementation of the expansion programme. Given that the possible costs and

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\textsuperscript{323} Although, at the date of writing (March 2014), the gTLDs launch has not yet been formalised.
\textsuperscript{326} ibid.
\textsuperscript{328} ibid.
\textsuperscript{329} See generally ICANN, New Gtld Applicant Guidebook (n 319).

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benefits of the gTLD system for second-level domains will be highly speculative, this chapter turns its focus, instead, to top-level domain names.

The volume of gTLD applications filed from different countries and regions of the world varies greatly, though North America and Europe alone account for over 80 per cent.\textsuperscript{331} There are three categories of top-level domain names: (1) generic, (2) country code, and (3) internationalised domain names.\textsuperscript{332} In the first instance, generic top-level domains typically comprise three or more alphanumeric characters general use domains operating under the jurisdiction of an ICANN accredited registrar: .aero, .asia, .biz, .cat, .com, .coop, .edu, .gov, .info, .int, .jobs, .mil, .mobi, .museum, .name, .net, .org, .pro, .tel and .travel. Only a few gTLDs are open to registration by members of the general public (these include .com, .info, .net and .org.). Bar these exceptions, most fall under the more restricted category of “Sponsored Top-Level Domains” (sTLDs). In such cases, general members of the public are precluded from registering a domain name within the relevant registry. Combined, there are a total of 22 generic top-level domain names in existence. Depending on the success of ICANN’s expansion programme and the number of individual applications submitted, this number may well rise dramatically in the coming months and years.

Country code Top-Level Domains (ccTLDs) refer to specific geographic locations and are typically indicated by the abbreviated two-letter code associated with each country (e.g. .uk). In the past decade alone, there has been a noticeable surge in the number of domain names registered under a country code, whether for lawful commercial activities undertaken in a particular location or, otherwise, in connection with unlawful or illegitimate forms of piracy, counterfeiting and other criminal behaviour.\textsuperscript{333}

Under the ICANN gTLD expansion proposal, the rules and procedures governing country code domain names appear to have remained largely unchanged.\textsuperscript{334} By way of contrast, the proposal establishes a new category of internationalised name spaces. In establishing this new species of top-level domain names, the ICANN body expressly aims to increase access to,

\textsuperscript{331} See IANA, ‘List of Current Top-Level Domains’ (2014) <http://data.iana.org/TLD/tlds-alpha-by-domain.txt> accessed 18 January 2014 (providing a comprehensive list of current TLDs, including ccTLDs).
\textsuperscript{333} ICANN, ‘Frequently Asked Questions’ (n 325).
and awareness of, web resources to an increasingly dynamic geographically and digitally mobile (paralleling a more general “globalising” trend towards greater levels of finance and capital mobility), informed and computer literate international consumer class. Close to 2,000 gTLD applications have been filed to date, including over 100 internationalised domain name requests. Applications filed remain subject to ICANN’s approval before they can be successfully registered.335

3.2.2 Current Applications

The proposed launch date for commencing the domain name expansion project has been postponed, after ICANN was confronted by the unexpected length and scope of high profile (Google and Amazon) applications.336 Setting these more volatile issues aside for the moment, the original programme-implementation timeframe set by ICANN has not significantly altered.337 Accordingly, the deadline set for the initial application phase of the gTLD programme has already expired, with ICANN in receipt of all submitted applications now under consideration. Last year, ICANN received 1,930 applications for new gTLDs. The implementation of a second phase “notice and comment” period338 – in which interested parties and members of the public are invited to give their opinions on applications and the proposal itself and the Governmental Advisory Committee early warning period notifying the appropriate national authorities of the measures to be adopted – has also lapsed.339 The results of the evaluation period assessing all aspects of implementation – consultation, notification and amendment proposals – commenced in July 2012, the results of which are due to be published later this year.340 On completion of this final phase, ICANN will allow the first of the newly expanded class of gTLD to become operational. ICANN will publish its

336 ICANN, Names Council Solicitation’ (n 319).
337 See discussion above under 3.2 Why is ICANN’s gTLD Expansion Being Introduced?
338 See generally ICANN, New Gtld Applicant Guidebook (n 319).
339 ibid.
decisions therein revealing those bids which have been successful, resulting in a delegation of the new gTLD, and those which have been rejected.  

A small number, around 600, of the total number of gTLD applications under consideration by ICANN were filed by a handful of high profile companies including Google Inc, Amazon Inc and Top Level Domains Holding Ltd Inc, among others. Those companies that have chosen to apply for new gTLDs are motivated to do so for a variety of reasons. They may seek to enhance and protect their commercial identity. Many or most are, of course, driven by the promise and pursuit of increased profit shares through widened exposure of brand names to as yet untapped markets.

3.2.3  Generic Word Applications

A high proportion of TLD applications include a number of generic words used in everyday language. There is usually some connection to be found between the particular words or phrases which form the object of the applied-for gTLD string and the goods and services for which the applicant company is known for providing. As it stands, over 600 applications under ICANN consideration comprise brand name-related strings, while the rest reference generic dictionary words (such as .restaurant and .web). The remaining proportion of community or geographic strings applied for may, in turn, implicate potentially competing trademarks or bring into tension trademarks and words which have a more generic definition or usage, for example, .express or .visa.

A number of companies have applied for overlapping words and phrases. One other high profile contention set includes the bid for the .monster gTLD in connection with the putatively countervailing rights of two separate companies, Monster Inc (the audio and electronics provider) and Monster Worldwide Inc (the employment vacancies database).

342 IANA, List of Current Top-Level Domains (n 331).
344 Tanner (n 334).
As a practical example of the above, Donuts Inc has applied for the most “strings” (generic words, phrases, textual or design components which comprise part of a domain name), filing over 300 applications under various subsidiary companies and aliases, as well as on behalf of a number of its clients. Similarly, of the 92 gTLD strings applications applied for by the entity known as Top Level Domain Holdings, many take the form of “joint ventures” involving partnering companies and subsidiary corporations. Indeed, the company Donuts Inc’s expressly stated aim is to open up registration to the public, namely by enabling an individual or firm, however loosely connected to the company and its commercial operations, to register for a domain name in that IP name space. Blue chip companies, such as Google Inc, have also submitted applications under a number of various pseudonyms and aliases (“Charleston Road Registry Inc”). In doing so, such companies seek to increase market penetration towards expanding the use, sale, marketing and distribution of the goods and services they supply on the Internet. Above all, these companies seek to diversify revenue streams by means of new gTLD strings. To this last point, Google, the search engine site, has filed applications for product-specific strings (e.g. .android) and, crucially, for a number of other generic, commonplace words (.day). Interestingly, in view of the emerging electronic commerce markets in Asia, Google has made efforts to acquire an internationalised domain name comprising the Chinese and Japanese characters for the word “Google” as well as the Japanese word for “everyone”.

3.2.4 Scope for Dispute

A number of potential challenges arise from the domain name expansion programme and its significance both in economic and IP value terms, particularly in relation to famous trademark domain names. Actors, interest groups and practitioners of law, from copyright lawyers, large corporations benefiting from “brand recognition” to aspiring entrepreneurs, will have cause to acquaint themselves with the emerging gTLD system, and its potentially

346 ibid.
347 ibid.
349 ibid.
350 ibid.
far-reaching impact on the creation and protection of commercial identity via trademark and other intellectual property rights.  

As a by-product of the “first-come-first-served policy” policy of the ICANN regulated domain name registration process, trademark owners may find themselves unable to register a trademark if another individual or entity has already been registered under the same domain name.

By the same token, a particular string such as .guardian and .gdn may implicate a trademark issue even before a TLD has been delegated. On one hand, to take just one example, the word “Guardian” functions as a trademark for a UK newspaper and media outlet. On the other, it has been claimed by the US-based insurance company known as Guardian Life Insurance Company of America. It is self-evidently the case that each of these companies can demonstrate a legitimate need for the TLD, and will assert their intellectual property rights over the domain name, accordingly. Only one of these competing applications, however, can be successful.

Another generic word implicating countervailing trademark rights concerns the .merck string, the object of a gTLD application filed by both the US and European pharmaceutical giants. The two companies, Merck & Co and Merck KGaA, have already secured extensive rights over the Merck trademark in their home countries. Indeed, the disputed trademark has already been much wrangled over, following a public confrontation over the use of the “merck.” logo on a social networking site (Facebook). If the foregoing events prove indicative, then whichever company fails to acquire the relevant gTLD will also most probably look to contest the decision in judicial proceedings elsewhere. Thus far, no

352 ibid.
355 For a broader discussion see Amer Raja (n 343) 25-26.
individual or corporation has emerged successful in a lawsuit against a virtual property interest other than domain names.\(^{359}\)

The use of a trademark in the domain name can contribute to consumer confusion when, as is often the case, trademark holders attempt to capture as many domain names as possible to protect their brand.\(^{360}\) In this connection, the .app string has emerged, repeatedly, as the object of several TLD applications, owing to the recent prominence of the term in popular culture. More surprising, perhaps, is Apple’s deliberate and strategic omission in this regard.\(^{361}\) The retailer limited its application to its own brand name .apple string, and indicated no plans to expand its online presence in various domains beyond the highly lucrative market for “Apple” products. The approach has the advantage of market concentration: consumers can only purchase authentic Apple products on the .apple TLD. By pursuing this strategy, the computers and music retailer demonstrates its intent to further enhance and protect its commercial identity, namely by preserving the distinctive “one of a kind” brand image of its products.

### 3.2.5 The New Market for gTLDs

The defensive strategy employed by Apple can be contrasted with the more speculative “catch all” approach employed by the major industry players Google and Amazon: Google was among the most prolific applicants, seeking to register 101 names at an application cost of $18.7 million.\(^{362}\) In its quest for domain name control, the company has declared its intention to control .mom, .dad and .kid. Amazon has similar ambitions for virtual completeness, having submitted applications for 76 new names, including .amazon and .zappos, nine of which qualify as brand-specific TLDs in Roman and non-Roman scripts. The remaining applications reference wide-usage terms such as .author, .cloud, and .book. If

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\(^{359}\) In January 2004, the Ninth Circuit reversed the summary judgment ruling, finding that there was an issue of material fact as to whether Netscape’s advertising practice created a likelihood of “initial interest confusion”. The court denied Netscape’s fair use defence because a “fair use may not be a confusing use”. It denied Netscape’s nominative use defence because the terms were not being used to describe genuine Playboy products. In March 2004, a similar lawsuit brought by Pets Warehouse against Google was allowed to proceed. Although no one has yet been successful in a lawsuit against a virtual property interest other than domain names, the ability to withstand summary judgment is giving claimants leverage in settlement negotiations.

\(^{360}\) Brookfield Communications Inc v West Coast Entertainment Corp 174 F 3d 1036, 1055 (9th Cir 1999); Image Online Design Inc v Core Ass’n 120 F Supp 2d 870, 878 (CD Cal 2000).


\(^{362}\) ibid.
Amazon was, indeed, to acquire either the .book or .author top-level domains, the retailer’s dominance over the book-selling market would be further bolstered. Furthermore, it is difficult to see how these words bear relevance, other than in the most remote way, to the trademark in which the company has a right. For example, one can question whether a company such as Amazon can make credible and legitimate claims to having a direct interest in generic words such as .cloud for the purposes of protecting its commercial identity vis-à-vis the goods and products it provides.

3.3 ICANN as a Custodian of Dispute Settlement Functions

As to the demand for intellectual property rights that are sufficiently robust and flexible enough to accommodate the realities of an increasingly integrated and globalised market, the next section also appraises the growing demand for an effective system for governing the acquisition, transfer and sale of domain names, generic and brand related. With these aspirations in mind, the next section examines the problems and possibilities of the legal objection procedures developed, managed and initiated under ICANN, WIPO and the UDRP, set against equivalent remedies under the US anti-cybersquatting legislation. It does so with the precise aim of identifying the remedies available to those seeking to challenge a delegated or registered domain name, and the circumstances under which a dispute settlement proceeding can be instigated, in the event that a disputed domain name is seen to infringe a trademark in which a third party has rights.

The UDRP Applicant Guidebook sets out criteria (in line with the well-established Polaroid balancing test) by which to determine whether an applicant has grounds for a complaint under the Legal Rights Objection procedure. Firstly, both objectors and respondents are required to file pleadings in accordance with the procedures laid down in Module 3 of the Applicant Guidebook. These objections will then be heard by the appointed panel. This panel will then consider whether the registered domain name infringes the legally protected rights of that third party. Legal rights objections can be invoked when a disputed domain name is claimed to: (1) constitute an unfair and “bad faith” use of trademark, service mark and other

363 Olivia Maria Baratta and Dana L Hanaman, ‘A Global Update on the Domain Name System and the Law; Alternative Dispute Resolution for Internet Competition – “Oh, the Times They are A-Changin!”’ (2000) 8 Tulane J of ICL 325, 330.
364 See Top Level Domain Holdings, ‘gTLD Application Update: 92 Applications Submitted’ (n 345).
365 Polaroid Corp v Polorad Elecs Corp 287 F 2d 492, 495 (2d Cir 1961).
366 Baratta and Hanaman (n 363).
forms of intellectual property, for instance if one has registered a domain name with the intent to prevent the trademark owner from registering the domain name or has acquired the domain name for the purpose of selling or renting the domain name to the trademark owner; (2) unjustifiably harm the reputation or corporate entity or IGO with rights in a trademark; and (3) be so similar to a distinctive trademark as to result in an “impermissible” likelihood of confusion (between the applied for gTLD and a trademark, service mark and other forms of intellectual property).

Over 20,000 disputes have been processed and resolved to date. Of these, approximately one quarter of filed disputes were settled prior to panel appointment. The UDRP Policies and Procedures handbook stipulates a maximum time frame of 75 days by which a decision must be issued by a three-member panel. This can be put into contrast with the procedures made available under the Uniform Rapid Suspension System (URS), wherein ICANN plays a more direct role.

### 3.3.1 The Domain Name Infringement Test

Disputes over contested domain names implicating a trademark issue will, in most cases, be instigated after a gTLD has already been delegated. Significantly, the UDRP does not offer an appeals process as such (parties who appeal are free to pursue a matter de novo in traditional court proceedings). This absence is chiefly due to the fact that the UDRP was originally devised as a simple, expedient and cost effective alternative to formal litigation in connection with clear-cut cases of cybersquatting transgressing multiple legal jurisdictions. Any recourse to an appeals process that is institutionalised as a matter of right within the UDRP framework would invariably lead to a lengthier, more costly time frame, while

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367 UDRP §4(a)(i)-(iii).
368 ibid §4(c)(ii) and §4(c)(iii).
369 ibid 4(a)(i).
371 E.g. Operating Partners Ltd; Document Technologies Inc v International Electronic Communications Inc, Case No D2000-0270 (WIPO 6 June 2000); Universal City Studios Inc v GAB Enterprises, Case No D2000-0416 (WIPO 29 June 2000); Wal-Mart Stores Inc v Richard MacLeod, Case No D2000-0662 (WIPO 19 September 2000); Electronic Commerce Media, Inc v Taos Mountain, File No FA0008000095344 (NAF 11 October 2000); Parfums Christian Dior SA v Jadore, Case No D2000-0938 (WIPO 3 November 2000); Viz Communications Inc v Redsun dba www.animerica.com, Case No D2000-0905 (WIPO 22 December 2000). Because the reply in this case presents neither previously unavailable evidence nor authority, it is stricken and the panel has disregarded it in its entirety.
potentially increasingly the complexity and uncertainty of the process. UDRP panels have recognised limited circumstances under which unsuccessful complainants can re-file their case before a panel. These circumstances can include a new and relevant development which would have a material bearing on a panel’s original decision, breaches of due process and natural justice, or evidence of misconduct such as perjured evidence in the original case.\textsuperscript{373}

The UDRP Policies and Procedure document sets out the rules and procedures governing domain name disputes. In order to qualify for cancellation or transfer of a domain name, a complainant must prove each element of paragraph 4(a) of the Policy.\textsuperscript{374}

The first element of the test doubles up as a procedural test of standing, and therefore must be met before the panel can proceed to consider the merits of the complaint and the second and third elements of paragraph 4(a) UDRP procedures. With respect to this first element, panels have, generally speaking, favoured a low threshold, standing requirement with regard to those domain names which are shown to be identical or confusingly similar to trademarks or service markers and other forms of intellectual property.\textsuperscript{375} While the specific phrasing of UDRP criteria, under the first element, strongly implies that a complainant’s rights in a trademark or service mark must be established before registration, panels have, generally speaking, not set a high bar, as such, for establishing grounds for a complaint under the trademark confusion test. It follows that registration of a domain name before a Complainant acquires trademark rights in a name does not preclude a finding of identity or confusing similarity under the UDRP.\textsuperscript{376} The UDRP makes no specific reference to the date on which the holder of the trademark or service mark acquired rights. Nonetheless, the complainant is likely to find it more difficult to prove that a domain name was, indeed, registered in bad faith under the third element of the UDRP, under such circumstances, absent which transfer of the domain name to the complainant asserting trademark infringement is denied.\textsuperscript{377}

In developing this threshold test for confusing similarity under the UDRP, panels have searched for a direct comparison between the trademark and the textual and graphic

\begin{footnotesize}
\begin{enumerate}
\item For example, see \textit{Creo Products Inc v Website In Development} WIPO Case No D2000-1490.
\item ICANN, Uniform Domain-Name Dispute Resolution Policy (n 112).
\item It has been decided in many cases under the Policy that “essential” or “virtual” identity is sufficient for the purposes of the Policy: see \textit{The Stanley Works and Stanley Logistics Inc v Cam Creek Co Inc} (WIPO Case No D2000-0113) and \textit{Nokia Corporation v Nokigirls.com} (WIPO Case No D2000-0102).
\item Digital Vision Ltd v Advanced Chemill Systems WIPO Case No D2001-0827.
\item Reckitt Benckiser plc v Eunsook Wi WIPO Case No D2009-0239.
\end{enumerate}
\end{footnotesize}
components, brand or generic, of a contested domain name. The panel will then assess whether any similarity between them is likely to cause a sufficient degree of Internet user confusion.\textsuperscript{378}

The consensus position of panel decisions to date appears to be the following: where a complainant owns a trademark, it generally meets the threshold requirement of having trademark rights.\textsuperscript{379} Correspondingly, the geographical location of the trademark, its date of registration or the nature of the goods and/or services for which it is registered, are, in the main, deemed irrelevant for the purposes of establishing rights in a trademark under the first element of the UDRP.\textsuperscript{380} The applicable top-level suffix in the domain name (e.g., .com) is also not usually deemed material for the purpose of satisfying the confusing similarity test (because it is seen to be a technical requirement of registration), with the exception of those cases in which the applicable top-level suffix forms part of the relevant trademark.\textsuperscript{381}

The content of a website, irrespective of whether it is similar to, or different from, the business of a trademark holder, is similarly discounted under the first element of the UDRP. Such factors are only likely to be taken into consideration if they strongly indicate the respondent’s intent to mislead or create confusion (e.g. within a relevant market or language group) under the second and third element applied under the UDRP. Notwithstanding the apparently low threshold test established under the first element of the three-part test discussed above, panels may take into account the circumstances under which the respondent has registered and/or made use of the domain name under the third element of the UDRP (e.g. “bad faith” registrations).

\textsuperscript{378} ibid.

\textsuperscript{379} See e.g. Denial Madrid 2012 SA v Scott Martin-MadridMan Websites WIPO Case No D2003-0598.

\textsuperscript{380} Arthur Guinness Son & Co (Dublin) Limited v Dejan Macesic WIPO Case No D2000-1698.

\textsuperscript{381} This applies equally where a domain name is composed in whole or in part of a trade mark. See Diageo plc v John Zuccherini Individually and t/a Cupcake Patrol (WIPO Case No D2000-0996), the learned panellist said: This is not a case in which it is appropriate to apply principles of US trademark law: the parties are located in Ireland and Canada. For the purposes of this dispute, the Complainant has submitted to the jurisdiction of the courts of Canada. The only connection with the USA is the Registrar. This is insufficient to attract the application of US law to this case. Accordingly, this panel regards the appropriate test for confusing similarity to be a comparison of the domain name and the mark, following Gateway Inc v Pixelera.com Inc (formerly Gateway Media Productions Inc) (WIPO Case No D2000-0109).

\textsuperscript{381} Panels have stated that the suffix “.com” is of no significance. See The Forward Association Inc v Enterprises Unlimited (NAF case FA0008000095491, 3 October 2000). However, for a different result see V&S Vin & Sprit AB v Ooar Supplies WIPO Case No D2004-0962.
The distinctiveness of service marks or trademarks is an important factor in determining whether user confusion has occurred or is, otherwise, likely to occur. Though not decisive in itself, the distinctiveness and recognisable quality of particular words, symbols and characters have been considered to be relevant factors in connection with the “confusing” similarity of trademarks and words or phrases contained within a disputed domain name. Application of the confusing similarity test under the UDRP, therefore, entails a relatively straightforward visual comparison of the trademark with the alphanumeric string in the domain name. Others panels have interpreted the test of confusing similarity more strictly, namely by requiring complainants/trademark owners to prove the existence of a real and ascertainable risk of Internet user confusion. This would entail an analysis of the likelihood, or otherwise, that an Internet user would be unable to recognise and comprehend the distinguishing value (or commercial identity) of the trademark holder vis-à-vis the mark (of the registered domain name/website in connection with the goods and services it supplies).

The probability of this risk (of consumer confusion) may be deduced from the overall impression or consumer perception of a website or domain name and the distinguishing value (if any) of any words, letters or numbers contained within that name, in addition to the relied-upon mark. This being said, a complaint brought solely on grounds of the distinctiveness of specific markers contained within a domain name is unlikely to prevail. Particularly when used in connection with other and additional words or markers which have been disclaimed (e.g. where a complainant is unable or does not claim exclusive rights over them), the mere act of registering a gTLD is insufficient for establishing enforceable rights (e.g. a right to compel the adverse domain name holder to transfer or cancel the infringing name in addition to procedural rights of standing under the UDRP). A relied-upon mark may be recognisable within a domain name but form part of a word or phrase which bears no clear or obvious correlation to the marker’s common, generic, dictionary meaning (e.g. the trademark HEAT and the inclusion of this generic term within a domain name e.g. theatre.com). In such cases, panels will be likely to find against a claim of confusing similarity. To prevail under this test, the complainant is required to demonstrate that a particular word, or sequence of

382 Ice House America LLC v Ice Igloo Inc WIPO Case No D2005-0649.
383 Project.me GmbH v Alan Lin WIPO Case No. DME2009-0008.
384 ibid.
385 Ice House America (n 382).
386 It should be noted that when a trademark is composed in whole or in part of a domain name, neither the beginning of the URL, nor the TLD (.com) have any source-indicating significance. Those designations are merely devices that every Internet site provider must use as part of its address.
words, letters, numerals or design components, has acquired distinctiveness through its association with the relevant mark, and is therefore perceived as being interchangeable with products and services marketed under a trademark or brand name. To secure a successful decision in its favour, the complainant may be forced to assert rights in common law (unregistered) marks.

3.3.2 Burden of Proof

As to the above outlined criteria, terms such as “legitimate interests” and “bad faith” can appear to be both indeterminate (interpretatively open-ended) and difficult to prove. To alleviate these concerns, the UDRP policy elaborates a non-exclusive list of affirmative conduct indicating the presence of one or all of these elements.

The burden of proof applied under the UDRP “on balance” relates to the well-established common-law test of “balance of probabilities” or “preponderance of the evidence” standard. The overall burden of proof under this test lies with the complainant. Accordingly, an asserting party would need to demonstrate that the material facts being presented in support of a plea, in this case as proof of trademark infringing conduct, are more likely to be true than not. However, panels can request further statements by both parties and have discretionary power to rule on the admissibility of evidence. The standard applied, in general, is less onerous than the “clear and convincing” evidentiary standard required under the URS. Furthermore, with respect to the “legitimate interest” test, in several panel decisions, bad faith was found to encompass both malicious intent and recklessness or knowing disregard of the likelihood that the respondent possessed legitimate interests. One example might be the phenomenon of domain name hijacking. This is defined in paragraph 1 of the UDRP Rules as “using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name”.

387 Arthur Guinness Son & Co (n 380).
388 Madonna Ciccone p/k/a Madonna v Dan Parisi and “Madonna.com” WIPO Case No D2000-0847.
389 Tribeca Film Center Inc v Lorenzo Brusasco-Mackenzie WIPO Case No D2000-1772 (denial of transfer for failure to meet the standard of proof).
391 See e.g. Sydney Opera House Trust v Trilynx Pty Ltd (WIPO Case No D2000-1224) and Goldline International Inc v Gold Line (WIPO Case No D2000-1151). And see Smart Design LLC v Hughes, (WIPO Case No D2000-0993).
392 ICANN Rules for Uniform Dispute Resolution Policy (n 112).
Panels have, however, acknowledged the difficulties inherent in demonstrating a negative with respect to registrant rights or legitimate interests. Thus, panels have indicated that where a complainant has established a prima facie case against the respondent, the burden of proof will pass to the respondent, who must now prove that they have a legitimate interest in acquiring rights over a domain name. To prevail on such a claim, the respondent must show that the 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 in bad faith.

Of broader relevance to this last point, WIPO panels have developed and refined principles in addressing the question of whether a UDRP complaint filed by multiple complainants can be brought against (one or more) respondents. In developing these principles, panels have formulated a non-exhaustive list of relevant criteria including (a) whether the respondent in question has engaged in conduct impacting the complainant’s rights in similar ways, such that they have a common ground on which to bring an action against a respondent; (b) whether it would be equitable or procedurally more effective to permit a collective, rather than individual action, against the respondent; or (c) where a complaint is brought against more than one respondent, for instance where the domain name or website is subject to common control.

3.3.3 Third Party Legitimate Interests in a Domain Name

With the initial standing threshold overcome, the appointed panels will then proceed to consider the merits of the case by referencing to more substantive “legitimate interest” and “bad faith” elements of the UDRP. Paragraph 4(c) of the Policy sets out, without limitation, circumstances which, if proved, establish a registrant’s rights or legitimate interests to a disputed domain name. In certain, rare, instances, panels have been willing to “pierce the corporate veil” to consider the circumstances under which a trademark has come into force. In such cases, panels have generally concluded that trademark registrations which

393 Smart Design LLC v Hughes, (WIPO Case No D2000-0993).
395 Daniel J Quirk Inc v Michael J Maccini (Case FA 0006000094964), here the complaint was dismissed on the ground that the respondent’s discussion site was non-commercial. That decision was heavily influenced by the US First Amendment right of free speech.
are self-executing, automatic or unexamined (for example intellectual property rights regulated under specific US states, compared with the more rigorous test applied under US federal registrations) are not owed the same deference under the UDRP as those which are non-self-executing and subject to tighter procedures of review.\textsuperscript{396} This is especially the case when the validity of a listed mark under applicable national law (i.e. the law applicable to the relevant register) is in doubt or, otherwise, demands further analysis of the applicable national law.\textsuperscript{397}

Evidence of a respondent’s rights or “legitimate interests” in a domain name may be indicated by, amongst other factors, its bona fide provision of goods or services, the registrant being widely known by a trademark or domain name; or by its legitimate use of a trademark for a non-commercial (e.g. educational) purpose.\textsuperscript{398} Thus, a fair and legitimate use of an established domain name is proven by the absence of illegitimate or fraudulent intent. On the other hand, if an individual seeks, intentionally, to obstruct a trademark owner from registering the domain name (including, possibly, anti-competitive or predatory “squatting”) or has registered the domain name for the purposes of selling or renting the domain name to a trademark holder, a finding of bad faith is established under the UDRP.\textsuperscript{399}

The mere registration of a domain name (even those containing words and phrases associated with trademark, though generic with respect to certain goods or services) need not in and of itself confer exclusive rights to a trademark owner over a domain name.\textsuperscript{400} In order to establish a “legitimate interest” in a domain name and the usage of a generic word or phrase contained therein, the respondent must demonstrate a clear link between the word or phrase itself and the commonly relied-upon meaning of the word (and not, for example, by trading

\textsuperscript{396} \textit{Do the Hustle LLC v Tropic Web} WIPO Case No D2000-0624 (2000).
\textsuperscript{397} This applies equally where a domain name is composed in whole or in part of a trademark. In \textit{Diageo plc v John Zuccarini} (n 380), the learned panellist said: “In the absence of any Response from the Respondent, this Administrative Panel accepts that in the present state of development of the jurisprudence in this area, in cases where the administrative panel is being guided by the principles developing in the laws of the USA, the appropriate test to apply is the multi-factor test set forth in the decision of the United States Court of Appeals for the Ninth Circuit in \textit{AMF Inc v Sleekcraft Boats} 599 F 2d 341 (9th Cir 1979). In doing so, this Administrative Panel is conscious that this test may not be entirely suited to the determination of these issues as can be seen from the difficulties experienced by this Administrative Panel in its application (infra). Nonetheless it is the test that has been applied in a number of cases where there has been a ‘-sucks’ element. Furthermore, in the present case the Complainant has submitted that this is the appropriate test to apply and the Respondent has made no submissions on the point. In the circumstances, this Administrative Panel with some reservations, accepts that this is the appropriate test to apply”.
\textsuperscript{398} \textit{Estate of Gary Jennings and Joyce O Servis v Sub machine and Joe Ross} WIPO Case No D2001-1042.
\textsuperscript{399} E.g. \textit{Greyson International Inc v William Loncar} WIPO Case No D2003-0805.
\textsuperscript{400} \textit{Drugstore.com Inc v Nurhul Chee/Robert Murry} WIPO Case No D2008-0230.
of third-party trademarks which are commercially associated with a word or phrase selling or advertising Apple-like or equivalent products).\textsuperscript{401} For instance, a respondent may assert a defensible claim to using a domain name containing the word “Apple” if that word is used for legitimate purposes (the website sells or provides information about apples, the fruit!).\textsuperscript{402} The same does not hold if the purpose “underlying” the use of that word is to achieve an unfair commercial advantage, for example, if it is used to sell or distribute “like” or comparable products directly or indirectly in competition with Apple (e.g. computers, music and so forth); the latter, of course, does not apply when a domain holder has entered into agreement with the trademark holder and has acquired licensing rights over the use of a trademark.

### 3.3.4 Bad Faith

The term “registration” of a domain name has been interpreted expansively by panels to include both “acquisition” – nominally, the bulk sale and transfer of domain name portfolios – and, more restrictively, the renewal of a registration. In addition, registrants are deemed responsible for the actions of third parties.\textsuperscript{403} The content of a website, and the services provided by it, may be material for the purposes of adducing the underlying intent of a respondent, particularly where it is suggestive of “wilful blindness” as a finding of bad faith.\textsuperscript{404} Panels may draw inferences from the complainant’s having pre-existing knowledge of a well-known trademark, the lack of response to the complaint having been filed, and the registrant’s concealment of the true or underlying identity of the registrant.

In some cases, panels have indicated that a finding of passive holding may apply even in the event of occasional use, or of the mere “parking” by a third party of a domain name, with relevance, for example, to pay-per-view advertising sites (regardless of, for instance, whether

\textsuperscript{401} In Diageo plc v John Zuccarini (n 380).

“...The Complainant has registered the domain name <guinness.com>. This domain name is identical to Complainant’s trademark Guinness, except that: (1) the domain name adds the generic top-level-domain ‘.com’ and (2) the elimination of the letter ‘s’. The addition of the generic top-level-domain (gTLD) .com is without legal significance in determining similarity ... The elimination of the letter ‘s’ between ‘guinnes’ and ‘Guinness’ does not significantly affect the visual impression made by the domain name as compared with the mark, and does not affect the pronunciation of the domain name as compared with the mark. The Panel therefore concludes that the domain name is identical or confusingly similar to a trademark or service mark in which the Claimant has prior exclusive rights”.


\textsuperscript{403} Uniform Domain Name Dispute Resolution Policy (n 112) 9.

\textsuperscript{404} Mobile Communication Service Inc v WebReg RN WIPO Case No D2005-1304.
they generate incidental revenue from advertising referrals). Significantly, and by referencing paragraph 4(b) of the UDRP’s criteria on bad faith registration and use, panels have found that the considered circumstances under which there is a lack of so-called active use (e.g. to resolve to a website) of the domain name. The absence of an active attempt to sell or to contact the trademark holder (passive holding) need not necessarily preclude the finding of bad faith. Material in this regard is the use of third party advertising (e.g. automatic pop-ups on a website operating under a disputed domain name) likely to harm the value or reputation of a trademark (e.g. where website material is offensive, including pornography). Unless it can show its “good faith” attempts to remove the offending material, the respondent/registrant, through its proximity to the trademark infringing third party (e.g. by allowing it to advertise on its website), may well be found to have acted in bad faith, under the third element of the UDRP. Again, the panel will consider each decision before it on the merits, in light of the circumstances of the case, in assessing whether the respondent is acting in bad faith.

Some panels have probed the “underlying” purpose and use of certain words in connection with the second and third elements of the UDRP criteria. The close misspelling of a word understood to be confusingly similar to the complainant’s mark provides a case in point. In the *AltaVista Company v Saeid Yomtobian* decision, the panel reasoned:

> The use of misspellings alone is sufficient to prove bad faith under paragraph 4(b)(iv) of the Policy because Respondent has used these names intentionally to attract, for commercial gain, Internet users to his website by making a likelihood of confusion with the Complainant’s mark.

Accordingly, in cases where a domain name .com makes use of a pejorative term in combination with a trademark, or where otherwise generic, dictionary words have been employed in such a way as to defame the reputation of a trademark (e.g. [trademark]sucks.com], the consensus opinion of panels has been that such uses of words

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405 See paragraph 15(e) of the UDRP Rules (n 112).
407 See e.g. Encyclopedia Britannica Inc v John Zuccarini and The Cupcake Patrol a/k/a Country Walk a/k/a Cupcake Party (WIPO Case No D2000-0330); Oxygen Media LLC v Primary Source (WIPO Case No D2000-0362).
408 WIPO Case No D2000-0937.
409 *AMF Inc v Sleekcraft Boats* 599 F 2d 341 (9th Cir 1979).
are to be treated as being confusingly similar to the complainant’s trademark and would therefore meet the standing requirement under the first element of the UDRP. The finding of bad faith does not necessarily extend to sites that practise genuine, non-commercial criticism, particularly when it can be justified on “free speech” grounds (providing these grounds are not used as a pretext for commercial advantage).\(^410\)

Generally speaking, although a trademark can establish grounds for a UDRP action under the first element irrespective of the date on which a domain name is registered by the respondent, (whether on a registered or unregistered basis), the registration of the domain name does not result in a finding of bad faith because the registrant could not have been aware of the complainant’s then non-existent right.\(^411\) There are some instances, however, whereby panels have recognised that where a respondent has clear knowledge of the complainant and its legitimate interest in obtaining a trademark, but nonetheless deliberately seeks to take advantage of the confusion between the domain name and any potential complainant rights, bad faith may be present.\(^412\) Relevant circumstances for the purposes of such a finding may include a well-publicised merger or an enterprise which is the subject of media attention (but prior to the creation of new trademark rights) of which the respondent is aware. Normally, a reseller or distributor can have a legitimate interest in the domain name if it is offering bona fide goods and services. However, panels may take into consideration attempts by the respondent party to “corner the market” in domain names that reflect the complainant’s rights in a mark. Pay-per-click (PPC) websites, for instance, may be seen to be acting in ways contrary to UDRP principles, particularly where such websites seek to take unfair advantage of the value of the trademark.

### 3.4 The Limitations of the UDRP

As with any legal mechanism, serious questions surround the ICANN domain name allocation and its dispute settlement procedures. Since 2011 alone, it is estimated that some form of fraud or counterfeiting has tainted almost 20 per cent of filed complaints.\(^413\) Among

\(^{410}\) *Howard Jarvis Taxpayers Association v Paul McCauley* WIPO Case No D2004-0014.

\(^{411}\) *ExecuJet Holdings Ltd v Air Alpha America Inc* WIPO Case No D2002-0669.


the reforms proposed in response are damages options and “loser pays” models. The UDRP could also be expanded to curb predatory intermediary behaviours. Stakeholders in the system have called for a revision of the definition of cybersquatting to include new forms of anti-competitive conduct.

One development of particular significance is the growth in the professional domain name investors, an industry which is likely to grow as ICANN’s domain name expansion programme is rolled out. In addition to their value as commercial markers or identifiers, domain names have increasingly taken on the character of commodities for speculative gain. As a consequence, whereas traditional domain name abuse involved the registration of domain names by individuals seeking to turn a profit on the “squatted” names, in recent periods the newest of form of “squating” operates at the top level, with growing numbers of “domainers” profiting from large-scale registrations of not merely “brands”, but generic, dictionary terms or “strings”, as well as third-party identifiers.

From an IP rights holders’ perspective, there are numerous ways in which the UDRP might be amended, including reduced timelines and default decisions. Moreover, greater attention should be given to unfair competition in the acquisition of domain name use, for instance, the express addition of bad-faith scenarios. Under existing UDRP practice, trademark owners engaged in active use of registered domain names enjoy greater protection under the UDRP than those that demonstrate lower or no activity.

3.5 ACPA as a recourse from the UDRP

Following an adverse finding of a UDRP panel, losing respondents in the US who have been unable to block the cancellation or transfer of the domain name have a legal basis for appealing this decision under the ACPA. In such cases, a cause of action may be filed with a court in the relevant federal district that is enjoined with the task of implementing the order of cancellation or transfer. Remarkably, specific provisions of the ACPA, and potentially the Lanham Act as a whole, ultimately govern the conditions pertaining to a request for a cancellation of transfer of a disputed domain name, if and when that domain name is based in

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414 See for an analysis of these issues Baratta and Hanaman (n 363).
416 ibid.
417 See e.g. Office Depot v Zuccarini 596 F 3d 696 (9th Cir 2010).
the US.\textsuperscript{418} In other words, and in practical effect, a decision even when issued by a UDRP panel is a decision not on the basis of an application of the relevant UDRP rules but, rather, on the basis of a preliminary, or, more specifically \textit{de novo} consideration of the case under the ACPA. The supremacy afforded to the procedural and substantive laws of the US is all the more curious since federal courts have generally opted not to accord any prima facie deference to the decisions of UDRP panels. Furthermore, the instigation of proceedings pursuant to the UDRP, and the adoption of a decision therewith does not prevent either party (i.e. the domain name registrant contesting a transfer or cancellation order, and the party claiming abuse of rights in a trademark rights issue) from pursuing a different ground for action or submitting new and/or different evidence before the federal court.\textsuperscript{419} Equally, a complaining party that has been denied relief by a UDRP decision but who wishes to challenge the decision is entitled to do before the federal courts under the ACPA.

The US federal courts have generally adopted the position that there exists no res judicata or collateral estoppel effect with respect to UDRP panel decisions, and have hence declined to defer to their decisions.\textsuperscript{420} This absence of judicial deference is largely due to the fact that the UDRP process is not hemmed in by the more onerous evidentiary standards applied to federal court proceedings.\textsuperscript{421} On a related point, UDRP panels do not enjoy the same enforcement powers conferred upon federal or national courts, nor do they exercise the same level of control over parties.\textsuperscript{422} These factors combined, it may be fair to say that courts are litigating a different kind of case, under different circumstances, than that which is reviewed by UDRP arbitration panels, albeit involving the same disputed domain name. In practice, national courts judges tend to, implicitly if not expressly, afford some degree of deference to the reasoning applied, and decisions adopted, by UDRP panels. Indeed, it appears that the decisions issued by UDRP ought to carry some persuasive weight, particularly as well-respected and frequently selected UDRP panellists may well benefit from substantially more experience in dealing with trademark claims than national judges who may have encountered far fewer cases of this type in the course of their careers.

\textsuperscript{418} For a discussion of the ACPA see Abbott (n 3) 9-13.
\textsuperscript{419} ibid.
\textsuperscript{420} ibid.
\textsuperscript{421} ibid.
\textsuperscript{422} ibid.
3.6 Conclusion

By now it should be evident that the domain name allocation and registration system is liable to have profound implications for the existing trademark system, with the potential to fortify or destabilise it depending on how domain name registries are designed and maintained from country to country. As ICANN’s new expansion policy is rolled out, courts and panels are confronted, now more than ever, with a heightened appetite for the new rules for governing the sale and transfer. Such rules will have to be rethought and remade if they are to meet the demands and challenges of the Internet marketplace of the future. And, since ever greater investments are being poured into the acquisition of new top-level domain strings, investors and other commercial actors may, for reasons of self-interest alone, welcome an additional layer of predictability, stability and security in the development of such rules.423

Of primary interest is the extent to which domain name registration practices fit within the current property–contract framework. In many cases, as has been made repeatedly evident in recent jurisprudence, established rules on property and personal obligation cannot be easily adapted to domain name use. Domain names, with relevance to their legal dimensions, exhibit functions and features which are in many respects anomalous; at odds with, or even contrary to, traditional conceptions. Above all, they operate in ways which seem to cast further doubt on the enduring distinction set up between law governing personal obligation and the ordinary rules of personal property; the latter encompassing trademark law and other forms of intellectual property protection, with varying degrees of overlap and divergence. This thesis argues that domain name registration cannot be shoehorned into prevailing contract and property law frameworks.

The next Chapter assesses the growing trend towards commodification and monetisation of domain names to prepare the ground for a discussion of the limitations of a purely contractual, or purely property based, framework of rights.424

423 Tanner (n 334)2-18.
4.1 Introduction

This chapter assesses the relevance of domain names in the era of search engine optimisation. It argues that as domain names have economic value and are unique, they require legal protection for a number of reasons. Individuals buying the domain names, for instance, recognise the high value inherent in them, and will seek to prevent other organisations and/or individuals from purchasing the domain, which will, in turn further inflate its price. In order to fully understand and assess these issues, it is necessary to undertake a fuller investigation of the full range of gTLD applications, and to proceed, in a second step, with an analysis of the potential challenges that ICANN is likely to confront in the coming months and years. 425

In the popular imagination, domain names are commonly viewed and described as property, regardless of their formal legal status. It is not uncommon to hear people speak of domain names being “sold” or “bought”, or for commentators to report cases involving cybersquatting or other forms of unfair use domain names, in violation of an entity’s rights in a trademark, as an instance of “theft” or misappropriation. Small-scale website operators and trademarked companies alike will seek to market and protect their commercial identity through use and registration of “branded” domain names. Contrasted with the more onerous requirements imposed on applicants under the trademark registration processes, applications for domain names – even those relating to dictionary, generic words – can be registered with relative ease and low cost. 426 As the demand for domain names expands, their status as a highly valued and relatively scarce commodity is consolidated. A thriving market, accordingly, in the sale and purchase of domain name grows and flourishes. The sharp rise in “cybersquatting” activity bears testament to the evolving trend towards the monetisation and commodification of domain names as a tradable good in the Internet market place.

425 David Kesmodel, The Domain Game (Xlibris 2008) 20: “The classic tactic was to register a domain, do nothing with it (create no Web site), wait to hear from the trademark holder, and then offer to sell it for a high price. The practice came to be known as cybersquatting.” See also Christine Haight Farley, ‘Convergence and Incongruence: Trademark Law and ICANN’s Introduction of New Generic Top-Level Domains’ (2008) 25 John Marshall J Computer and Information L 625, 626.
Domain names hold an inestimable value as commodities; indeed their value, as intangible assets, may well exceed that of trademarks. Their value is explicable with reference to the information contained within them. What remains legally uncertain and contentious is whether a domain name can, or should, be analysed as an enumerated form of contract right constituted and enforced under ICANN regulated registration procedures or, contra these premises, whether they can be persuasively analysed as an yet inchoate and nascent species of virtual property. The value of the “property”, to dwell on the analogy a little further, would, in turn, reflect the monetised proprietary value of the domain name itself, as determined by the conventions of market supply and demand. On the other hand, the monetary value of a domain name, in of itself, need not lead logically to conclude that they should be treated as “property”.

4.2 The Control of Top-Level Domain Names and the Significance of ICANN’s Expansion Programme

ICANN’s new expansion programme will undoubtedly transform the landscape of e-commerce and competition.\(^{427}\) This is because Google and Amazon, the search engine and Internet advertising provider and leading online retailer of books, are among the companies that have sought to acquire a large number of new gTLDs, not limited to those directly connected with their rights in trademarks/brands, but extending also to generic use terms only tangentially related to the services and goods supplied under their trade name. And, in a process that culminates in dispute should any other non-community applicant stake a bid over the same term, Google and Amazon wield the technical expertise and financial clout to acquire their desired gTLDs. Such developments are likely to crowd out, and marginalise, smaller companies. If, indeed, market leaders such as Google and Amazon emerge victorious in their quest for dot.com dominance, the e-commerce market may well be irrevocably transformed at odds with ICANN’s mission to promote competition and innovation in the Internet. Each DNS root/registry has global significance. With the exception of country code registries, individuals seeking to register a domain name can apply to a registry located outwith the state in which he or she is resident, irrespective of where a trademark is registered or where the corporate seat of its company is situated. A number of registries/registrars are privately constituted and control a number of the TLDs. ICANN continues to retain control

\(^{427}\) ibid.
over some top-level domain names – namely .com, .net and .org. The custodian of each root is vested with considerable authority to make decisions concerning domain name and registration use. The policy decision of these registrars may have significant economic or political significance. There is immense competition to control the TLD strings such as .com .net and .org. The entity which successfully takes power over the control of these top-level domain names will be in the very desirable position of driving policy over how domain names are to be used on the Internet by registrants. The new expansion programme is therefore likely to generate increased competition over the acquisition of domain names.

In total, 21 applications for new gTLDs have been submitted with competing bids for similar or related words – including .app, .cloud, .free, .search, and .store. Taken together, the new expansion policy is likely to accentuate the scope for disputes which are complex and difficult to resolve.428 The question which remains to be answered is whether the objection procedures available under the ICANN gTLD expansion programme provide adequate safeguards, in and of themselves, for those firms and entities which have deliberately opted to apply for few or no gTLDs, for whatever reason (e.g. lack of foresight or a desire to secure their commercial identity in the case of “Apple”), or have otherwise been prevented from doing so because of, for example, prohibitive legal costs or procedural constraints (e.g. restrictive time limits for submitting applications) etc.429

4.2.1 Alternative Dispute Resolution Mechanisms for contesting gTLDs

With respect to ICANN’s internal review processes, there are four main objection procedures available to parties seeking to initiate dispute settlement procedures as an alternative to traditional litigation.430 These comprise the “String Confusion Objections”, the “Limited Public Interest” and the “Community Objections” procedures and the “Post-Delegation Dispute Resolution Procedure” (PDDRP).431 With respect to the first of these procedures, parties can choose to bring a complaint under the string confusion objections procedure, in

428 For a more detailed discussion on the new gTLDs see Chapter 3 above.
the event that an applied-for gTLD is deemed identical or confusingly similar to an existing TLD or another application.interesting, the limited public interest and community objections procedures are optimistically expected to create a space for public deliberation (e.g. through the institution of “notice and comment” and procedural participation mechanisms), enabling individuals to contest applied for gTLDs before they have been delegated, particularly where they are seen to offend “public order” norms (e.g. community morality, order, security etc.) or where they unduly impact affected communities.

Additionally, a plethora of pre-delegation objection procedures are made available to trademark owners and to members of the public with standing. Following a recent decision by ICANN and WIPO, a Trademark Clearinghouse has been established to facilitate the operation of the newly created “Sunrise or Trademark Claims Services”, the purpose of which is to enable trademark holders to monitor bad faith or confusingly similar domain name registrations which encroach upon their trademark rights. In the event that an infringing domain name is discovered, the complainant can request the controlling registry to resolve the issue immediately, e.g. through removal of the domain name from the clearing house database. All of these mechanisms have been devised primarily with the aim of addressing the objections of aggrieved parties before parties seek remedies in traditional dispute resolution proceedings (e.g. litigation) further down the line. Once these alternative dispute resolution options have been exhausted, without resolution, parties with standing can bring a complaint before an arbitration panel.

The post-registration dispute settlement mechanism established under the Uniform Domain Name Dispute Resolution Policy (UDRP) discharges functions supplementary to those carried out by the Trademark Clearinghouse procedure. The UDRP operates in conjunction with the WIPO Arbitration and Mediation Centre to provide a mechanism under which trademark holders can challenge domain name registrations. In contrast with the more

\[\text{\underline{433}}\text{ See Lawrence Helfer and Graeme Dinwoodie, ‘Designing Non-National Systems: The Case of the Uniform Dispute Resolution Policy’ (2001) 43 William and Mary L Rev 141.}\]

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informal notification and swift resolution procedures operative under the Trademark Clearinghouse, however, the UDRP procedure is triggered only after a domain name is already registered.\textsuperscript{437} While greater onus is placed on resolving disputes at the pre-delegation state, the UDRP is likely to function in a manner of an “appeals” procedure, particularly in those cases where a claim of trademark infringement is found wanting in the pre-delegation objection procedures.

In a complex digital environment, our traditional concepts and frameworks do not appear to provide an effective response to the challenges raised by the expansion of generic names and trademarks, much less address matters around their acquisition, sale and transfer. Their innovativeness aside, the new objection procedures, for instance, do not appear particularly well adapted to deal with the predatory behaviour of companies which aim to control gTLD registries at the top level.\textsuperscript{438} The major market leaders, it is worth recalling, have a vested interest in acquiring the most valuable gTLDs, while preventing their sale on the open markets, as a form of insurance against any future lowering of commodity prices. Actions of this kind are merely a new form of “squatting”, now put into effect at the highest level of the DNS. Google’s generic bids (including its bid for words such as .cloud and .blog, already the object of overlapping bids) seem to have been devised with the sole intent of obstructing their use and development by other firms and the public at large (e.g. “closed” domain registrations which are not open to the general public.) Likewise, Amazon’s “No Trespassing” policy may ultimately stymie, rather than support, competition or innovation, the very aim which ICANN’s expansion programme is ostensibly meant to serve.

The discussion so far has played down the significance of a whole range of applicant groups which have put in bids for scores of new gTLDs. This is because, with the exception of a few other high stakes players/investors in the market for domain name acquisition, most applicant groups will struggle to compete with the dominant search and retailing companies operating on today’s Internet. The marginalisation of other gTLD applicants is all the more remiss since it is these enterprises that provide the most compelling argument for domain name expansion: opening up e-commerce to a wider pool of entities as a counterweight to the dominance of Internet-based monopolies. Added to this, minority corporations, in contrast with monopolies, will have few incentives to retain passive forms of ownership and control over their new

\textsuperscript{437} Helfer and Dinwoodie (n 433).
\textsuperscript{438} Haight Farley (n 425).
Instead, they will, most likely, seek to increase sales to and usage by registrants seeking quality generic domains.

4.2.2 The Limitations of Existing Frameworks in Light of the ICANN Expansion Programme

Suppose Amazon is successful in its bid to register the domain name cloud.com. The company clearly hopes to profit from selling the domain as it has been listed for a selling price in millions and currently provides no website corresponding to the domain. These actions could theoretically be seen to violate the ACPA because Amazon owns no independent trademark rights in the term and because there will be any number of registered trademarks incorporating the word “cloud”. This does not begin to take into consideration the unknown number of people who might have cultivated common law trademark rights in the term.

In reality, and leaving aside truly famous and popular marks, celebrity names and so forth, there is nothing to prevent a person from registering a recognisable trademark term and to utilise it in commerce in connection with a different class of goods and services. It seems rather odd then the existing framework under the ACPA and UDRP starts from the assumption that just because someone has rights to use a name in a particular field of industry, this gives them exclusive or “but for” (a finding of bad faith) rights to a domain name. The ACPA, it will be recalled, penalises anyone who registers a domain name for the primary intent of selling it to a trademark holder “or any third party”. No one could realistically claim that anyone would not develop goodwill with the ultimate intent of selling the business. Yet, in the context of domain names, anyone can be subject to cybersquatting proceedings because they intend to sell a domain name in good faith, and even if they are currently developing it for their own legitimate purposes that they would have had if they were afforded a right to keep the name.

It is open to question whether traditional trademark actions provide adequate protection to prevent consumer confusion and prevent unfair competition. The ACPA and the UDRP

439 ibid.
440 Lastowka (n 429); Moffat (n 429).
441 Virtual Works v Volkswagen 238 F 3d 264, 266 (4th Cir 2001).
442 15 USCA § 1125(d)(1)(B)(i)(VI).
strengthen the already expansive rights conferred upon trademark holders. Even if one argues that it is appropriate that a rights-holder be offered robust protection against abusive domain name registration and use, the remedy of the UDRP, one could contend, fails to protect the interests of non-trademark holders, small firms and the consuming public. Each shares a legitimate interest in the development of open, fair and inclusive rules around the use, access and distribution of Internet-related goods, including domain names. From a “law in action” perspective, a trademark owner who is successful in a trademark infringement action under the UDRP proceedings may bring an additional action against the respondent in domestic courts, for instance by suing for monetary damages or seeking an injunction against the infringing activity. A trademark holder can, therefore, not only block the registrant from using the domain name, it can also demand that the domain name be transferred and brought under its control. The law in its current state serve to entrench the bargaining power of the trademark holder at the expense of a third party claiming adverse but legitimate interests in that domain name. Moreover, multiple parties could conceivably make legitimate claims to the rights to use a domain name. It is striking, then, that an order of transfer, obtained under UDRP proceedings or elsewhere, effectively endows the successful claimant with the right to exclude anyone else from using the domain name – irrespective of the claimant’s real world location or the reasons or purposes for which the holder has sought to acquire the name.

The new gTLD expansion programme is likely to propel a second “land rush” in domain name acquisition and dispute settlement: large scale companies have invested considerable resources in acquiring, contesting and retaining exclusive control over lucrative domains and domain names. Trademark holders will recognise their privileged status under the law and may seek to exploit their relative advantage. But this new of wave of top-level squatting introduces a new set of challenges beyond those which first came to line in the original dot.com boom in the late eighties. In this first wave of cybersquatting activity, tech-savvy individuals were in the best position to acquire coveted domain names. At any rate, the registration costs did not constitute a significant hurdle, since these were either minimal or non-existent. This situation has now altered. To take advantage of “low-cost” UDRP proceedings, a potential domain name claimant will still need to pay $1,000 in arbitration fees, to say nothing of the legal expertise they will require before launching an action.

443 ibid.
4.2.3 Control of Domains

Control of a domain name means to control how to direct the consumer to a website at any
time, (e.g. to resolve queries to the correct location on the computer network). To exercise
control of the registry is also therefore to exercise control over the flow and exchange of
information on the Internet.\textsuperscript{444} In a dispute, it seems all too likely that the spoils of the
domain name will be enjoyed by the victor of the UDRP proceedings. For those domains
controlled by ICANN, the global authority could permit anyone with “rights” to a domain
name to submit a claim. The domain might then be awarded to the entity with the strongest
interests, before or after dispute proceedings have been instigated. Alternatively, the domain
name, as is effectively the case under the expansion programme, could be auctioned to the
highest bidder.

4.3 The Emerging Picture of E-Commerce

All applications that pass muster under existing ICANN procedures go straight to auction,
extcept on those rare occasions where an applicant “drops out” or has otherwise agreed to be
bought out. Smaller firms in competition with well capitalised companies such as Amazon
and Google are at a disadvantage from the very outset.\textsuperscript{445} These industry powerhouses will
harness their considerable resources of in-house legal and technical expertise in the attempt to
secure their bid over coveted gTLDs. Faced with the industrial might of the biggest e-retailers
and service providers, applicants may well be persuaded to “drop” their bids or merge their
efforts by means of financial inducement (e.g. issue of stock in the parent bidder or in the
new gTLD registry itself).

Assuming that the volume of domain name registrations will increase substantially as a result
of ICANN policies, these new changes are likely to have varying, and significant, impacts on
certain business networks or communities and their online presence. The application phase of
ICANN’s new gTLD programme has profound implications for the future of e-commerce and
many have expressed strong misgivings about it.\textsuperscript{446} Companies such as Google and Amazon

\textsuperscript{444} Michael D Palage, ‘ICANN’s New gTLD Timetable: The Good, the Bad & the Ugly’ (8 May 2009)
<http://www.circleid.com/posts/20090508_icanns_new_gtld_timetable_good_bad_ugly/> accessed 18 January
2014).
\textsuperscript{445} Grimmelman (n 429).
\textsuperscript{446} Lastowka (n 429); Moffat (n 429).
lead the quest to secure dot-dominance and, in doing so, have staked claims to vast areas of the Internet under a new system for labelling Web domains. This system bolsters the ability of companies such as Google and Amazon to control traffic as the Web expands beyond the realms of “.com”, “.gov” and “.org”. Amazon has applied to control the “.book” and “.movie” names and “.shop” and “.movie”.

The companies that control the new domains will shape and determine the flow of Web traffic in ways deemed potentially unfair to businesses and consumers. Consumers, for instance, may not fully realise that the new domains fall under private control, or that they are purchasing services from a single company rather than in a competitive market. By the same token, while competition generally prevails in the “.com” realm, control over generic domains such as .book or .house may not be open to public registration (and hence competition). Under these new arrangements, anyone seeking to sell those goods would first have to obtain permission from the Internet retailer, in advance, if they wished to be listed within that domain.

In light of these challenges, the ICANN expansion programme has emerged as the site of intense contestation and debate. Consumer watchdog organisations have argued that control and ownership of such generic domain names should be placed in the hands of impartial non-governmental entities rather than companies. Competitors have argued that the expansion programme will bolster, not weaken, the monopoly power of companies such as Amazon and Google, in ways likely to obstruct and defeat, rather than promote, price and quality competition in the respective Internet search/advertising and retail markets. Should their bids for domain names prove successful, these industry giants are poised to dominate the Internet marketplace of the future.

The above sketch opens up for further questioning and discussion whether ICANN proposals to transfer control over generic domains to private entities is not itself plainly anticompetitive, bolstering the already dominant power of well-capitalised companies and paving the way for a form of “corporate colonisation” by Internet service provider

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448 Grimmelman (n 429); Lastowka (n 429); Moffat (n 429).
monopolies. In the case of Amazon for instance, authors, competitors, publishers, states and federal governments could serve as potential complainants in an anti-competition “antitrust” case brought against the retailer. Bids by Amazon and Google for domain name control will have a significant, and arguably perverse, impact on competition. Google, as most are aware, stands as the prevailing Internet search and advertising company. One can safely assume that its quest to acquire rights to dozens of generic gTLDs outwith its own brands (such as “g.mail.com” or “youtube.com”) is directly connected to its proprietary analysis of the trillions of search terms inputted into Google since its inception. It follows, logically, that gTLDs over which Google seeks control are those predicted to generate the most revenue, based on its proprietary data on “searched words” trends and consumption patterns. To gain understanding of the monetary implications of Google’s bid, one has to start by differentiating and then analysing two distinct modes or species of Internet search.

4.3.1 The Quest for Dot.Com Dominance

As it stands, firstly, Google already dominates the market in website searches. In a process that should be familiar to most, Google responds to an Internet user’s search entry by generating a long list of relevant websites which is then presented to the user. So important is this search function that a thriving search-engine optimisation industry has been created for online businesses willing to pay high sums in order to maximise the chances of their website being displayed prominently in a user’s search results, e.g. within the first few pages of a Google search (by analysing Google algorithms which determine how search information is populated).

The other variant of search activity has long been applied by domains seeking to acquire and monetise non-trademark infringing generic domain names capable of diverting or attracting incoming search word traffic at the top-level generic (e.g. com) and country code domain name systems (such as .uk and .de). Some members of ICANN’s executive board still tend to

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451 Palage (n 444).
452 Grimmelman (n 429) 6.
453 Lastowka (n 429) 1328; Moffat (n 429) 448.
regard domain name holders as spectators rather than worthy investors, particularly where it concerns instances of cybersquatting (whereby savvy spectators, especially at the height of the dot.com boom of the late nineties, acquired second level generic domain names ([trademark.]com) with the profit-seeking intention of selling or renting them back to companies with trademarks and/or vested interests in that domain name). It is somewhat ironic, then, that the proposed gTLD expansion programme is itself modelled on an approach first pioneered and monetised by speculative domain name holders, now elevated from the second to the top-level domains.

4.3.2 Top-Level Domains

Budding entrepreneurs and seasoned e-commerce speculators/investors alike have emerged as the new gTLDs applicants. By bidding for new brand-name and generic words gTLDs strings they are investing and speculating in the widespread belief that controlling domain names at the top levels is the next “boom”; the market for domain name acquisition, transfer and control is replete with profit potential and ripe for the picking. Indeed, if ever there was a paradigmatic example of “squatting” it is this. Moreover, the queue status for new gTLD applications, subject to ICANN’s approved timelines, is susceptible to the “drop catch” technique, with all its attendant risks carried along with it (many of which were evidenced in the context of ICANN’s now defunct “digital archery” policy).

Before ICANN adopted its more relaxed policy on the acquisition and transfer of domain names, registrants were allowed to transfer their domain name licence only in specific, limited circumstances such as where the registrants sold their business or assigned intellectual property rights.

Under ICANN’s new policy, domain names can be acquired by prospective investors as they re-emerge in a secondary market. The danger is that this will effectively create a “black market” in country code or generic top-level domain names, thereby strengthening the position of those “in the know” (about when an expired domain name is purged from a

register and once again made available for registration), against the interests of the general public.\footnote{For relevant cases, see generally \textit{Rescuecom Corp v Google Inc} 562 F 3d 123 (2nd Cir 2009); \textit{Perfect 10 Inc v Amazon.com Inc} 508 F 3d 1146 (9th Cir 2007); \textit{Playboy Enters Inc v Netscape Commc’ns Corp} 354 F 3d 1020 (9th Cir 2004).}

At the second level of domain name speculation/investment, Google can expand its dominance over generic word TLDs, with its bid for new 101 gTLDs, thereby consolidating its control over how consumers interact with e-commerce.\footnote{Urs Gasser, ‘Regulating Search Engines: Taking Stock and Looking Ahead’ (2006) \textit{8 Yale J L and Technology} 201; Eric Goldman, ‘Search Engine Bias and the Rise of Search Engine Utopianism’ (2006) \textit{8 Yale J L and Technology} 188.} At the top level, namely by seeking to acquire exclusive control over gTLD registries, Google can continue while building up its invaluable proprietary gTLD database, thereby preventing access to it by others. As Google continues to expand its virtual “real estate” and Internet empire, the adverse ramifications for innovation and competition are all too clear and increasingly acute. Added to this, secondary domain market-place spill-over effects are also likely to materialise as the gTLD expansion programme takes root, potentially transforming the behaviour of registrants and other market actors. Applicants may be more inclined to register domain names under a Google controlled gTLD if they believe that in doing so these will rank more favourably with Google search lists compared with the same domain name registered at a competing non-Google gTLD.

One can question whether Google’s top-level dominance will prove conducive to the long term development of desirable second level domains. Investor backed gTLDs will almost certainly opt to sell the most coveted second level domains to the highest bidders during the initial boom period. Companies such as Google, on the other hand, have enough capital behind them to retain their dominion over invaluable stock. Google will seek to bolster its proprietary control over most second level domains (generic works and brand-name related textual components, phrases and other elements of intellectual property), where, according to Google’s own data, they are anticipated to draw in the most traffic.

While no less significant in respect of its implications for the future of the Internet market, Amazon’s bid for 76 new gTLDs – including .book, .cloud, .game, .movie, .play and .shop. – presents a set of challenges which are qualitatively different from those posed by Google’s
monopolisation and hegemony over the Internet search/and advertising market.\textsuperscript{459} Once more, one can safely infer from Amazon gTLD selections that it has based its business plan on a proprietary analysis of valuable product-specific domains and generic words revenue streams (e.g. Internet users who type the word “play” in a search engine may well be a potential customer of gaming products, a product that Amazon, and its market competitors, can provide!).\textsuperscript{460} On the other hand, one can easily understand why competing e-retailers might be reluctant to register their own websites on virtual “real estate” (top-level domains) controlled by the veritable Leviathan of Internet retailing, not least because Amazon –already dominant in the book-selling domain and rapidly penetrating and colonising new markets – is their biggest competitor. It is striking then that we should find contained with all of Amazon’s gTLD applications the following caveat: “Amazon and its subsidiaries will be the only eligible registrants”.\textsuperscript{461}

The contractual bottleneck which Amazon seeks to put in place, formally justified as a means of protecting its commercial identity and the connected products or technologies in which it has intellectual property rights, may be conceivable when applied to generic terms such as .amazon, .kindle and .fire, but becomes extremely problematic when applied to the numerous generic word applications to which Amazon stakes a bid. While Amazon might well elect to open registration up to the public at some future point, it is difficult to escape the sense that the very object of its application is to prevent competitors from acquiring Amazon controlled gTLDs precisely because applied-for-generic terms have already been found to hold an inestimable proprietary value. Thus, one can easily see why Amazon would seek to obstruct acquisition and transfer of domains: rival retail services may well seek to capture, through the use of common words, the same pool of consumers to which the book retailer markets its products.\textsuperscript{462}

\subsection*{4.3.3 Competition Issues}


\textsuperscript{461} Phil Corvin ‘New gTLDs: Competition or Concentration? Innovation or Domination?’ (June, 2012) Domain Name News.

\textsuperscript{462} ibid.
The competition issues posed by the as yet uncompleted gTLD bids launched by Google and Amazon do not conform neatly to traditional doctrines and frameworks of antitrust law. The US Supreme Court has defined monopoly power as “the power to control prices or exclude competition” in a particular market; but this only begs and does not yet answer the question: is the relevant market the universe of all gTLDs or a discrete category of domain names in a vertical generic silo? The Sherman Antitrust Act likewise prohibits attempts to “monopolize any part of the trade or commerce among the several states, or with foreign nations”. The test for determining whether antitrust laws have been contravened, and the Sherman criteria likewise, is, as stipulated by the Act, first, that the respondent/defendant possesses monopoly power in a properly defined market, and second, that it has secured that power through conduct deemed unlawfully exclusionary. It is not at all clear how such principles might be applied to new gTLDs.

National courts have already had cause to intervene in ICANN’s internal decision processes, ordering it to desist from issuing TLDs where parties do not hold prior trademarks. One such case concerned the .eco string in that it brings into apparent tension the claimed distinctiveness of a trademark versus what other parties will continue to insist is a generic, dictionary term. The case aptly illustrates the inevitable conflicts doomed to surface when domain name holders with rights in a trademark are pitted against each other, raising, in turn, questions concerning the extent to which the specific use of a particular marker, including the value, and frequency of that use, should influence ICANN decision-making (which party should acquire the domain? Should ICANN take into consideration the values and ends by a particular marker or trademark?).

With reference to the above test, should Google and Amazon take power over all domains as a means of promoting their own products and services, or to preclude others from making them available for public domain registrations, this then would seem to satisfy the second element of the Sherman test, since such conduct would be exclusionary to all of their

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463 Sherman Act 15 USC § 2. See also Allan Lee, ‘Internet Domain Names and the Lanham Act's Infringement Provisions’ (1998) 12 J Contemporary Legal Issues 502, 504-510, A person alleged to have engaged in trademark or copyright infringement or any other potentially misleading behaviour may be subject to an unfair competition action under 15 USC § 1125 or similar state statutes which make monopolising trade a felony (in the US).

464 Applied for instance in Addyston Pipe and Steel Company v United States, 85 F 2d 1, affirmed 175 US 211.

competitors. What remains subject to further legal analysis, however is whether such conduct is unlawfully exclusionary. These issues will be resolved in the courts, and then very probably only after judicial findings have attained the status of settled law. The future consequences of the gTLD expansion programme will also entangle competition law and policy, with the EU’s more flexible policy on competition providing a more hospitable context for addressing the legality of gTLD bids. Exacerbating these challenges, ICANN has structured the new gTLD programme without developing a qualitative threshold test for assessing applicant intent beyond the institution of public comment process and objection procedure. There is equally no requirement that new gTLDs be developed (through open registration) to some minimal extent.

4.4 Conclusion

In the final analysis, the larger issue is not merely how one goes about reforming the UDRP and gTLD delegation processes, but whether ICANN could survive reforms directed to that end. Institutionally, intellectual property issues occupy a minor voting role in the ICANN architecture, the backlash against the gTLD expansion programme is testament to this. Subjecting the most contentious aspects of the global framework for domain name registration and dispute resolution implicating issues of intellectual property to a decision process that is largely weighted against legitimate IP interests is unlikely to produce desirable results.

However, this does not resolve the question of the prime right ownership of a trademark or ownership of the related domain name. At any rate, they are likely to be contentious and resource intensive. These obstacles will not only further alienate the most vociferous critics of ICANN, but will also foster a sense of instability at a time when brand-owners with rights in a trademark are looking to the existing UDRP as the only mechanism in place to absorb the shocks of gTLD expansion. The question posed therefore is: what can be achieved by opening the functioning of the UDRP to still more rounds of ICANN process? In short, the gTLD expansion programme is likely to have many repercussions for the future development of the e-commerce market.

Compliance with ICANN’s rulebook is by no means guaranteed, nor is an applicant’s adherence to relevant national laws. Future disputes over gTLD delegations, moreover, may
well surface, in one shape or form, under a different kind of rights protection mechanism. Regulatory contests may trigger objections by the Governmental Advisory Committee (GAC) which reserves the right, as communicated to ICANN, to oppose applications contrary to the “global public interest” – not limited to those derived from pure statutory law. In previous periods, courts have been swift in tackling the cybersquatting threat, holding cybersquatters liable for trademark infringement and dilution.\textsuperscript{466}

The US Congress was quick in its response in the form of the Anti-Cybersquatting Consumer Protection Act (ACPA), while ICANN adopted the Uniform Domain Name Dispute Resolution Policy (UDRP).\textsuperscript{467} These measures were effective at curbing the rise in earlier forms of cybersquatting. However, the application of this blend of global and domestic rules left a confused and somewhat patchwork domain name policy in its wake. Above all, its limitations rested in its narrow scope: the statute protected trademarks against forms of cybersquatting, but failed to provide a coherent theoretical basis for domain name regulation of broader reach, application and grounding. This narrowness is symptomatic of a deeper constitutional dilemma: who, if anyone, has constitutional power to make general policy for the domain space? The processing and resolution of conflicts around identical and similar strings may well be put on hold until litigation or regulation addresses these types of domain names, the balance of interests among trademark and non-trademark holders, and the scope of protections available to registrants and registrars. ICANN’s institutional power and legitimacy remains in a state of peril following recommendations that a new body should take over its critical functions (for instance, the International Telecommunication Union ITU).

By now it should be evident that the domain name allocation and registration process will substantially impact the existing trademark system, with the potential to fortify or destabilise it depending on how domain name registries are designed and maintained from country to country. Of primary interest is the extent to which domain name registration practices “fit” the current property–contract framework. In many cases, as has been made repeatedly evident in recent jurisprudence, established rules on property and personal obligation cannot be easily adapted to domain name use. As Lipton observes:

\textsuperscript{466} Panavision Int’l v Toeppen 141 F 3d 1316, 1327 (9th Cir 1998) (courts found cybersquatter liable for trademark dilution); Planned Parenthood Fed’n of Am Inc v Bucci 42 USPQ 2d 1430, 1433–41 (SDNY 1997) (finding infringement and dilution liability of registrant a typical cybersquatting case regardless of the absence of a profit or sale motive on the part of the registrant).

[The] practice of domain name speculating has moved away from trademark policy, while the regulatory system has not. This creates an inconsistency between the robust regulation of trademarks in the domain space and the lack of regulation over any other conduct. There is a glaring need to develop a coherent theory of domain name regulation. Domain name conflicts are not likely to subside any time soon. Additionally, the development of a more robust domain name theory may facilitate policy developments in the emerging area of search engine law. Domain name regulation will be an important aspect of search engine law.\textsuperscript{468}

The question which inevitably arises is whether domain names (and other “non-traditional” forms of intellectual property) ought to be accorded their own unique “rights-based” protections, from within an appropriately devised and conceptualised legal framework. In view of the new expansion policy, it may be that courts and panels are faced with a growing appetite for the institution of new rules and rules of application for administering and adjudicating domain name related issues.\textsuperscript{469} And, since ever greater investments are being poured into the acquisition of new top-level domain strings, investors and other commercial actors may equally welcome legal reforms which aim to increase the predictability, stability and security in the domain name system, including rules relating to sale and transfer.

As a matter of current case law, domain names do not enjoy such protections, and disputes over misuses are addressed through appeal to increasingly archaic “contractual” and “property” law-based distinctions. This thesis argues, therefore, that these domain names cannot be forced into, and analysed from within, traditional categories.

\textsuperscript{469} Kaytal (n 460).
CHAPTER FIVE

COMPETING MODELS FOR CONCEPTUALIZING THE DOMAIN NAME SYSTEM

5.1 Introduction to Contractual Rights and Property Rights

At the heart of this thesis is the issue of property: can domain names be considered as property and, if so, under what auspices? How could they be protected under current laws of property rights, and on what model would this type of framework operate? The concept of cyberproperty is not new; from the start of the decade legal scholars have taken up the challenge of ascertaining how and why electronic elements may be considered as a type of property. Nonetheless, domain names continue to be presented as a secondary right attached to existing legal frameworks such as trademark or contract law, rather than as a primary right.

In this second half of the thesis we consider the prevailing theories and concepts of domain name status from a legal standpoint. To this end, definitions of property and notions of intangible property will be critically examined and explored in greater depth. Specifically, the idea that domain names are both deserving of, and suitable for, a greater and more comprehensive legal framework will be probed and challenged. The thesis will hypothesise that domain names should no longer be considered as secondary elements of contract or trademark law but as an emergent form of legal property. However, to the extent that this can be taken as an accurate appraisal of emerging “law”, this thesis will contend that courts should seek to develop this concept in a critical and reflexive fashion, and thus avoid formulating an over-inclusive definition of property.\(^{470}\)

The model of contract law will be assessed with reference to case law to pave the way for an assessment of whether domain names can, and do, function as service contract rights. Furthermore, it will be proposed that this framework results in a problematic instability in the legal treatment of domain names as it denies them an inherent value. The role of domain names in modern businesses in general, and e-commerce in particular, will be discussed with reference to the value that domain names can confer upon a company and its viability as an

asset on the open market. Finally, this second part of the thesis will assess domain names in connection with three requisite rights of property: ownership, conversion, and exclusivity. In addition, the problems of uncertainty will be demonstrated with a look at the capricious application of current legal theories within courts deciding upon the status of domain names, by which some domain names have been bestowed with property interests while others domain names have been excluded as lacking such interests. This section concludes with a comparison of contract and property rights as possible frameworks for the protection of domain names and proposes that property rights provide a more suitable, though limited, model for the treatment of domain names.471

5.2 Domain Names and the Courts

There is some indicative, but limited, US case law jurisprudence which centres precisely on the question of the legal status of domain names as constitutive of contractual rights or property. In several decisions, courts seized of domain name disputes have expressed sometimes conflicting opinions as to the legal status and characteristics of domain names. Judicial reasoning tends to divide on three points of contention: (1) domain names are created and maintained under contract (i.e. domain name registration and use is regulated by a service agreement concluded between a registrant and the registrar); (2) domain names are not contractual rights but, instead, represent a form of intangible property; and (3) domain names are intangible property but are not “alienable” or freely transferable. The next section will consider these claims one by one.

5.2.1 The Umbro Case: A Rejection of the Property Conception

Advocates of the contractual model will typically refer to a number of cases which support their interpretation of a domain name as a service rendered. The leading case of Lockheed is commonly cited in this regard.472 The facts of this case are as follows. The aircraft manufacturer known as Lockheed Martin, the plaintiff, was known to have built up a reputation as a pioneer of new aircraft technology and research, developed and registered under the trademark “The Skunk Works”. Subsequently, the company brought an action

472 Lockheed Martin Corporation v Network Solutions Inc 194 F 3d 980 (CA 9 1999).
against NSI on the grounds of contributory service mark infringement. In bringing the action, the legal counsel for the plaintiff accused NSI of failing to prevent a third party registration of a confusingly similar domain name, thereby contributing, through its omission, to infringement of a registered trademark. Lockheed had contacted NSI, requesting that it cancel or suspend the allegedly trademark-infringing domain name combinations, including “Skunk Works” and the variants thereof. However, NSI declined to act on Lockheed’s requests on the alleged grounds that it had failed to comply with its dispute settlement procedures.

The court considered the cause of action on which the case against proceeded, noting: “Contributory infringement occurs when the defendant either intentionally induces a third party to infringe the plaintiff’s mark or supplies a product to a third party with actual or constructive knowledge that the product is being used to infringe the service mark”.

Applying the test outlined in the above passage to the material facts of the case, the court found against Lockheed. The court reasoned that since NSI was not in the business of supplying a product, but, instead, provided a service, the action failed to meet the threshold criteria for a finding of contributory trademark infringement.

Interestingly, the court went further to assert that:

[T]he NSI’s role differs little from that of the United States Postal Service: when an Internet user enters a domain-name combination, NSI translates the domain-name combination to the registrant’s IP Address and routes the information or command to the corresponding computer … [While this routing service] is only available to a registrant who has paid NSI’s fee, NSI does not supply the domain-name combination any more than the Postal Service supplies a street address by performing the routine service of routing mail.
With respect to the judicial characterisation of domain names as contract rights, the leading case was rendered by the Supreme Court of Virginia in *Network Solutions v Umbro*.\(^\text{477}\) The material facts of the case can be recounted as follows. The case itself centred upon a money judgment issued against a judgment debtor. In payment towards debts for liability incurred, the court issued an order permitting the sale and garnishment\(^\text{478}\) of domain names registered under the debtor’s name. Network Solutions, the registrar of the domain names, challenged the order of garnishment. It argued that the process of domain names registration is incapable of conferring absolute rights to the registrant, including rights of transfer, and should be seen as a more limited right which derives from a conditional contract for registration services.\(^\text{479}\) The legal counsel for Network Solutions contended, accordingly, that domain name registrants have no recourse to traditional property law remedies of garnishment and execution, at least when considered in light of common understandings and precedents of contract law. At this point, it is worth bearing in mind that this court judgment was issued before ICANN’s adoption and implementation of rules regulating registration of domain names, and the subsequent creation of the UDRP.

The judgment creditor, Umbro, countered the argument put forward by Network Solutions acting on behalf of the judgment debtor. In support of the action, the counsel for the creditor posited that first, that domain name registration invests in the registrant exclusive rights of use of that domain name, and that, second, because of the excludability of a domain name it attains the status of intangible property and, third and finally, since a domain name ought to be recognised as intangible property it is subject to garnishment as would apply to all property.\(^\text{480}\)

After hearing both arguments, the Supreme Court of Virginia, in an important and instructive passage, set out its majority opinion:

> [O]f how a domain name is classified, we agree with *Umbro* that a domain name registrant acquires the contractual right to use a unique domain name for a specified

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\(^{477}\) *Network Solutions Inc v Umbro International Inc* (2000) 259 Va 759, 529 S E 2d 80, 86. This decision overruled a lower court decision in *Umbro International Inc v 3263851 Canada Inc* 529 SE 2d 80 (ED Va 2000) 82.

\(^{478}\) Garnishment is a legal order allowing for the confiscation of money absent the consent of the party being garnished.

\(^{479}\) *Network Solutions Inc* (n 477) 86.

\(^{480}\) Ibid.
period of time. However, that contractual right is inextricably bound to the domain name services that NSI provides. In other words, whatever contractual rights the judgment debtor has in the domain names at issue in this appeal, those rights do not exist separate and apart from NSI’s services that make the domain names operational Internet addresses. Therefore, we conclude that “a domain name registration is the product of a contract for services between the registrar and registrant.”\(^\text{481}\) A contract for services is not “a liability”… and hence is not subject to garnishment.\(^\text{482}\)

As cautiously reasoned in the above excerpt, the Virginia Supreme Court arrived at its conclusions in large part because of the concerns it expressed over the unforeseen and potentially far-reaching consequences that might result from any (re)classification of domain names as intangible property. By signalling to the outside world that garnishment of a domain name services contract was a permissible ground for action, any service agreement, it argued, might be challenged on these grounds. In its decision, the Court conceded that decisions passed in other jurisdiction were potentially in conflict with its holding. For instance, telephone numbers regulated under services contracts have been recognised as personal property.\(^\text{483}\)

The Virginia Supreme Court overturned the lower court’s ruling. Furthermore, the Court distinguished two species of contract rights: damages owed for breach of contract (which might be garnishable), on the one hand, and those necessary for the effective performance of services rendered under contract.\(^\text{484}\) These two kinds of contract rights, the court averred, should not be conflated or confused. The wholesale transfer of registered domain names would, the Court asserted, dissolve the rights of the judgment debtor entirely, thus permitting the judgment creditor to “step into the shoes” of the judgment debtor. With relevance to this point, the dissenting opinions, including one prepared by the Chief Justice, departed significantly from majority opinion. In that opinion, the following argument was fleshed out:

[B]ecause NSI has received everything required to give the judgment debtor the exclusive right to use the domain names registered, the contractual right, a valuable

\(^\text{481}\) Citing \textit{Dorer v Arel} 60 F Supp 2d 558, 561 (ED Va 1999).
\(^\text{482}\) \textit{Network Solutions Inc} (n 477) 84.
\(^\text{483}\) ibid.
\(^\text{484}\) ibid.
asset, is the intangible personal property in which the judgment debtor has a possessory interest. 485

In short, the minority judges insisted that domain names, and this is critical, should be recognised as intangible personal property, and as such were susceptible to garnishment under the relevant statute.

It is worth keeping in mind that, because the Virginia Supreme Court had rendered its judgment before the issuance of the “regulated contracts” model instituted under ICANN, the rules of which serve to broadly standardise the relevant obligations of domain name registrars and registrants alike, the Court was addressing a different set of issues, and a different type of contract, to which domain name registrants had to conform at that time. Had the case been heard by the same court today, the theoretically universal applicability of the ICANN (and the standardised service contract which it prescribes) might well have had a substantial bearing on the court’s reasoning and on the judicial outcome that followed. In particular, it is open to question whether the Court would still have had cause to insist on what it then regarded as the conditional and contingent nature of services performed by the domain name registrar (in this case, Network Solutions).

In a different, but no less important judgment, namely the Palacio Del Mar Homeowners Assn v McMahon case,486 the California State Appellate Court concluded that domain name registration equips the registrant with an intangible “contractual right to use a unique domain name for a specified period of time”. Notably, in reaching its decision, the Californian court cited the ruling precedents of the Ninth Circuit, namely its determination that domain names are “intangible property”. However, the court opined that even if domain names constitute property, within the meaning of the law, they cannot be taken “into custody”. 487 In sum, the court held that rights in a domain name cannot be regarded as substantively equivalent to rights in tangible or “real” property.

485 ibid at 80, 86.
486 174 Cal App 4th 1386 (2009), quoting the court’s reasoning, “Domain name registration supplies the intangible ‘contractual right to use a unique domain name for a specified period of time’. Network Solutions Inc (n 477).
487 ibid 85.
In the notable *Porsche Cars North America v Porsche.Net* decision\(^{488}\), the Fourth Circuit considered the in rem jurisdiction provisions of the Anticybersquatting Consumer Protection Act (ACPA). Here the defendant contended that because the domain name in dispute was not property but an address, the statute itself lacked applicability and could not therefore be invoked in the resolution of the dispute. In delivering its final judgment, the court cited an earlier decision rendered under the pre-ACPA Lanham Act, and where, therefore, the applicability or otherwise of the ACPA had no bearing on the court’s decision. In particular, the court held that a domain name cannot be treated as a mere address name, since that would preclude any further scrutiny of the status of the domain name as a trademark. The court went further, stating that: “Congress plainly treated domain names as property in the ACPA”.\(^{489}\)

In rem rights create a right from the thing to the world, in this case in jurisdiction. The court is asserting that the property involved is located within the jurisdiction of the court, and the court may therefore impose restrictions that bind to the thing itself, no matter who may own that thing at the time or in the future. This can be set against an in personam jurisdiction, which would only have bound the parties involved (Porsche Cars North America and Porsche.Net) rather than the asset of the domain name. An in rem jurisdiction is of course to be preferred here, as Porsche.Net could otherwise transfer ownership of the domain and render the case somewhat moot.

The ACPA provides grounds for an in rem civil action against a domain name. One might infer, accordingly, from the above that a domain name qualifies, implicitly if not expressly, as a form of intangible property, not least of all because an in rem action is traditionally initiated with the precise aim of determining the legal status of specific property. The ACPA does not however address the status of a domain name, and is largely silent on the legal relationship that links domain name registration and the contract with the registry. Notably, while the ACPA requires plaintiffs to establish grounds for in rem jurisdiction, nowhere in the statute itself does it expressly state that a domain name is property for the purposes of establishing trademark interests in a domain name.\(^{490}\) Courts have extrapolated from this statutory omission the conclusion that a domain name does not exist independently of the registrant’s

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\(^{488}\) 657 F 3d at 1031-32.

\(^{489}\) ibid.

\(^{490}\) 15 USC § 1125(d)(3) provides: “The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable”.

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contract. In light of the above, it appears that the ACPA permits the use of in rem jurisdiction in cybersquatting cases purely as a means of redressing obstacles inherent in obtaining in personam (personal) jurisdiction in cross-border cyber-piracy activities. On the latter point, one of the stipulated conditions for obtaining in rem jurisdiction under the ACPA is that a trademark owner has exhausted all other avenues, having failed to locate or otherwise obtain personal jurisdiction over the infringing third party in civil courts. It follows that the availability of in rem jurisdiction and an effective remedy under the ACPA is devised primarily as a procedural tool for addressing jurisdictional challenges raised by cases of this kind.

5.2.2 Analysis of the Umbro Case: Third Party Liability

In both the Lockheed and Umbro cases, the courts declined to treat domain names as property. However, the decisions themselves appear less the outcome of ironclad reasoning on the part of the court than an expression of a judicial fear as to the potential consequences of an adverse determination. By permitting an action of garnishment of NSI’s services, a monumental change in the settled law, from which there was no turning back, would come into effect: any service – from prepaid satellite services to gas and utilities contracts – might be the subject of garnishment. A ruling in favour of propertisation would, after all, expand the class of actors with standing to bring claims in connection with a service agreement of any kind. It is little wonder, then, that these decisions are held up as a judicially clear position and, what is more, as good law, largely because each involved the use of property actions against parties only tangentially related to where their disputes really lay. The party in question is in most cases the domain name registry/registrar. The question of a third party’s exposure to liability hangs in the balance: if a domain name is property, the action against the registry would succeed; if not, the third party escapes liability.

It will be recalled that Lockheed Martin sued the US domain name registrar/registry NSI. However, the real dispute lay with an unnamed third party alleged to have infringed the “Skunk Works” service mark. Indeed, one could claim that the NSI was, in fact, the “real”

492 Neil Batavia, Comment, ‘That Which We Call a Domain by Any Other Name Would Smell as Sweet: The Overbroad Protection of Trademark Law as It Applies to Domain Names on the Internet’ (2002) 53 South Carolina L Rev 461, 463; see also Kenton K Yee, ‘Location. Location. Location: Internet Addresses as Evolving Property (1997) 6 South California Interdisciplinary LJ 201, 204-05.
third party since its role in the dispute was somewhat tangential. A brief restatement of the salient facts would prove instructive. In the period prior to the adoption of the UDRP, the NSI domain name registration agreement contained within it a general provision disclaiming any responsibility on the part of NSI for the abuse of a trademark. It was and still is the responsibility of the trademark holder to guard against any unauthorised uses of a mark. If disputes arose, NSI provided for a dispute resolution policy for resolving them.493 Lockheed, however, elected not to pursue a complaint under these procedures. As a result, Lockheed was unable to demonstrate that NSI had breached the service agreement, or prove liability on the part of the unnamed party, under the existing NSI dispute settlement procedures. Nor did Lockheed compel the unnamed third party to relinquish its claim to the offending domain names. The only remedy available to Lockheed was to bring an action against NSI on the grounds of contributory service mark infringement. The Court found that, contrary to the assertions of the legal counsel for the plaintiff, there was no evidence to suggest that NSI had intentionally induced a third party to infringe the service mark.494

5.2.3 Domain Names as Intangible Property

While the Umbro court held the domain names not to be garnishable, the reasons offered in support of its conclusions were somewhat tentative and ambiguously framed. Strikingly, the court explicitly acknowledged that domain names may, in other circumstances, be properly construed as intangible property. Indeed, it observed that NSI itself employed this argument: “Initially, we must point out that NSI acknowledged during oral argument before this Court that the right to use a domain name is a form of intangible personal property”.495 However, the court found that domain names were not convertible and in that sense not analogous to real property which can be owned, assigned and transferred.496

By extension of the same bootstrapping logic, US district courts have consistently held that telephone subscribers have no proprietary rights in the numbers assigned to them by telephone companies. In Rotstein v Cable & Wireless Inc, the defendant, a cable company,

494 Lockheed Martin (n 472) 987. See also Network Solutions Inc (n 477) 86.
495 Network Solutions Inc (n 477) 80-83.
assigned a telephone number to a customer, the plaintiff, in connection with personal and business purposes. In the period following, the plaintiff was employed by a company that offered to assume all costs for business-related phone bills. These bills were invoiced directly to the defendant. A year later, the employer terminated Mr Rotstein’s contract. However, while the employee was no longer physically present at the company location, the defendant continued to divert calls to the company’s corporate offices. Subsequently, Mr Rotstein requested that the cable company route the calls to his residence. The cable company, however, refused and continued to divert all received phone calls to the employer’s location. On this matter, the company maintained that the defendant “was its customer, not the [plaintiff’s]”.  

Mr Rotstein subsequently filed a suit against the cable company alleging several causes of action, including the conversion of the telephone number. The defendant denied these allegations and the court sustained the defendant’s motion. The plaintiff appealed the decision but the Appellate Court upheld the original judgment of the lower courts. In reaching its decision, the court concluded that a telephone number itself is not tangible property. The court did concede, however, that certain tangible resources, including a bill or invoice for services rendered, may well, in some instances, raise legal issues connected with intangible property, including the possible merging of intangible and tangible property”.  

The court maintained, however, that the requirements of conversion had not been satisfied. That is to say, while tangible documents were implicated by the telephone number, the bill was associated with a specific telephone “address”, thus the bills did “not represent an intangible property interest of value”. In other words, use of these documents did not deprive the plaintiff of use of the phone number. Missed telephone calls were also held not to provide adequate grounds for liability based on conversion. Crucially, the court was able to reach its conclusions in large part because it dismissed any need to calculate or approximate a value for the total missed calls (which may have been significant).

497 Rotstein v Cable & Wireless Inc (unreferenced).
498 ibid.
499 ibid.
500 ibid.
501 Kohm (n 496).
The US law concept of merging is crucial here, as it allows the court to apply tangible property remedies to intangible property by combining it with a tangible property and considering both as a unity. This is seen in the Restatement (Second) of Torts §242, for example. Examining this within the context of English law, the best example is perhaps the rights granted to a letter under *Morrison v London County and Westminster Bank Ltd.*[^502^] This example involves a documentary intangible property right merging with a paper physical property right – the paper was held to have the value of the right that the document on that paper had as an intangible right until that point. This means that the English law system can allow for the massive loss in value caused when a deed or bearer cheque is burned, for example. Similarly, the US concept that was held to possibly apply to phone numbers could also apply to the value in domain names.

The telephone analogy is commonly invoked by courts when seeking to characterise and conceptualise the DNS. If this view is correct, the domain name registrant acquires only the conditional right to the exclusive use association of the relevant domain name with a particular IP address.[^503^] While the registrant acquires exclusive use over the domain name, hence precluding concurrent domain name use and registration by a third party owing to the “first-come-first-served policy” policy, this feature, excludability of interests, should not be construed as investing the holder with an absolute and unqualified right of use and ownership.

Leaving aside the question of the status of intangible property and its convertibility, which will be discussed in the next chapter, if one subscribes to this analysis, the system of domain name registration is to be understood as no different from contractual rights created under other kinds of service agreements, for instance postal and satellite subscriptions services. The rationale behind the contractual/service model, as justified by its advocates, is that a registrant acquires access and use to a domain name in the same way that one can obtain permission to use a telephone number in order to take advantage of a corresponding telecommunication service. Taken as such, the alphanumeric characters comprising a domain name are just one of the composite elements of the package of rights incorporated in a service agreement. In other words, a unique domain name carries no legal meaning or significance outside of, or independently from, the services rendered under the DNS. Rather, the exclusive

[^502^]: *Morrison v London County and Westminster Bank Ltd* [1914] 3 KB 356.
[^503^]: Moringiello (n 491).
use of a domain name is to be treated as incidental, that is, as a mere discretionary benefit of the domain name registration policy. On expiration of this period, absent renewal, all rights pertaining to the exclusive use of the associated domain name are relinquished and disclaimed by the registrant.

This thesis contends, however, that the service model and the telephone comparator on which it relies, does not appear to withstand close scrutiny. To understand why this is the case, one has to go beneath the technical functionalities of the system of domain name allocation and registration to expose its distinctive, even sui generis, features.

5.3 Returning to the Telephone Comparator: a Bad Analogy?

In spite of superficial similarities between them, a domain name is in many ways unlike a telephone number. As commentators such as Sheldon Burshtein have rightly observed, the possible combination of character sequences is constrained by a unique electronic identifier, without which the telephone system could not function. But the same does not apply to the system of domain name allocation and assignment: a domain name does not function as a one-to-one correspondence between a sequence of electronic signals and a particular combination of alphanumeric characters. As discussed earlier, a domain name is associated with a corresponding IP number from within a top-level domain name root system or file.

Notwithstanding its routing function, the selection of a domain name is properly understood as a particular kind of activity imbued with commercial significance, and liable to generate marked legal consequences which are distinct from the more technical process of IP address assignment and allocation. The telephone analogy – and this is crucial – conflates the two, confusing: the registrar capacity to assign an IP address to which queries are resolved (and over which it exercises sole control), with the independent value of the domain name for its holders, and the consumers who rely upon it as an identifier of the origin of a product and the goodwill inherent in it.

As Rose has argued:

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504 Burshtein (n 84) 49; Dolkas and Menser (n 493).
505 Kohm (n 496).
There are two separate systems: the system that determines the address and the service that routes information to that address. In the case of domain names, it just so happens that two separate services are performed by the same company. The fact that a market condition for domain names is created by the peculiarities of the DNS is an incident of the registrant (NSI’s) services, not an inextricable part of them.\footnote{C Rose, ‘The Several Futures of Property: Of Cyberspace and Folk Tales, Emission Trades and Ecosystems’ (1999) 83 Minnesota L Rev 135.}

The value of the domain name is not simply one composite element of a service package to be uncritically analogised with a generic service agreement (e.g. pay-per-view satellite subscription or postal service).\footnote{Noah M Schottenstein, Of Process and Product: \textit{Kremen v. Cohen} and the Consequences of Recognizing Property Rights in Domain Names’ (2009) 14 Virginia J of Law and Technology 1, 11.} It has an independent existence. While this value becomes “real” only when a contract comes into effect, this value gradually gathers a momentum of its own by virtue of the monetary value assigned to it in accordance with the vagaries of market supply and demand. While the distinctive quality of a domain name as an identifier need not be taken as affirmative proof of its character of property, it is a factor of significant weight; one that is too often played down by those who seek only to analyse domain name registration and use as a service rendered, governed exclusively by the laws of personal obligation.

An illustration of the point can be made more forcefully by way of a thought experiment. Suppose we begin from the premise that a domain name system serves as little more than a routing system, and that a registered domain name, much like a vanity telephone number, simply a mere mnemonic device to be utilised by the end user (e.g. 0800-PETSHOP, the free number of a pet shop).\footnote{Kohm (n 496).} If this is how we are to view a domain name, then the logical solution to the problem of domain name disputes and trademark infringements would simply be to do away with the domain name system altogether, and to adopt an alternative system less likely to result in contested claims over identical or similar marks and names. That is to say, if we can correctly identify an IP as the functional equivalent of a vanity telephone number, then the appropriate corrective to these challenges would be to substitute the existing system of unique domain name assignment with an online directory. In this directory, Internet users would consult a list of Internet operators to ascertain the corresponding IP address.
Alternatively, dominant search engine companies such as Google could be appropriately reconfigured in such a way as to enable Internet users to search and identity the IP address associated with the relevant website operator or company. Once the website has been located, the user could then retain the details on a list of visited websites.

Of course, such measures, drastic as they might appear, would come at the expense of user-friendliness and convenience. And yet, weighed against the high costs of litigation, one might argue that any inconvenience experienced by the Internet user would be an acceptable price to pay to offset the domain name holder’s exposure to liability. This hypothetical corrective is, of course, just that: hypothetical and, what is more, untenable. Such a proposal is presumed to be wildly unrealistic precisely because domain names are so deeply embedded in the popular imagination. Their permanence and ubiquity is emblematic of the important place they occupy in the modern economy. It is these features which speak to the inherent use value of domain names as an in-demand commodity (of course not all domain names will attract great demand or reflect a high monetary value). Companies will therefore seek to acquire them to enhance and protect the brand and identity of their trade name. Beyond this, they equip Internet users with information about the origin and quality of that company’s products.

Similar criticisms can be extended to the conceptualisation of the domain name system from within a contractual model of services rendered. Rejecting the telephone number analogy, especially as it was invoked in the *Umbro* decision, Juliet Moringiello makes a persuasive case for reconstituting domain name as property. It is worth quoting her reservations in full:

> To use the telephone number cases as the sole examples of cases in which property rights cannot be separated from services ignores the fact that records must be kept of all intangible rights. In addition, the fact that telephone services are highly regulated compounds the bad analogy.\(^{509}\)

In any event, as stated earlier, a domain name registration agreement is itself a novel and anomalous device, or legal “construct”. Through it, the registrant is invested with rights that go significantly beyond those passively acquired by the customer under a standard service agreement. Private and country-level authorities, in other words, cannot refuse to renew a

\(^{509}\) Moringiello (n 491).
registration “without cause”. Cancellation, likewise, is permissible only in cases where the registry/registrar can demonstrate that the registrant has violated the terms of the agreement in some material way. If the business associated with a domain name folds or no longer exists, domain name registrations are nonetheless retained on the database of the registry, and are, therefore, capable of being transferred by the registrant to a different registrar.\textsuperscript{510}

As Abbott has argued:

> While it is typically inexpensive to register and maintain a domain name, some of these names are created with or develop very substantial financial value. That financial value may be a consequence of a corresponding trademark, but it may also be a consequence of the dictionary meaning and significance of a common term. Putting aside financial value, domain names and related disputes may concern important social interests, implicating rights of speech, expression and fair use. Disputes may involve issues of privacy. In these various spheres of interest, the characterization of the disputing parties’ claims from a legal standpoint may (or may not) have significant consequences. Whether such disputes are characterized as disputes concerning ownership of property or disputes regarding contract relationships may influence the outcome.\textsuperscript{511}

### 5.4 The Relation between Trademark Rights and Contractual Rights

The Lanham Act and ACPA establish remedies for bad-faith conduct such as cybersquatting or trademark infringement. That being said, court judgments have tended to favour contract rights over other legal frameworks wherever a domain name is not protected under trademark law.\textsuperscript{512} Moreover, the question of whether domain names can exist without added value or goodwill is surprisingly unsettled, despite the courts’ substantial consideration of this issue.\textsuperscript{513} This “gap” in turn creates a certain amount of uncertainty and instability as to the legal position of, and protections owed to, individuals with interests in the use and registration of a domain name.

\textsuperscript{510} Office Depot v Zuccarini, 596 F 3d 696, 698-99 (9th Cir 2010).
\textsuperscript{511} Abbott (n 3) 5.
\textsuperscript{512} ibid.
\textsuperscript{513} See Dorer v Arel 60 F Supp 2d 558, 560 (ED Va 1999).
Rules governing breaches of contract are governed by the law of personal obligation. Contractual rights bestow upon an individual a right of legal action against, or a right to enforce a legal duty of, a particular person or group of persons (jus in personam). But that individual cannot seek relief for any losses to which he or she might be exposed. That is to say, because that person has no right over a thing (jus in rem) in dispute, he or she cannot sue to recover valuable assets or compensation for losses deriving from the misuse of that property (e.g. relief through garnishment). The absence of an effective remedy for those individuals with a possessory interest in a domain name engenders the making of a two-class system, at odds with the general principles of fairness and equity. Those with trademark rights are afforded absolute and alienable rights in owned property. Those without are cast into the position of second-class legal subjects. Domain names holders, unable to rely upon in rem proceedings, are therefore deprived of grounds by which to reclaim assets in which they have a real or indirect possessory interest. From the standpoint of the individual who stands to make a loss, of course, this leads to a very inequitable state of affairs.

5.4.1 Valueless Service Rights based upon Good Will

One can apply the above analysis to the reasoning employed in the Umbro case. The most contentious issue left to be resolved was whether the domain name constituted a product for the purposes of bringing a claim on the grounds of contributory service mark infringement. From the outset, the court asserted that it could not provide a definitive interpretation of the meaning and scope of the word “product” nor was it prepared to do so here. It is not clear why, as in previous cases, a “marketplace” could not be construed as a “product” for the purposes of the action. Indeed, might not the same creative use of the word “product” also be extended to the domain name system? Furthermore, one might compare the process of visiting a domain name registration site to that of browsing a virtual Internet marketplace (with the aim of purchasing a domain name).

It is striking, then, that the Virginia court in Umbro acknowledged that NSI has authorised the registration of the disputed domain name despite being aware of the dispute. Likewise, the registration of the disputed domain name was assumed by the court to have infringed the

514 See Network Solution Inc (n 477).
516 Network Solutions Inc (n 477).
517 ibid.
relevant service mark. And yet this wrong was left uncorrected. While protecting a multitude of other, non-domain, services from the threat of garnishment, the Virginia court failed to take sufficient account of the fact that in rem remedies are available under the ACPA. In addition, the court failed to address the contention that domain names are legitimate sources of speculation where they are not protected by trademark laws.518

Any failings found in the court’s reasoning can be attributed to its (unsuccessful) attempt to force domain names into a contractual frame: in this case by differentiating the right of ownership from the more qualified right to use something. The court accepted NSI’s argument that the contractual right to use the domain name exists independently of the routing and IP assignment service provided for under the registrant agreement. However, NSI’s admission was found to be irrelevant to the facts and final outcome of the case. On this the court said:

We do not believe that it is essential to the outcome of this case to decide whether the circuit court correctly characterized a domain name as a “form of intellectual property”. Irrespective of how a domain name is classified, we agree with Umbro that a domain name registrant acquires the contractual right to use a unique domain name for a specified period of time. 519

Yet even if the analysis were correct, that contractual right has great value. Use of it, including the trade and transfer of these names in the virtual marketplace elevates the use value of a domain name beyond its ordinary function as a website identifier. To put it another way, it acquires a monetary value: a domain name as intangible property can be converted into a source of liquid capital, income or stock.

In reaching its decision, the court in Umbro erroneously relied upon the decision held in the case of Dorer v Arel.520 In Dorer, the court emphasised that a domain name which is not protected by trademark law entails only contract law because it is the “product of a contract for services” and that it is the value added by the user which informs the ultimate value of the domain name; without that added value, the domain name is, of itself, unable to exist as a

518 Shirmax Retail Ltd v CES Mktg Group Inc Case No AF-0104 (eResolution March 2000); Car Toys Inc v Informa Unltd Inc Case No FA0002000093682 (National Arbitration Forum March 2000).
519 Network Solutions Inc (n 477).
520 Dorer v Arel (n 513) 561.
valuable element subject to judgment liens.\textsuperscript{521} Once again, an analogy was drawn between domain name registration and other service agreements, in this case a pay-for-use satellite subscription service.

This analogy proves, once again, to be mistaken. In the first instance, one might suggest that there is no true value in, for example, a satellite television contract. The principals of a creditor party may well feel a loss when deprived of their access to subscription channels, but the reinstatement of this service is not comparable to the recouping of debts owed.\textsuperscript{522} Secondly, and more importantly, the analogy is mistaken because the thing in which \textit{Umbro} has a vested interest is not the technical registration functions which NSI provides, which are in any event open to public registration on payment of fees, but the domain name itself.

The goodwill inherent in a trademarked domain name or, indeed, the revenue potential of a generic word, speaks volumes about the growing communication and monetisation of domain names.

The extent to which domain names can be said to exist apart from the value or goodwill added by the user is an important issue which must be ascertained before the question of cyberproperty can be properly addressed.\textsuperscript{523} The judgment rendered in \textit{Umbro} is likely to place domain names, and those principal or third parties with rights and interests in them, in a precarious legal position: not only was a domain name considered as a service agreement, the court declared that it was impossible for a domain name to be of value outside of the goodwill or services added by the registrant.\textsuperscript{524} As such, domain names were considered to be elements lacking value until such time as economically viable goods or services were attached to the name; thus a domain name such as sex.com would be considered by the courts as being of no inherent value until such times as a registrant attached goodwill or some other value to the name.

\textsuperscript{521} ibid.
\textsuperscript{522} \textit{Network Solutions Inc} (n 477).
\textsuperscript{523} ibid. See also \textit{Dorer v Arel} (n 513) 560.
\textsuperscript{524} Moringiello (n 491). See also A M Froomkin, ‘ICANN’s Uniform Domain Name Dispute Resolution Policy – Causes and (Partial) Cures’ (2002) 67 Brooklyn L Rev 605, 688-711.
5.4.2  Added versus Inherent Value in respect of Domain Names within Commerce

Contractual and property rights need not be treated as mutually exclusive. A property interest can, indeed, be gleaned from the existence and exercise of a contractual right. Take the example of a tort which enables an individual with a contractual right to sue a debtor party in order to recover monies loaned. The choice of action is initially founded on a contractual right. However, a mechanism under which the right is created and enforced is, in this case, closely linked to the thing of value: the creditor’s money. Thus, the creditor party can obtain an order that effectively converts what began as a contractual agreement into a primary right to reclaim property (e.g. by recovering money, namely through proceeds generated from the sale of the debtor’s assets).

As Moringiello notes:

Today, no one would argue that a deposit account held by a bank is not the property of the depositor. But, if the bank kept no records of the depositor’s money, the depositor would have a very hard time enforcing its rights in the account. Thus, it seems that bank accounts are inextricably bound to the services that banks provide. Uncertificated securities provide another example. It is impossible for a stockholder to take physical possession of an uncertificated security. In fact, evidence of the stockholder’s interest exists only on the books of the corporation. Both the intangible bank account and the intangible stock certificate have value, but the valuable rights would be unusable without the services of someone.

The value of domain names is, in fact, well attested. In 2009, insure.com topped the list of highest prices paid for domain names, at 16 million dollars, whilst a year later sex.com was sold for 14 million dollars. An easily remembered, short domain name, which is either generic enough to be caught by a large number of search-engine searches, or imaginative enough to capture the attention of Internet users, can command a high price on the open market. Often a company is its domain name: Facebook being an obvious example of a domain which rapidly turned into a global phenomenon known only through its domain name.

525 Xuan-Thao Nguyen, (n 343) 184.
526 Moringiello (n 491) 113. See also Froomkin (n 524).
527 Tanner (n 471).
and attendant virtual attributes. Legal disputes to ascertain the rightful “owner” of domain names have allowed the courts to speculate that domain names may qualify as something more than contract services because their distinction as a type of property regularly appears to be of the utmost importance in deciding cases.

5.4.3 An Expanded Class of Interests

The real reason for the Umbro judgment lies elsewhere. The court based its decision on what it construed as the potentially undesirable consequences of extending the class of possessory interests not merely to domain names but to other forms of intellectual property including, for instance, corporate names.\(^{529}\) A finding in favour of the plaintiff would resolve in the attachment of one more property-based right to domain names, with potentially profound implications for the evolving law and jurisprudence in this area. On the other hand, the registrar, in this case NSI, sought to secure a judgment against Umbro for reasons not intimately connected to the substantive status of domain names. Had the court ruled in favour of Umbro, NSI control over the domain name process would have been significantly diluted, while exposing the registrar to risks of future third-party liability.

These reservations and concerns may, however, be over-exaggerated. The process of registering corporate names, as with that of trademarks, is highly regulated. If such restrictions were not in place perhaps we would find an equally thriving market in the sale of corporate names. No such market exists. Unlike the registration of a domain name which is used to build up or strengthen the commercial reputation and identity of a business, the value of corporate names is a reflection of the existing value of a business. It is difficult to envision a case in which a corporation or individual would seek garnishment of a corporate name in the case of bankruptcy. Indeed, it seems exceedingly unlikely that an individual or entity might seek to acquire the name of a company which has already gone out of business.

In failing to undertake a substantive review of the merits of domain name related garnishability, the court hoped to sidestep the controversial elements of the domain-name-as-property debate. Both parties to the case accepted that domain names should be treated, in some sense or another, as intangible property, even as the court kept to its product-as-a-

\(^{529}\) Moringiello (n 491) 113. See also Froomkin (n 524).

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service argument. But even if one accepted the court’s conceptualisation of domain names as contractually created, as suggested above, a property interest might, nonetheless, still be found.

5.5 Conclusion: are Domain Names Property?

We can return once again to the central object and problematic of this thesis: should domain names be conceptualised and characterised as property? Before one can characterise an intangible entity such as a domain name as property, it is important to begin with the recognition that property is not a thing. Rather, property is the regulatory devise which is used to structure the relationship between people and “things” (while keeping in mind that property can be, both, tangible or intangible, abstract or real). This distinction, while subtle, is critical to any attempt to formulate and develop a meaningful conception of property and the theory of property. While property is in some sense known to be a definite article, the word itself signifies what is in fact a bundle of rights. These rights encompass the right to ownership, management and control, they extend to the rights relating to fair and appropriate distribution of goods, income and capital; the right to transfer wealth on death or inter vivos (during life) and, finally but not limited to, the right to secure one’s property against expropriation or against abusive commercial use of it by a third party.

An emergent pattern can be detected in recent decisions involving domain name disputes. This thesis argues that domain names can be appropriately and reasonably formulated and conceptualised as both contract rights and as intangible property. In a significant departure from earlier case law, courts have been willing to construe domain names as a form of intellectual property, and to apply the rules of personal property to disputes, but in doing so they tend to downplay or, render marginal, the contractual framework (to use the terminology of the WIPO Second Report) under which domain names are registered and regulated. The most recent jurisprudence on the subject appears to significantly strengthen the position of a domain name “owner”.

530 Network Solutions Inc (n 477). For a discussion see Xuan-Thao Nguyen (n 343).
532 ibid and see again Network Solutions Inc (n 477).
Property theory teaches us that a high value is placed on “things” which are desirable and scarce. In this regard, we can point to the excludability of registered domain names as a by-product of the “first-come-first-served policy” policy of the registrar. An equally important signpost of its property-like features and functions is the registrant’s capacity to exercise exclusive control over the use of, and access to, a domain name. The scarcity and desirability of a thing persists regardless of whether those items and resources are artificially created or whether they are naturally occurring or inherent in the nature of that thing.

The distribution and transfer of wealth occurring from domain name allocation, under a system of regulated contracts, generates real and material effects which are evident to all. It is at this juncture that we can begin to examine the structuring role of property as a system of managing and distributing scare resources among individuals in society as a whole. The next chapter explores these questions in greater detail to pave the ground for a discussion of whether domain names are, or ought to be, construed and conceptualised as a new form of intellectual property.

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533 Tanner (n 471).
CHAPTER SIX
THE THEORY AND PURPOSE OF PROPERTY

6.1 Introduction

The conventional view has been that domain names are akin to contractual rights derived from a bilateral agreement. However, recent rulings by the Ninth Circuit Federal courts, in conjunction with the arbitral decisions of the UDRP, discussed below, may well represent a sea change of sorts in the road to the fully fledged recognition of property rights in a domain name. Many courts have, nevertheless, expressed long-standing concerns about the far-reaching, and potentially adverse, consequences of attaching property rights to domain name registration and use. This chapter considers the potential legal implications of treating domain names as a new form of intellectual property. It asks whether recent US case law should be taken not, as it may appear, as a radical departure from established property law and theory, but as a necessary evolutionary step in the development of common and statutory law.

In the somewhat groundbreaking GoPets v Hise case, the Ninth Circuit District courts vindicated an earlier judgment, the Kremen case, finding that domain names are appropriately characterised as form of intellectual property. Accordingly, the owner of that property is entitled to sell or transfer those names as property to a third party. The purchasing party/transferee will thus acquire the domain name as well as any accrued rights which have been built up in connection with that property (e.g. the goodwill inherent in a trademark). Moreover, these rights can be invoked as a means of insulating the related or unrelated third-party transferee against claims brought against by another party with rights or legitimate interests in the acquired domain name (e.g. an action brought on the ground of trademark infringement or an order for the transfer and cancellation of the domain name). And yet, as this thesis contends, the reasoning applied by the courts does not yet take into account the contractual circumstances under which domain name registration takes legal effect. For example, upon transfer of the domain names, the contract concluded between the original owner and registrar expires, and the purchaser is compelled to enter into a new contractual

535 GoPets v Hise 657 F 3d 1024, (9th Cir 2011).
537 ibid.
arrangement with the registrar. The terms of the new contract may incorporate warranties and representations which may exclude it from asserting rights previously acquired by the seller.

Before we can explore these issues and problem sets, it would be useful to begin with a more general discussion of the theory, features and functions of property as these have been explored and developed by courts as part of an ongoing assessment of the scope of the laws of property.

Two broad conclusions will be drawn from the foregoing analysis. Recent jurisprudence has tended to think of the rights of domain name registrants and transferees as though the relationship that existed between them was governed solely on the basis of property rights. First, the thesis argues that a more fruitful and tenable approach would be to shift the focus to the two-fold or dual character of domain names. Domain names have attributes which can be characterised as intangible property. However, coexisting with these attributes are the rights of the domain name registration holder which are contractual in nature because they are constrained by the terms of a registration agreement. Second, the thesis hopes to emphasise the continuing relevance of trademark law and statutory instruments which establish and enumerate IP protections (such as the Lanham Act in the US). These cannot be discounted and will be wielded by trademark owners who attempt to insulate themselves from infringing domain name registration and use and abuse.

In a concluding part, the thesis hopes to acknowledge that is impossible to predict or foresee all of the circumstances in which property interests in domain names will be implicated. Given the different circumstances under which the UDRP and ACPA came into existence, and were subsequently implemented, jurisprudential conflicts will inevitably surface, and, in all probability, with increased frequency following the implementation of ICANN’s domain name expansion programme. The central theme of the thesis therefore is to draw attention to a range of legally contentious issues around domain name registration.

Further, it will be argued that the range of issues (e.g. the rights of registrars versus those of domain name holders; the garnishment and transfer of domain names by related or non-

538 Worthington (n 534).
539 Xuan-Thao Nguyen (n 343) 184.
540 Abbott (n 3) 5.
541 Price (n 536).
related parties and the peculiarities of virtual property etc.) can be most effectively resolved, only when it is first acknowledged that the legal character of the domain name need not, and indeed should not, be limited to a single class of subject matter.  

6.2 The History of the Distinction between Real and Intangible Property

The uncertainty that surrounds the legal status and recognition that should be accorded to intangible property rights finds its deeper origins in a dispute that long pre-dates the age of the Internet. In the modern era, the legal protections guaranteed under property law have been divided into two broad categories: those rights owed to tangible property holders and those owed to intangible property holders. This category distinction, which has endured over the history and experience of modern property law, is grounded on the normative assumption that while physical property derives its use and its values from its scarcity, exclusivity and material value, intellectual property, as an inferior resource, is only as valuable as the information it imparts or embodies.

From within these substantive distinctions, only tangible property – including real property such as land and chattels – was thought to bestow the holder with “property rights”, properly understood. The value attributed to contracts, by way of contrast, was traced to the reciprocal obligations owed by one individual to another. But in so far as contract law was understood to be distinct from property, the obligations produced from a contract were conceived as non-transferable to others.

In more recent times, with the explosion of *lex mercatoria*, globalisation and an increasingly commercialised society, the boundaries draw between the two species of rights – contract and property – began to blur and break down. Fast emerging as the principal architects of this new approach, courts of equity, in particular, began to reinterpret traditional theories of property law. In short, a new class of alienable “intangible property” was created. By reinterpreting the law of contract (sometimes known as personal obligations), debt recovery and discharge, shares in a company, futures and options and so forth, courts looked to expand

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542 Abbott (n 3) 52.
543 ibid.
the range of actors with legitimate “ownership” interests in intangible property.\textsuperscript{547}

Attempts to widen the category of intangible property to include ownership interests would result, inevitably perhaps, in greater confusion as to its legal status and character. Had courts simply remade the traditional rules of property to accommodate intangibles? Or, had they created an entirely new and sui generis form of property? At the abstract levels of thought, this recognition given to non-tangible rights would erode the traditional distinction that divides property and obligation. In reality, the distinction has persisted, regardless of these attempts to nurture greater continuity between these two spheres of law. For instance, ownership as defined under traditional property law permits an individual to assign obligations to a third party in connection with the property in which that person has rights. Yet, these rights are not extended to holders of intellectual property. Property is determined by the absolute right of control over the use and benefit of a “thing”, namely one produced from the labour and efforts of mankind.\textsuperscript{548}

To illustrate the above discussed distinction, one can take the example of the theft of company shares. This is theft of intangible property but the object in question is not a “thing”, which is to say it cannot be converted into a distinct property right. Rather, the theft itself can only be understood as a conversion of the “underlying” property right, in so far as theft has deprived and dispossessed the company of the mechanism that enables its use and benefit from the company’s underlying (physical and monetary) assets. The critical point is this: there can be no distinct form of “intangible property” but such property has no meaning, value or utility in or of itself, when it is disassociated from the primary right, in other words the rights of ownership and use in an underlying physical resource(s). The same logic can be applied to physical property,\textsuperscript{549} for example if a landowner’s neighbour acquires the property deeds of that landowner, through fraudulent means, and does so with the intent of using that property for his own gain. Instead, the abuse of an intangible right by fraudulent acquisition is only relevant because of the “underlying” right of dominion over the physical resource owned by the landowner.

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\textsuperscript{548} Xuan-Thao Nguyen (n 343).
\end{flushleft}
6.3 The Theory of Property

Prior to the Internet age, the divide established between intellectual and intangible property did not pose a significant challenge. Indeed, in previous periods, intellectual property was the only form of intangible property right recognised under law. Such property was assumed to encompass the distinctive content of information, as well as symbols and words contained within a patent or copyright. The rise of rapid technological change and the market in e-commerce has transformed the landscape, Domain names, as an expression of intangible interest are inherently scarce, they are useful, because like trademarks they shape and inform consumer choices; and, finally they are wealth generating, since they can be converted into monetised assets which can be bought and sold on the market. Property assets, in other words, can no longer be defined, or confined, to those resources having a tangible physical existence.\footnote{Olivia Maria Baratta and Dana L Hanaman, 'A Global Update on the Domain Name System and the Law; Alternative Dispute Resolution for Internet Competition – "Oh, the Times They are A-Changin!"' (2000) 8 Tulane J of Intl and Comparative L 325, 330.} Indeed, as described earlier, speculators and investors have made a business out of selling portions of their virtual real estate to willing buyers. In the gaming industry, a number of real estate companies rent out their virtual property to other players.\footnote{Schottenstein (n 547).}

6.3.1 Philosophies of Property

There are three primary property justifications or philosophies accepted as fundamentally sound and applicable to today’s cyberproperty situation: those of Locke and Hegel, and the theory of utilitarianism. Each will be examined in turn with regards to their operation upon cyberproperty to pave the way for an analysis in the next chapter as to whether cyberspace ought to be designated as property or whether the move creates more instability than it is able to solve.

In his seminal works “Two treatises of government”, Locke famously stated that “every man has a property in his own person” giving rise to the idea of entitlement of whatever he “mixes his labour with”.\footnote{David Kesmodel, The Domain Game: How People Get Rich from Internet Domain Names (Xlibris 2008) 5, 7, 11.} Locke specified that recourse to property protection was, however, only available where labour makes up the greatest part of the asset. George Hegel, on the other

\footnote{J Locke, Two treatises of government (1690) (Peter Laslett ed, 2nd edn, CUP 1967) [27].}
hand, emphasised the mutual interaction of the world and its people, and believed that freewill played a primary role in the formation, designation, and possession of things (property). According to Hegelian theory, therefore, where a person has substantively placed his will into something, he has made it his own.\textsuperscript{554} The expansion of Hegelian theory to the modern era has led to a distinction between fungible and personal property,\textsuperscript{555} that is to say, those things which are “interchangeable with money”, and those which consist of high sentimental value, such that a government ought not to take them.\textsuperscript{556}

Whereas Lockean and Hegelian theories of property are accepted as applicable philosophies, the most significant justification of property to us today, and in respect of domain name law, is that of utilitarianism. As such, property law can be viewed as performing two crucial roles: the provision of incentives for the development of land and materials, and the protection of finite resources.\textsuperscript{557} Whilst these aims are generally accepted as sound and useful, it is important that their applicability to cyberproperty is properly analysed and understood. It is clear that utilitarianism is consistent with conventional property ownership and the legal protections afforded by traditional property rights; however, does the extrapolation of these rights to cyberspace result in the intended operation of the theory? Of major concern in this examination is the extent to which the divergence between individual and societal goals can be weighed and balanced against the other and, ultimately, reconciled.

\textbf{6.3.2 The Foundations of Cyberproperty Jurisprudence}

Cyberproperty, despite its qualification as property under the traditional three tenants of property rights, is not the same as conventional property; it is intangible, it is less related to an input of effort than to accumulated value through the concept of goodwill, and it is a form of social waste. Locke’s labour theory is inapplicable to cyberproperty because, in order for Locke’s theory to stand, labour must form the greatest part of the asset. Cyberproperty is a collaborative venture, in which every participant has contributed in a small way towards a larger shared goal. The Internet is universal and, today, almost everyone has made some sort of contribution to the World Wide Web as a whole, whether by means of information, digital

\textsuperscript{554} G. Hegel, \textit{Philosophy of right} (1821) (TM Knox tr, OUP 1967) [47-71].
\textsuperscript{556} \textit{ibid} 1005.
resources, goodwill, or services.\textsuperscript{558} Each contributor does not, however, come to own the whole of the Internet; their labour provides only an incremental interest which cannot, in general, be distinguished from the multitude of interests at work.

As Robert Nozick so aptly illustrated in his treatise: “If I own a can of tomato juice and spill it in the sea so that its molecules … mingle evenly through the sea, do I thereby come to own the sea?”\textsuperscript{559} There is no question that Nozick would not, of course, own the sea, nor, practically, would he be able to locate and reclaim his tomato soup. It is not, therefore, the work of the labourer (or the soup pourer) that is responsible for the final value of the product and, in the case of the Internet, it is the interconnectivity of each part which gives rise to the greatest value.\textsuperscript{560}

Hegelian theories are similarly inadmissible where domain names are concerned because there is no engagement between “will” and “thing”, where the “thing” is the cyberproperty. Whilst Hegel’s appreciation of limited rights and duration has applicability to domain names given their ability to cease to exist wherever payment is not made, and to appear out of nothing at the point of registration, Hegelian theory relies upon a balance of ownership with the rights of non-owners.

Opponents of cyberproperty rely upon this issue in evolving their argument, stating that the power of the Internet lies in its open nature, and that attempts to propertise it are akin to “walled gardens” and will result in a wholesale restriction of access which will slow innovation, prevent creativity, and threaten the mutual benefit of common goals and shared services.\textsuperscript{561} The trend towards corporate domination and monopolisation of use and access to the Internet, as discussed above, serves to impede, rather than enhance, creativity and innovation. On the other hand, one could argue that the underlying structure of cyberproperty, or indeed any property, is that of “limitation”. Property law relies upon limitation in order to function correctly through exclusion, use, and transfer.\textsuperscript{562} Cyberproperty, however, has no

\textsuperscript{558} Baratta and Hanaman (n 550).
\textsuperscript{559} R Nozick, \textit{Anarchy, State, and Utopia} (Basic Books 1974) 175.
\textsuperscript{561} Carrier and Lastowka (n 560) 1508.
\textsuperscript{562} See eBay v Bidder’s Edge 100 F Supp 2d 52-80 (ND Cal 2000).
limits, both in terms of a lack of spatial boundaries and in terms of a lack of a comprehensive examination of the scope of property definitions within the virtual world.\textsuperscript{563}

6.3.3 The Features and Functions of Property

Scholars such as Bruce Ziff have identified two primary rationales in which to ground the concept of property, which are each related to its character and its social or utility value as a regulative instrument for governing the rules around ownership and exchange. In the first instance, and with respect to the first of these rationales, Ziff outlines the basics of what he calls the “attributes” approach.\textsuperscript{564} On describing the “attributes”, Ziff seeks to uncover the normative basis by which something can be appropriated and recognised as property, a recognition which is, moreover, perceived to be “internal to the law of property”.\textsuperscript{565} In effect, this requires the reader to make a prescriptive judgment as to whether the putative object “fits” the traditional mould of property, and, by extension, the distinctive features commonly attributed to property like “things”. On this conception, if putative property has the prima facie appearance of property, one can justifiably and appropriately suppose that it is property. By adopting this presumptive stance, one tilted in favour of recognition of property rather than against it, the common law “is seen as developing and improving on its own internal coherence”.\textsuperscript{566}

One can see how this perspective might be wielded in defence of an affirmative recognition of domain names as property. Let us consider the property-like attributes of domain names. One can point, first and foremost, to the doctrine of first possession aptly expressed in the “first-come-first-served policy” policy applicable to domain name registration. An associated attribute is the unique nature of domain names which assigns to the registrant exclusive use of a domain name. In the broader picture, they are the object of a thriving market in the sale and purchase of domain names. Yet a conspicuously circular, self-referential logic lies at the core of the so-called “attributes” approach, and this is made quickly evident when this test is applied to domain names. If one starts from the assumption that something is property and works backwards from this premise, it becomes all too easy to select certain features or regularities in support of what might otherwise not appear to be a foregone conclusion. And

\textsuperscript{563} Baratta and Hanaman (n 550).
\textsuperscript{564} B Ziff, Principles of Property Law (6th edn Carswell 2014) 40.
\textsuperscript{565} ibid at 45.
\textsuperscript{566} Merrill and Smith (n 549); Xuan-Thao Nguyen (n 343).
yet, the mere excludability of a domain name, or the capacity for exclusive use of a domain name is not, in or of itself, a theoretically secure ground on which to label something property – and, henceforth, invest in its “owner” absolute and alienable rights in that thing.\textsuperscript{567}

In contrast with the “attributes” approach – though the two need not, and, as argued in this thesis, should not be treated as mutually exclusive but as another lens through which one can view and interpret property, and more particularly intangible property – is the approach through exploration of property’s social functions.\textsuperscript{568} This second functional approach goes beneath the formal characteristics of property to examine the instrumental uses of property and its implications for society writ large. What a cruder formal analysis necessarily misses is the structuring function of property as a means of distributing goods, wealth and resources. Indeed, on this view, property rights are not simply objects to be identified and allocated among the relevant holders: they are in some grander sense a “tool for social life”.\textsuperscript{569} Tellingly, this purposive conception of property eschews doctrinal formalism and recasts property as an instrument used to meet the needs of society.\textsuperscript{570} After all, as argued by its proponents, the word property has no intrinsic essence or meaning outside that which lawyers ascribe to it. Property, in other words, is only that which we choose to name property.

To illustrate this point more explicitly, one can take the example of the university degree. A degree, though valuable, desirable and theoretically scarce, does not lend itself to a formal, attributes-based analysis. For instance, one cannot, in principle at least, purchase a degree for a certain sum of money; assign and transfer a degree over to a third party or bestow it upon a relative as inheritance. And yet its value, as a potential source of earning and as an indication of academic ability and reputation, is undoubted. As further proof of this, courts have recognised university degrees as property in the context – and contextual appropriateness is central to this purposive conception – of divorce cases.\textsuperscript{571} Thus, while a degree is not conventionally thought of as property, it may well be treated as a relevant for a couple who hold no other assets. Indeed, in a case dealing with similar circumstances, the court held that

\begin{flushleft}
\textsuperscript{567} Schottenstein (n 547).
\textsuperscript{568} Carrier (n 557).
\textsuperscript{569} Garrett Hardin, ‘The Tragedy of the Commons’ (1968) 162 Science 1243, 1244.
\textsuperscript{570} Schottenstein (n 547).
\end{flushleft}
“while a degree could not be transferred [to the spouse], it could nevertheless be given a
monetary value, and part of this value could be allocated to [a third party]”. 572

In light of the growing commoditisation and monetisation of domain names, the purposive act
or intent of extending property rights to domain names can be plausibly grounded in an
economic justification. Secure and predictable property rights stabilise the expectations of
market actors. In a capitalist society, such rights establish an environment conducive to
investment, supported by dispute settlement mechanism machinery through which conflicts
(over competing rights) can be contained and resolved. As Carol Rose has observed:

[I]f lots of people come to want some previously unowned resource, it may be
predicted that someone is going to try to claim it as property. In fact, that is when we
most need some kind of system of property: when too many people want something,
property rights can mediate disputes by enabling the claimants to negotiate and trade
instead of fighting among themselves. 573

6.3.4 Theory Applied to the Current Market Demand and Disputation of Domain
Names

The sharp rise in trademark-related disputes and cybersquatting-related activities are
testament to the appropriateness of Rose’s analysis when extended to the system of domain
name allocation and assignment. The interests implicated by property disputes, however, go
beyond the economic interests of individuals seeking to reclaim and protect their rights in
trademark, service mark or other forms of intellectual property. Property is in some sense the
site in which the competing preferences, interests and values of a variety of actors intersect
and collide. Courts, panels and legislators are called upon to weigh and balance these
conflicting interests towards a fair and just resolution of disputes. 574 It is entirely self-evident
that a dominant and recognisable business name will rely heavily on the goodwill and wealth
generated by a branded name or trademark reflected in a domain name. Consumers will

572 E.g. in Woodworth v Woodworth 242 Cal App 2d 301. The court held that: ‘the recognition of the degree as
property ... was the only satisfactory means of providing compensation for the efforts of the non-student spouse.
Alternatives, including the awarding of support, were regarded as imperfect mechanisms for responding to this
form of enrichment.’
573 C. Rose, ‘The Several Futures of Property: Of Cyberspace and Folk Tales, Emission Trades and Ecosystems’
574 Cheng and Katul (n 571).
extrapolate information about the source, price range and quality of a product identified with a domain name. It is equally true to say that there may be any number of smaller online businesses which will register a domain name for legitimate purposes, only to find that it is identical or similar to a pre-existing mark or trade name.

One would be hard pressed to justify a policy which does not assign rights of control and ownership over domain names to a business founded on the goodwill inherent in that name. And yet, what remains unclear, and contentious, is the extent to which that business should claim absolute and excludable rights or control, possession and use of a domain name. If it can do so, does an individual with possessory interest in a domain name still hold inalienable, continuous and permanently protected rights in that domain name, even when, for instance, that business changes hands or declares itself bankrupt? Should ownership be turned over to the relevant registrar/registry in order to collect the proceeds from its sale? On the other end of the wealth spectrum, it seems entirely unjust that a small website operator should be compelled to relinquish its claim to a domain name, simply because another party with an equal interest in that name wields the financial power to secure a favourable result. Is it fair or even accurate to say that the laws of property, and the rights which attach to it, offer one, or even the most effective, means of reconciling and balancing these interests?

In assessing whether something ought to be recognised as property, this thesis argues, one has to look beyond its marketability to assess the deeper purposes of property, in a given social context. No legal system exists in a social vacuum. Likewise, no legal concept or dispute can be treated as though it were hermetically “closed”, such that a judge, for instance, could interpret particular laws and concepts free from social and cultural entanglement, and, thence, divorced from an analysis of social purposes that law does or ought to serve. Of course, the intellectual pioneers of classic legal thought continue to inform and influence our embedded conceptions of property and its social function. These scholars understood that the law’s theoretical foundations are located in certain principles and structural edifices that constitute, organise and regulate societal interactions.

577 Rose (n 573).
Classic theories of property emphasise its structural function as a mechanism for distributing scarce goods, coordinating rules that govern the use and transfer of these goods in the sphere of market exchange and adjudicating among interests where disputes arise. And yet, if they are to be fair and effective, the laws of property must be structured in such a way as to ensure that the general “body politic” can understand them, and thereby voluntarily submit to these rules. The imperatives of a legal regime that is intelligible, predictable, general, non-arbitrary and consensually adhered to are all principles at the normative core of the meta-regulatory principle commonly described as the “rule of law”.\textsuperscript{578}

Further to the above point, the insights of the Law and Society scholars can be incorporated into this broader analysis of the theoretical foundations of property.\textsuperscript{579} These scholars understood that individuals assign meaning to abstract legal codes, concepts and instruments by infusing their actions and associations with moral and political significance. From within this iterative, mutually reinforcing even dialectical process, they hope to reconcile their social, economic, and legal actions with cultural norms, conventions and values.

Within this discourse, it is not difficult to imagine a situation where a society may not desire or seek out the most commercially efficient system of human relationships.\textsuperscript{580} Precisely because it is the primary mechanism for structuring the distribution, control of, and access, to common resources, constructions of property are a reflection of social, cultural and moral norms.\textsuperscript{581} Property and the laws of property emerge as the site of intense contestation, triggering normative debates, big and small, as to the overarching purposes of law, as well as the priorities of the society in which it operates: is or should law be rendered in service to the need or demand for the equitable and just distribution of goods, or is property ownership merely functional; a means by which to confer and/or limit the acquisition of power and social status?\textsuperscript{582}

Extrapolating from the above discussion, property rights are not merely technical,  

\begin{itemize}
  \item \textsuperscript{578} Vona (n 571).
  \item \textsuperscript{579} For a broader discussion see Oliver W Holmes Jr, The Common Law (1881) (Dover 1991).
  \item \textsuperscript{580} Worthington (n 534).
  \item \textsuperscript{582} Eugenie Samier, ‘Toward a Weberian Public Administration: The Infinite Web of History, Values, and Authority in Administrative Mentalities’ (2005) 50 Halduskultuur J 60, 64-65.
\end{itemize}
“contentlessness” vessels, but are profoundly substantive in their effects and in terms of their social value. In short, property has governance functions. The scope and content of these rights has been shaped and reinterpreted over centuries of common-law jurisprudence.

Another approach to this distinction would be to accept the dichotomy of the split between personal and property rights, noting the thesis of Calabresi and Melamed.\(^{583}\) This thesis presents a concept of property law that can easily extend past normal national boundaries by setting up a conceptual basis for the evaluation of property versus personal rights on the basis of the rules and remedies that govern their use, and particularly the approach taken to liability and inalienability. The thesis suggests that the primary dividing line is the voluntariness of transactions, setting these against torts or involuntary transactions. The central determinant of the voluntary nature of a transaction then becomes the entitlements that are protected via rights that are both absolute and transferrable, with an infringement or trespass upon those rights resulting in both criminal and civil law sanctions and injunctions against the infringer to protect those absolute rights.

Set against this, a more limited right, such as copyright, may result in an involuntary transaction where the transaction is completed without the consent of the rights holder, but the rights holder is viewed as being fully compensated by the application of a remedy in damages. This makes the rights holder in position likely to result in situations where an infringer can choose to infringe and then pay the rights holder in a way that is extremely difficult to imagine in the case of a property right of a rivalrous good in particular. This often results in the determination of damages by the court rather than an absolute injunction, and indeed in the case of mechanical licences the consent of the rights holder is explicitly disregarded. The use of increasingly property-based conceptions of ownership of domain names in the US (as in the *Kremen v Cohen* decision\(^{584}\), for example) thus enables the evaluation of domain name rights via the Calabresi and Melamed taxonomy. Crucially, this allows for a distinction to be made, namely that the property rule can be said to exist when the entitlement of protection is under an injunction *actio negatoria*. This allows for the spreading of the base definition from the US to other jurisdictions, as the equivalent concepts of property as defined by Calabresi and Melamed are easily imported from the broader

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treatment given to property in general.

6.4 The Cyberproperty Debate Today

Before continuing with the analysis, it should be noted that the concept of cyberproperty may be used to refer to different component parts of the system required to establish, maintain and participate in electronic communication via cyberspace. Earlier in this thesis I characterised cyberproperty as intangible. This sense of the term applies to entities like the domain names that are the subject of the present analysis. However, the term may also be applied to the tangible equipment necessary to enable access to, and use of, cyberspace. Equally, it may be used as a catch-all term, including both tangible and intangible elements. These variable uses of the term can result in confusion unless the term is sufficiently well defined.

For the purposes of this thesis, cyberproperty will be used to refer to the intangible property elements of cyberspace that are actually, or arguably, capable of grounding a claim for conversion. Unless explicitly specified, the term will not be used to refer to the electronic equipment, or hardware, necessary for a cyberspace presence. Thus, I am not concerned with the debate over the use of the tort of trespass to chattels to deal with the boundary issues raised by hacking, or other unauthorised electronic access, such as a telephone network or server. The question of whether domain names should be characterised as property is a distinct, if not wholly unrelated, issue that is concerned with intangible property and the protection that may be afforded by law on that basis. There is no question of characterising domain names as chattels.

Although it is not strictly necessary for resolving the question of whether domain names should be treated as property, it is worthwhile briefly contextualising that issue within the broader cyberproperty debate. For the remainder of this chapter, the term cyberproperty will be used more broadly to include electronic equipment such as the servers that store the data accessible via cyberspace.

585 See Xuan-Thao Nguyen (n 343) 183.
Despite the reluctance of courts to define domain names as property, there has been a steady expansion of the concept of cyberproperty to take in a number of cyber activities in direct response to threats to the integrity of those activities. Of primary concern was the provision of exclusionary powers, which immediately raised the idea of property rights within the cyber sphere. As long ago as 1995, the “White Paper” of the Clinton Administration raised the issue of the protection of cyberspace, advocating the notion that intellectual property rights ought to be applied to the field in order to promote creativity and afford some measure of legal recourse to those whose works were virtual yet could legitimately be considered as property.587

The debate was taken up by both courts and scholars alike, with proponents of the idea of cyberproperty contending that a new framework must be evolved in order to protect cyberspace from trespass and unauthorised entry. A general move in the direction of property was begun relatively early in the discussion, with Richard Epstein stating that “the rules that govern ordinary space provide a good template to understand what is at stake in cyberspace … unauthorised entry has long been regarded as a per se violation under ordinary trespass principles”.588 On this view, an absolute right of governance of the resource is an imperative of cyberproperty since this is the only way in which exclusivity, required under conventional property laws in order for property rights to arise, can be achieved. The applicability of trespass to chattels within cyberspace is accordingly one of the key tenets of the concept of cyberproperty and, should it be found to be applicable, would give rise to the subsequent recourse to tort law. Trespass to Chattels (TTC) requires that the owner is able to demonstrate that any interference in their electronic elements is “harmful to the possessor’s interest in the physical condition, quality, or value of the chattel”.589 On the other hand, it may be enough that the owner can prove that he or she has been deprived of the “use of the chattel for a substantial time”.590 The issue at stake in this model of cyberproperty is how far the losses expected by the plaintiff are related to the chattel in question, because there is no obvious or comprehensive way to estimate the related damages given that the value of a domain name is

589 Restatement (Second) of Torts 218 comment c; Carrier and Lastowka (n 560) 1487; W Page Keeton et al., Prosser and Keeton on Torts no 14 at 85-86 (5th edn, West Group 1984).
590 ibid no 14 at 87.
inherent, in terms of its market value as a non-value-added asset, and that there is also an additional value, with attendant unrelated damages, as a result of attached goodwill and services rendered.\textsuperscript{591}

Opponents to the idea of cyberproperty argue that the notion gives rise to a “new” form of property, in which a new form of tort “bears only some surface resemblance to traditional causes of action”\textsuperscript{592} and which is too inclusive, operating upon not only physical elements of cyberspace such as computers and servers, but also their capacity and power and, significantly, their networks. For these scholars, there is no possible recourse to tort in the case of the latter resources because, simply put, they do not qualify as chattels in the first case.

6.5 Judicial Decisions on Cyberproperty in the Modern Era

Courts have struggled with the role and function of property. They may ponder and seek to flesh out its distributive and compensatory functions, questions that have traditionally been confined to the sphere of public law and governance. The weight given to these considerations, if they are accorded any weight at all, is balanced against property’s procedural coordination functions, namely the role of property law in regulating exchange relations, and stabilising settled expectations around procedures governing transactions and transfer of obligations, among discrete individuals and market actors in the sphere of private law and life.\textsuperscript{593}

If property is understood merely as a bundle of distinct and transferable interests, and property law only as a procedural device for effectuating the transfer of assets, then the right of performance guaranteed under a contract would not differ from analogous rights conferred under traditional property law.\textsuperscript{594} Contracts, given their narrow scope and applicability to specific individuals, do not, however, compel servitude. In view of the broader social issues and macro interests at stake, courts which confront legal questions around the status and character of intangible property such as domain names, cannot simply base their judgments

\textsuperscript{591} Epstein (n 588) at 149.
\textsuperscript{592} Carrier and Lastowka (n 560) 1487.
\textsuperscript{593} George, Vona (n 571).
\textsuperscript{594} See e.g. Mark A Lemley, ‘Property, Intellectual Property, and Free Riding’ (2005) 83 Texas L Rev 1031 (criticising the reliance on excludability as a justification for granting traditional property rights in the area of intellectual property).
on a trivial or superficial analysis of the characteristics and properties of a new resource. Before assigning to that new resource the status of legal property, in other words, courts must also consider how the creation of such a right can be balanced and reconciled with the interest, and organisation, of society at large.  

The courts have examined the issue of applying property laws to cyberspace over the past two decades, beginning in 1996 with *Thrifty-tel Inc v Bezenek* and attempting to designate cyber elements as chattels.  

*Thrifty-tel* established that TTC was applicable to cyberspace, thus first raising the notion of cyberproperty, as a result of acknowledgement that electronic signals were sufficiently tangible to support a trespass cause of action.  

This judgment was reproduced in the case of *CompuServe v Cyber Promotions* which also found that electronic signals were valuable enough to be harmed by deprivation even where physical attributes were undamaged.  

At its zenith, TTC was applied to the mere unauthorised access and copying of electronic information from a website, without any harm arising to physical or intangible elements from the action.  

It was not until the case of *Intel v Hamidi* in 2003 that harm or damage was made a requirement for a TTC claim; however the case maintained that electronic elements were suitable targets for tort claims, and that these elements were always potential chattels given their value to the operation and financial viability of commerce.

### 6.6 Conclusion: the Dangers of Using a Property Law Framework to Protect Domain Names

The problems with designating elements of cyberspace as cyberproperty and thus applying conventional property rights to domain names rests on the issue of limitation; the scope of property laws in allowing torts to arise across all levels of service contract agreements is enormous and could prove both dangerous and highly destabilising across a range of arguments dealing with the issue of absolute rights. It behoves us, therefore, to look not at

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595 A case involving tangible, as opposed to intangible, property, *Kelo v New London* 545 US 469 (2005), seems to affirm this purposive conception of property. Public backlash followed the court’s decision to treat questions of economic utility as equivalent to the concept of public good and use, thereby rejecting the commodified understanding of property.

596 46 Cal App 4th 1559 (Ct App 1996).

597 ibid at 1566 n 6.

598 927 F Supp 1015, 1021, 1022 (SD Ohio 1997).

599 *Oyster Software Inc v Forms Processing Inc* No C-00-0724 JCS, 2001 WL 1736382 (ND Cal 6 December 2001).

600 ibid.
whether property laws can be applied to cyberspace in general and domain names in particular, but whether they should be. The philosophy of property rights must be addressed in order to understand why property rights exist at all, why we require them in order to function as a community, and whether their application to the electronic world is, in fact, a positive theoretical and practical sound step to take.
CHAPTER SEVEN
THE RECENT JUDICIAL STRUGGLE TO RECONCILE THE MODERN FORMS
OF INTANGIBLE PROPERTY WITH THE COMMON LAW OF PROPERTY

7.1 Introduction

This chapter follows on from the previous chapter, going on to discuss the relevant case law on domain names, in a bid to apply the concepts outlined above to recent acceptance of domain names as property by the Ninth Circuit Courts. Before considering the case law, it may be helpful to first explain two key US property law concepts that are important in understanding the judgments and which will subsequently be relevant to the applicability of US law in other jurisdictions. I begin with an explanation of conversion, which will be followed by a discussion of the US doctrine of merger.

The tort of conversion involves: “the taking of a chattel out of the possession of another with the intention of exercising a permanent or temporary dominion over it, despite the owner's entitlement to use it at all times”.601 The Restatement (2nd) of Torts (§ 222A) defines it as: “an intentional exercise of dominion or control over a chattel which so seriously interferes with the right of another to control it that the actor may justly be required to pay the other the full value of the chattel”. More simply, it is “the unauthorized or wrongful use of another's property”.602 Thus, in Tifford v Tandem Energy Corp, Junell J explained that, while conversion did not require manual possession or control, “the defendant's actions must impair the plaintiff's ownership interest ... The plaintiff must prove that ... the defendant wrongfully exercised dominion and control over the property, excluding the plaintiff”.603 Although the elements of the tort are subject to some variation between states,604 essentially, conversion may occur in one of four ways: “a wrongful taking”; “wrongful detention”; “wrongful interference”; or “an illegal assumption of ownership”.605

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603 Tifford v Tandem Energy Corp 562 F 3d 699, 705 (Court of Appeal, 5th Cir 2009).
605 Ott v Fox 362 So 2d 836, 839 (Supreme Court of Alabama 1978).
As Atkins notes, conversion was “[t]raditionally … limited to chattels, which were tangible personal property … mean[ing] that conversion traditionally would not apply to intangible property”. With the growth in the relevance of intangible property over the course of the twentieth century, however, it became clear that that the traditional approach was inadequate. In response, the US courts developed the doctrine of merger, which allowed the tort of conversion to be extended beyond the limits of tangible property embodied in the concept of a chattel. Under this doctrine, a claim for conversion would be allowed for intangible property where the “underlying intangible right has been merged into a document and that document has been converted”. In the Commonwealth of Massachusetts v Rizzuto and Yourawski, Zobel J noted that: “Frequently, intangible rights which customarily merge in or identify with certain kinds of documents may be subject to conversion … [This applies where] the right so inheres in the document that possession of the latter controls or precludes exercise of the former”.

The doctrine was subsequently extended to include intangible rights that were “merged” into a tangible object. Furthermore, the Restatement (2nd) of Torts (§ 242) states that it may also apply where the wrongdoer “effectively prevents the exercise of intangible rights of the kind customarily merged in a document … even though the document is not itself converted”. Some courts have rejected any need to rely on the doctrine, or have taken it to its logical conclusion, which is that it is an unnecessary legal fiction. In Kremen v Cohen (see 7.3 below), the 9th Circuit Court of Appeals held that California did not follow the strict requirements set out in the Restatement (2nd) of Torts and had essentially rejected the need for an intangible right to be “merged” with a tangible document or object. The Court of Appeal was clearly in favour of rejecting the doctrine of merger and allowing that conversion applied to all types of personal property, tangible or intangible. However, it settled for assuming, for the sake of argument, that the doctrine of merger in Californian law was “vestigial”, requiring “at most … only some connection to a document or tangible object”. 

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606 Atkins (n 602) 231.
607 ibid 232.
608 Express One Int’l Inc v Steinbeck 53 SW 3d 895, 901 (Texas Court of Appeals 2001).
609 Commonwealth of Massachusetts v Rizzuto and Youawski 1980 WL 4637, 3 (Massachusetts Superior Ct 1980).
610 Mruk (n 604) 355.
611 See e.g. Plunkett-Jarrell Grocery Co v Terry 263 SW 2d 228 (Supreme Court of Arkansas 1953).
612 Kremen v Cohen (n 584), 1031.
613 ibid 1033.
Nevertheless, it remains a requirement in some jurisdictions, and some commentators have argued that there are good policy reasons to retain the doctrine.

7.2 Are Domain Names Intangible Property?

7.2.1 The Conceptual Dimension

A domain name consists of a sequence of alphanumeric strings; these strings in effect operate as computer coded data; and the message contained in this data is transmitted and received through a computing device connected to a network (and a network of networks). But while a domain is, in essence, electronic code, it is imbued with a physical reality and not simply an electronic “presence”. The code contained within can be stored on a disk drive or other memory devices. On the other hand, the magnetic charges that are stored on such devices do not have what we ordinarily think of as a human–tangible physical reality. To the reader or user, a domain name has the visual appearance of a string of letters, symbols and numbers which can be inputted into a web browser address line. Yet that coded representation is not tangible, in the ordinary or legal definition of the word, it cannot be felt or touched, although one can perceive it through sight. It might be more accurate to suggest, therefore, that a domain name is more accurately represented as a tangible medium, a kind of processor of perceptible though not tangible information. In this sense, it may be likened to plastic signage (for instance, the trademark sign ensconced in a plastic Coke bottle). This classification, or equivalent, would amount to a transformative redefinition of electronic coding, based on its functional properties rather than on the “thing” like quality of the domain name itself (and its constituent parts). While some US courts have begged to differ, the most prevailing, and arguably most reasonable, definition of a domain name is that it is “intangible”, at least as it appears in its primary functional state.

The creation and development of property has endured its own long and colourful history. One thing which has remained static and unchanging about property, and how it is defined, is that “it” is a determinate “thing”. The tangibility of property has remained important because the laws of property have consistently required that a person be capable of exercising

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614 Express One Int’l Inc v Steinbeck (n 608).
616 Xuan-Thao Nguyen (n 343) 184–85, 194, 203–05.
exclusive possession, ownership and control over it to the exclusion of all others.\textsuperscript{617} And now we must return once more to the circumstance governing the use and registration of a domain name.\textsuperscript{618} The registrant of a domain name, by most accounts, obtains the exclusive right to control the use of that specific domain name, and the alphanumeric strings which comprise it (subject to various restrictions and exceptions familiar to trademark law, and identified in Chapter two above). As such, it is not beyond all reasonable expectation that a domain name should also be appropriately described and characterised as a form of property.\textsuperscript{619} Any temptation to conflate or confuse, prima facie, the forms and concept of “intangible property” and “intellectual property” should however be strictly avoided.\textsuperscript{620} It is clear, for instance, that there are many examples of “intangible property” which do not rise to the status of “intellectual property”. For example, the electronic records stored on a prison or hospital computer database are “intangible” while also, and at once, an identifiable “thing” over which a prison administrator can exercise control (i.e. property). Yet, while the property-like quality of the records may appear to be uncontroversial, even self-evident, it is equally clear that these records will most probably lack the features associated with established forms of intellectual property (e.g. as defined under the WTO TRIPS Agreement) On the other hand, the social context in which intellectual property rights are interpreted and applied has undoubtedly been transformed.\textsuperscript{621} As Schottenstein argues:

\begin{quote}
[At one time] intellectual property was the only form of intangible property, conferring an unconventional property right in the content of information – a non-scarce or useful good – contained within a patent or copyright. But technological change has upset the traditional method of classifying property interests between tangible and intangible: inherently scarce, useful and wealth generating assets are no longer confined to a physical existence.\textsuperscript{622}
\end{quote}

\begin{footnotes}
\item[619] ibid.
\item[620] Xuan-Thao Nguyen (n 343).
\item[621] A case in point, criminal charges were brought against a teenager in the Netherlands after he was charged with stealing nearly $6,000 worth of furniture from a hotel room in the online game Habbo Hotel! For a discussion see Victor Keegan, ‘Screen grabbers – crime hits the digital frontier’ The Guardian (London, 17 November 2007) 16, <http://www.guardian.co.uk/technology/2007/nov/17/internet.crime> accessed 28 February 2014.
\end{footnotes}
This creates a situation where the concept of tangible property conflicts interestingly with the concept of Intellectual Property Rights (IPRs). The domain name is not only a unique mark, but can be something to be purchased and sold on the basis of even potential in a way that is not present in trademarks or copyright for unwritten works. An example of this is shown in the *sex.com* cases; the term “sex” would clearly be too generic to be a valid mark, and is too small a creative work to be copyrighted. This means that the fact that sex.com could be so highly valued at the point of sale without a specific limitation on the business or protected right to do anything but act as a domain name, indicates that the name itself has value even when unprotected by the existing IPR system. This is clearly analogous to tangible property as defined by Schottenstein, as it then forms a rivalrous good that remains an “inherently scarce, useful and wealth generating”\(^623\) asset that is more analogous to a particularly desirable piece of land to trade from. The value was clearly related to the very generic nature of the domain and thus to the likely Search Engine Optimisation (SEO) benefits, something that is not related to normal concepts of trademark law. The rights granted should therefore arguably sit outside the general system of IPRs to more closely resemble the rivalrous goods of the general tangible property dispute resolution system and the system of contracts that underpins that.

### 7.2.2 The Recent Judicial Struggle to Reconcile the Modern Forms of Intangible Property with the Common Law of Property

The technological accomplishments of the last two decades are perceived as profoundly destabilising for our canonical conceptions of property, and the law that structures it. Courts are keenly aware of these challenges. And yet, while classical doctrines appear unwieldy, unable to accommodate, or readily bend to, new forms and features of intangible property, a number of judicial decisions have, nonetheless, continued to rely on a common law stock of animating principles, many of them built up over centuries of property-related jurisprudence. Of those decisions pertinent to the point at hand, the earliest concerns the case of *Mundy v Decker*.\(^624\)

An uncontrovertial case, the material facts are these: prior to 1994, Melissa Decker was

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\(^{623}\) ibid.

\(^{624}\) *Mundy v Decker* 1999 WL 14479 (Neb App 1999).
employed as Robert Mundy’s secretary. On the last day of her employment, Decker deleted a directory of Mundy’s documents that she had saved on her computer, without his consent. In response, Mundy launched an action against Decker for conversion of personal property. The claim was rejected by the trial courts, on the grounds that the plaintiff had not been dispossessed of his property, since Ms Decker had kept paper copies of the deleted materials. The decision was subsequently appealed successfully and overturned by the Nebraska Court of Appeals. In finding in the plaintiff’s favour, the Appeal Court reasoned that the deleted directory of files constituted a “unique item of personal property”. Further, while paper copies had been retained, the underlying use of the personal information had been diminished when the electronic files were destroyed, and the ownership of that data therefore converted from his dominion.

Notably, a court ruling in California placed greater emphasis on the intangible property of information than the tangible property in which it was housed. In the case of Ananda Church of Self-Realization v Massachusetts Bay Insurance, the defendant retrieved insurance-related documents from the waste bin of the plaintiff’s lawyer. These documents related to on-going legal actions pursuant to the plaintiff’s indemnification claim against the defendants. On learning that documents had fallen into the hands of the defendant, the plaintiff filed an action on grounds of conversion. The court subsequently rejected the conversion claim, holding that because the documents were intentionally discarded in a manner which suggested no intention to reclaim or recover the property in the future, the owner in effect “renounced the key incidents of ownership – title, possession, and the right to control”.

Addressing a separate point of legal interest, the court scrutinised the specific property damage provisions contained within the policy document (issued by Massachusetts Bay Insurance Co) in connection with the insurance cover undertaken by the Ananda Church of Self-Realization. After examining the specific wording of the clause, the court accepted the defendant’s argument, finding that removal and loss of the retrieved documents failed to satisfy the threshold requirement for a conversion argument. Significantly, the court

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625 ibid 1.
626 ibid 4.
627 ibid 5.
628 ibid 5-6.
629 Ananda Church of Self-Realization v Massachusetts Bay Insurance 206 F 3d 1322 (9th Cir 2000).
630 ibid 1323.
631 ibid 1327.
reasoned that the value of property hinges not on the specific character of the document or the information contained within it, but on the capacity to exploit that information for private gain. On this reading, the tangibility requirement was assessed with reference to the material clause contained within the insurance policy.\textsuperscript{632}

Some scholars have recommended that domain names, as intangible resources, be granted equivalent status to tangible property in order to fully realise their economic potential in the marketplace. Since domain names have functional utility, are valuable, and transferable, the very attributes associated with resources that have attained the status of property, this argument may appear, on a surface appraisal, to be both attractive and tenable. Arguably, however, the mere fact that a commodity can be sold and exchanged in a marketplace does not yet provide adequate justification for its classification as fully-fledged property.\textsuperscript{633} A case in point, the sale of human organs, may well meet this test for property.\textsuperscript{634} Traded organs would certainly qualify as commercial objects and their transfer and exchange would generate both profits and substantial social benefits. It is self-evidently the case, however, that public policy objections and notions of morality would frustrate any attempts to assign a property value to human organs.\textsuperscript{635} It follows, therefore, that domain names, or any other form of intangible resources, do not automatically rise to the status of “property” on the sole grounds that they have an inherent value capable of conversion and monetisation that accords to their “owners” an alienable right. Nor does the utility of domain names as a socially useful “good”, alone and in and of itself, give sufficient cause for a finding of property. A positive affirmation of property, in other words, will require that each of these factors be taken into consideration, on their own terms and cumulatively, in addition to some further set of criteria. These issues were raised in the landmark \textit{Kremen} case.

\textbf{7.3 The \textit{Kremen} Case: Domain Name as Property}

In the watershed \textit{Kremen v Cohen} decision the Ninth Circuit Court of Appeals determined that domain names do, in fact, constitute intangible property.\textsuperscript{636} Beyond the significance of

\textsuperscript{632} ibid 1329.
\textsuperscript{633} Sarah Worthington (n 617).
\textsuperscript{635} See \textit{Cleveland v United States} 531 US 12, 23-24 (2000) (refusing to recognise state-issued licenses as the property of the state licensor with respect to the mail fraud statute, despite acknowledging the fact that such licences are valuable and transferable interests).
\textsuperscript{636} \textit{Kremen v Cohen} (n 584) 1026.
this much discussed (and criticised) judicial determination for the future of domain name registration and related issues of use, sale and transfer, the case is important because the circumstances under which the case was decided are substantially different from those applicable to domain names today. That is because the domain name was registered prior to the institution of ICANN mandated legal rules for governing the activities of registries, registrars and registrants, including those rules establishing the contract rights of registrants.

7.3.1 The Facts of the Case

The facts of the case concerned the registration of the domain name, “sex.com”, which later emerged at the centre of a high profile act of fraud in 1994. The registry and defending party, Network Solutions, was alleged to have, inter alia, violated an implied contract concluded with the original registrant of the domain name, the plaintiff, Mr Kremen. Mr Kremen was, as the court’s holdings averred, the authentic owner of the subject domain name, and sought to sue the registry, Network Solutions, for failing to prevent or block, through its negligence, a fraudulent transfer of the subject domain name (sex.com) to Mr Cohen.

The domain name was registered with the intention of an online pornography site, though the site was not operative for some time. Concurrent with these events, the defendant, Mr Cohen, then incarcerated under charges of fraud, had ambitions to develop the same business model, under the same domain name, as the plaintiff. Kremen, however, had already registered the domain name. In light of the “first-come-first-served policy” policy of the NSI, Cohen’s plans to use and profit from the domain name were frustrated. Undeterred, and upon his release from prison, Cohen forged a letter purportedly from Online Classified and sent it to NSI, instructing the transfer of the domain name (sex.com) from Kremen to the defendant, Cohen. NSI received the instruction and subsequently transferred the domain name, without seeking further contact or confirmation from Kremen. In the period following, Cohen had long since developed a multi-million dollar Internet pornography empire, under the domain name, before Kremen became aware of the transgression.

637 ibid.
638 ibid.
639 ibid 1130, 1173.
Once the misdeed had been uncovered, Kremen filed a claim against the defendant, and successfully recovered the domain name and won both compensatory and punitive damages in excess of $75 million. In issuing an order of restitution and reacquisition of the plaintiff’s exclusive right to the domain name, the district court invoked constitutional and statutory law, the constructive trust doctrine and the “unfair competition” statute respectively.\textsuperscript{640} In a sensational turn of events, Cohen flouted the court’s order, transferring his assets offshore, rendering him a fugitive from the US state. Unable to locate Cohen’s location, and thus to collect damages owed to him, Kremen then sought alternative remedies by a third-party action against the NSI. The action was brought on six grounds: breach of contract, breach of fiduciary duty, breach of intended third party beneficiary contract, conversion, conversion to bailee and negligent misrepresentation.

7.3.2 Domain Names as Property: the Court’s Reasoning

In the initial trial hearings of the case, the judge in question issued a summary judgment to NSI dealing with all six causes of action. With respect to the first, breach of contract, the district judge held that no contract existed because of the absence of consideration, in so far as NSI enjoyed no financial gain from registering the domain name. Prior to conclusion of the contract, which is itself only brought into force upon registration of a domain name, NSI opened registration up to the public for free.\textsuperscript{641} On the question of breach of fiduciary duty, the judge held that the relationship connecting Kremen and NSI was too remote, and the consequences of any breach unforeseen, for the former to reasonably expect the latter to act in its best interests. The relationship was thus found not have been formed.

With respect to the third party beneficiary action, it was accepted that a “Cooperative Agreement” existed between the NSI and the National Science Foundation, the regulatory agency with responsibility for overseeing the non-military aspects of the Internet. However, the judge dismissed this ground as a cause of action, finding no evidence of an express intent on the part of the NSI, or its policies therein, to benefit a third party, particularly as it concerned a domain name registrant.\textsuperscript{642}

\textsuperscript{640} ibid 1037.  
\textsuperscript{641} ibid 1173, 1175.  
\textsuperscript{642} ibid.
On the ground of conversion, the judge affirmed that while a domain name did constitute intangible property, it was not intangible property “merged with a document” and therefore could not, by any reasonable interpretation and application of the doctrine, be treated as a conversion. The judge in question conceded that such a rendering of the applicable doctrine might be considered arbitrary given that other district courts in the state of California had held that intangible property could in certain limited circumstances be subject to conversion. Interestingly, the judge desisted basing his reasoning on public policy grounds, suggesting that domain names represent a special class of intangible property.

On the issue of conversion to bailee, it was found that no sound comparison existed between that of the registrant and NSI and that of the bailor/bailee, nor was the mere registration of names sufficient in itself to form such a relationship. Finally, on the issue of negligent misrepresentation, the judge held that there was no evidence of such a misrepresentation. Thus, the plaintiff was unsuccessful on every ground, and the suit filed against NSI thrown out.

Shortly thereafter, Kremen appealed the decision before the Ninth Court of Appeals, this time on the basis of only four causes of action, all of which exposed a tension between contractual and property rights. Before delivering its judgment, the Court of Appeals focused its enquiries on two substantive issues of relevance to the property based nature of domain. In a split decision, going two to one in favour, the concurring judges based their decision, in part at least, on policy considerations which in their view were of appreciable significance so as to warrant a determination by the state’s highest court as to the positive status of domain names as property.

It was left to the Court of Appeal to proceed to the merits of the case and issue a definitive ruling on the issues in dispute. In turn, and by unanimous decision, the Court of Appeal upheld the lower court’s decision to discount two causes of action, breach of contract and breach of intended third party beneficiary contract. Of significance, however, is the Court of Appeal’s decision to overturn the lower court’s ruling on non-applicability of the conversion

643 ibid 1047.
644 ibid 1048.
645 ibid 1035.
646 ibid 1073.
doctrine to domain names as a specific category of intangible property. Accordingly, NSI was found liable for the conversion of “sex.com” and the case was remanded for further hearings in which to determine the extent of NSI’s negligence.\textsuperscript{647} Regardless of a finding of negligence and the degree of liability imputed to NSI, the fulcrum of the decision is this: it was Network Solutions that deprived Kremen of his property.

7.3.3 Analysis of the Court’s Ruling

At the trial level, the court found against the plaintiff, holding that no contract or contract right, express or implied, existed between the registrant and Network Solutions. The court reached its conclusion primarily by invoking the lack of consideration or possessory interest attributed to NSI. The material fact used to support this conclusion was that NSI registration procedures were, at the time, inexpensive and open to the public.\textsuperscript{648}

The summary judgment of the court relied heavily on the reasoning developed in the previous case of \textit{Umbro (see Network Solutions Inc (n 477))}. The distinction drawn between “tangible” and intellectual property was, accordingly, affirmed. To establish the tort of conversion, the courts held, the plaintiff must show (1) ownership or right to possession of property, (2) wrongful disposition of the property right, and (3) damage.

The court reasoned that the domain names in dispute were not “owned” by the plaintiff, and were thereby not capable of possession, and thence conversion, because of their intangible quality. Secondly, they had not been misappropriated or illegitimately transferred to a third party by NSI, thereby depriving Kremen of his property in violation of his rights, since Kremen at no point “owned” the domain names.\textsuperscript{649} Any rights in the domain names could only have been created after they had been registered, as regulated by the terms of the NSI service agreement. Even if those rights did exist, they are qualified and limited rather than alienable, continuous and absolute.\textsuperscript{650} That is, the domain name registrant only acquires the right to use the domain name for a specified period of time.

\textsuperscript{647} ibid 1037.
\textsuperscript{648} ibid 1135.
\textsuperscript{649} See Schottenstein (n 622) 11.
\textsuperscript{650} \textit{Kremen v Cohen} (n 584) 1026.
Taking the court’s reasoning to its natural conclusion, it would appear that domain name registration and user rights have no independent or prior existence before their creation under contract (in contrast with property rights which are inalienable, fixed and absolute). Ultimate ownership is retained by the registrar and use of the domain name can be terminated should the registrant breach his contractual obligations, under the standard (rather than mutually agreed to) terms of the registration agreement. Accordingly, the rights created under the terms of the contract cannot be construed as assignable or transferable, regardless of whether the act of transfer was undertaken in good or bad faith (since the plaintiff alleged that NSI had registered the adverse trademark of the defending party in (implied) bad faith). The authority and discretion to determine how domain names are to be assigned and transferred among parties (subject to the terms of the registration agreement) and among registries, as such, lies with the registrar, and the registrar alone. Thus, the claim of conversion, the court concluded, must fail.

7.3.4 The Form and Functions of Property as Defined by the Court

The decision was subsequently overturned on appeal. Interestingly, the concurring majority judges in the *Kremen* case appeared to reference functional and formal justifications in defence of a reclassification of domain names as property. The Court of Appeals began by considering whether domain names, as a single or unifying class of “like” objects, constitute “a species of property”. Focusing on the attributes of domain names, Justice Kozinski considered how these might be shown to cohere and “fit” with the traditional description of property:

> We apply a three-part test to determine whether a property right exists: First, there must be an interest capable of precise definition; second, it must be capable of exclusive possession or control; and third, the putative owner must have established a legitimate claim to exclusivity.

However, upon finding that domain names satisfied each of the delineated tests, Justice Kozinski went on to elaborate purposive reasons for an affirmative determination of their status as property:

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651 ibid 1030.
652 ibid.
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. 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. 653

7.3.5 Excludable Rights

In essence, the Ninth Circuit Court of Appeals held that a domain name constitutes intangible property of the registrant, and is therefore subject to the tort of conversion. In reaching its verdict, the court defined property as “a broad concept that includes every intangible benefit and prerogative susceptible of possession or disposition”. 654 Centring the ratio of its judgment on the exclusive use of the name by a registrant over the agreed contractual period (notwithstanding transfer or expiration of those contractual rights over a domain), the court held that a domain name as a form of virtual property was legally analogous to tangible property. By extension of this logic, the court proceeded to compare the process of registering a domain name to “staking a claim to a plot of land at the title office”. 655 In view of the court’s apparent departure from previous cases, many have celebrated the decision as the sound and well-reasoned evolution of the applicable law. Yet, the definition of property espoused by the Court of Appeals is liable to resolve in consequences which extend well beyond the protections it ascribes and attributes to domain name registration and use. 656

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653 ibid 1032.
654 ibid 1030.
656 Schottenstein (n 622) 11.
The definition of property formulated by the *Kremen* court is wide-reaching in its scope and application: property rights can be extended to a putative class of non-proprietary, intangible interests where it is capable of exclusive control by a legitimate owner. By first drawing a comparison between domain names and corporate shares, the court held that domain names did indeed satisfy the first element of its test: they were precisely defined. As to the second element of the test, the court’s finding was, again, affirmative: registrants control the way in which a domain name directs Internet users to the appropriate site. The third test was also met: the courts held that registrants have a legitimate claim to exclusivity because the “first-come-first-served policy” policy excludes registration of a domain name already registered. The Ninth Circuit had, in a swiftly and concisely delivered decision, transformed the legal landscape: domain names as a class were now recognised as intangible property.\(^{657}\)

7.4 The Relation between Tangible and Intangible Property

In *Kremen*, the Ninth Circuit Court began by rejecting the distinction drawn between two types of intangible property which the lower courts had relied on, before delivering its summary judgment, noting, also, its recourse to the US Restatement on the Tort of Conversion, a document seen to reflect customary practice and used as a interpretative guide by courts when the statutory meaning of terms is unclear.\(^ {658}\) The Restatement illustrates the conversion of intangible property as the unwillingness of a corporation to register a change in stock ownership, which interferes with, or otherwise deprives, the new owner of the right to exercise control over its own company. However, it explicitly affirms the control which a company has only exists because a company was created by an individual who entered into a contract into with others to distribute control of its physical assets. This position seems to fall in line with previous cases, whereby the tangibility of a non-tangible resource is assessed with reference to the physical product in which it is housed (e.g. valuable information relating to a copyright), or, otherwise, where that “underlying” resources is central to an “owner’s” capacity to make use of, control, and enjoy the benefits of, what is ordinarily classed as tangible property.\(^ {659}\)

\(^{657}\) *Kremen v Cohen* (n 584) 1030.

\(^{658}\) Restatement (Second) of Torts § 242 (1965). The Restatement appears to treat intangible property as a contractual duty, the interference with which is tortious.

\(^{659}\) *Mundy v Decker* 1999 WL 14479 (Neb App 1999).
In a subsequent case, the Ninth Circuit Court, in the *Office Depot v Zuccarini*\(^{660}\) referred to a judgment issued by the California Court of Appeal, in *Palacio Del Mar Homeowners Assn v McMahon*.\(^{661}\) The Court of Appeal held that domain names were not property. The facts of the case related to an order of turnover (of assets) which the court held could not be taken into custody. At any rate, the Court of Appeal ruled that the root server-cum-electronic database (i.e. the Domain Name System (DNS)), through the function of associating domain names with particular computers, qualifies as “a document (or perhaps more accurately a collection of documents), even if only an electronic one, and thus would seem to comply with the merged/non-merged tangibles distinction”.\(^{662}\) Furthermore, the court refused Network Solution’s claim that because DNS records can be held in the electronic database for less than day, it could not be classed as a document within the accepted meaning of the term.\(^{663}\)

The Ninth Circuit Court noted that the California Court of Appeal had cited *Kremen* approvingly. The Ninth Circuit Court contended, however, that the Federal Court judgment had not been established as a precedent. Moreover, the adverse judgment of the Californian Court, it reasoned, was not premised upon a substantive rejection of the basic recognition of domain names as property, but was based, instead, on specific and technical interpretation of state laws, in this case, the California Civil Procedure Code.\(^{664}\) On this issue, the Court of Appeal said:

> The California Code limits itself to tangible property that can be “levied upon by taking it into custody” (or tangible, “documentary evidence of title” to property or a debt). Domain name registration supplies the intangible “contractual right to use a unique domain name for a specified period of time”… Even if this right constitutes property, it cannot be “taken into custody”…\(^{665}\)

On this reading, in other words, the Californian Court intended to qualify and limit the extent to which a server or database could be relied upon as a “document”, and treated as a proxy for tangible forms of property, for the purposes of establishing a claim against an intangible

\(^{660}\) 596 F 3d 696 (9th Cir 2010).
\(^{661}\) 174 Cal App 4th 1386 (2009).
\(^{662}\) ibid.
\(^{663}\) ibid.
\(^{664}\) ibid.
\(^{665}\) ibid at 1390-1391.
domain name. If this judgment is sound, an electronic database or equivalent fails to exhibit the required level of tangibility required for an asset to be taken into custody.

On this question, the Court of Appeal in *Kremen* said:

> Assuming arguendo that California retains some vestigial merger requirement [with a document], it is clearly minimal, and at most requires only some connection to a document or tangible object – not representation of the owner’s intangible interest in the strict Restatement sense.\(^{666}\)

The later case of *Shmueli v Corcoran Group*, notably, cited *Kremen* as a justification for granting an individual full property rights in an electronic document created and stored on a third party’s computer,\(^{667}\) casting greater doubt over the bright line that ostensibly divides tangible from intangible resources in classic theories of property. This conclusion is controversial and the judicial position on the relation between intangible and tangible property is far from settled.

In the final analysis, the Ninth Circuit Court did hold Network Solutions liable for the tort of conversion of intangible property on the grounds that the registrar/registry had dispossessed the rightful owner of its domain name and thence its property. Thus, one might extrapolate from the court’s judgment that the presence of negligence on the part of the registrant, or, indeed, otherwise, is largely immaterial, having little legal bearing on the outcome, since “the common law does not stand idle while people give away the property of others”.\(^{668}\)

Somewhat conspicuously, however, the Ninth Circuit Court appeared reluctant to throw full precedential weight behind its own finding, in ways reminiscent of the reluctant position taken by the *Umbro* court (albeit resulting in a contrary outcome). Indeed, in some passages of the ratio judgment, the Ninth Circuit Court framed its decision in similarly cautious language, remarking that its ruling need not “settle the issue once and for all”.\(^{669}\) Such hesitance is symptomatic, in part at least, of the courts’ uneasy grasp of the rapidly changing state of Internet technology. And yet, it is also a sign of the courts’ unwillingness to adopt an

\(^{666}\) *Kremen v Cohen* (n 584) 1033.

\(^{667}\) 802 NYS 2d 871, 875–76 (NY Sup Ct 2005).

\(^{668}\) *Kremen v Cohen* (n 584) 1036.

\(^{669}\) ibid.
authoritative position on the “propertization” of domain names. Uncertainty as to the rights of
a domain name owner is, as such, likely to persist. This uneasiness is evident in the majority
opinion of the Kremen judges.

Adopting a purposive, end-means focus, the Ninth Circuit Court reasoned:

We invoke the certification process only after careful consideration and do not do so
lightly. The certification procedure is reserved for state law questions that present
significant issues, including those with important public policy ramifications. 670

In the aftermath of the controversy surrounding the Kremen case, the Ninth Circuit Court, in
the Zuccarini case (see n660), upheld its own precedent, affirming that domain names are
intangible property under Californian law, and, hence, subject to a writ of execution. In other
words, the person seeking to defend his or her exclusive ownership, control, and rights in a
domain name must first establish quasi in rem jurisdiction over property as a precondition,
before a money judgment can be successfully obtained. 671 The location of a domain name, the
registry and the relevant registrar (though this point was made in the dictum) were all deemed
relevant by the court for the purposes of establishing in rem jurisdiction. In capsule, as
determined by the Ninth Circuit Court presiding over the Office Depot case, domain names
qualify as intangible assets and, as such, can be turned over to the judgment creditor, which is
to say they can be seized and executed to recover monies owed.

7.5 Problems with a Purely Propertised Approach

7.5.1 The Definition of Property under Kremen

Under Kremen, property was defined broadly as “every intangible benefit and prerogative
susceptible of possession or disposition”. 672 Recall that the Court held domain names to
constitute property because they satisfied key criteria: a domain name was found to constitute
a well-defined interest by dint of the registrant’s ability to direct those who invoke the

670 ibid at 1037.
671 J M Moringiello ‘Seizing Domain Names To Enforce Judgments: Looking Back To Look To The Future’
672 Schottenstein (n 622) 11.
domain name to any website of their choosing. That decision is the registrant’s alone, and thus the ownership of this interest is exclusive.

Domain names which can be bought, sold and otherwise transferred are subject to in rem actions (a lawsuit against property itself, rather than against a person), meaning that they are wholly assignable and transferrable. Registrants have a legitimate claim to exclusivity because registering a domain name is akin to claiming a plot of land at the title office. In addition, registrants often invest time and money in the development and promotion of websites dependent on the domain name in question.

Although this definition established the qualification of domain names as property once and for all, and dismissed the idea that domain name disputes needed to be framed within contract (or trademark) law, the decision taken is not without its flaws, leaving the courts ill-equipped to develop coherent rules for the electronic world. In capsule, the Court further blurred the distinctions between property, intellectual property, and contract law. Moreover, it failed to distinguish three types of property: (1) the classic Lockean conception of tangible property which secures individual dominion over discrete and scarce objects of utility; (2) intellectual property which concerns the control over ideas, concepts, symbols; and (3) personal obligation which defines the scope of reciprocal obligation owed between two individuals.673

7.5.2 An Over- and Under-Inclusive Concept of Property and its Challenges

Among the principal limitations of the Kremen court’s reasoning was, first, the nature of its definition (of property). Indeed, on its reasoning, no ceiling or threshold is placed on the range of intangible benefits which might foreseeably be granted property status, even if these have been explicitly excluded from traditional property rights.674 Second, and conversely, the definition is over-inclusive and lacking in nuance. It offers no space in which to balance the rights of exclusive use, possession and control over a domain name against the adverse and conflicting interests of third parties, including those who would also qualify as “owners” of other virtual and intangible assets but escape the protection of property as defined under

673 ibid.
674 See e.g. Lemley (n 655) (criticising the reliance on excludability as a justification for granting traditional property rights in the area of intellectual property).
In fact, the main finding of Kremen was that a definition of property is almost entirely a question of excludability. In accordance with the definition endorsed in Kremen, the mere creation and possession of a unique identifier would, in principle, meet the threshold test for a determination of property. But once again, such a definition, broad and indeterminate, conflates the characteristics of ownership (i.e. use, exclusivity, etc.). This lack of specificity has practicable implications in the age of new media and Internet communication and commerce. Take, for instance, a diary entry on a social networking site such as Facebook. The user cannot claim to own the My Space webpage, but he or she can control the content displayed on that page and limit access to the information stored on it. By the definition of Kremen, the diary entry is now property, irrespective of the fact that there is no operative ownership of the asset in use. Now let us take another example. Suppose a third party accessed, altered, or otherwise interfered with that user’s My Space page? Should that diary entry be construed as property, My Space would be liable to in rem jurisdiction because any interference with the exercise of ownership rights is a breach of property rights. What is more, this rule might extend to all, or almost all, virtual and intangible resources, including online gaming characters.

There is no doubt that the Kremen ruling may cultivate a legal context whereby ownership of the property can exist outside of use of the property. This is certainly a novel area of legal argument, but would such an evolution be practical or even desirable. How does this concept apply to the storing of personal files on a third party’s computer? Can the employer upgrade the user’s software or rename files to follow company naming protocol? What if the employee uses too much space on the server: can the employer reduce the size of the files or delete any of them? The decision in Kremen sidesteps all of these issues whilst simultaneously obscuring, perhaps even rendering insignificant, the rights and interests of a third party – in most cases the registrar – in proceedings. As has already been discussed, registrars have (qualified) authority to compel a registrant to forfeit a domain name. They can also remove a domain name registrant from the WhoIs database at any time (they have to justify the reasons for this), or tender a domain name for new registration should the registrant fail to make payment for the right to use. In contrast, with the Umbro judgment, this thesis has argued that domain name assignment (to an exclusive IP) should be treated

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675 ibid.
676 ibid.
separately: one relates to the ICANN technical allocation and assignment functions and one concerns the independent value of a domain name as an “identifier” of goods and services. Yet, the point remains, the contractual framework which underpins both aspects of domain name registration and use cannot be entirely disregarded.

7.5.3 The Unresolved Status of Intangible Property

Strikingly, one US court has gone a step further in characterising domain names not as intangible but as “tangible property”. Revisiting property law theory, the court opined that since domain names can be visually perceived, and because they reflect a degree of excludability, including restrictions on public access secured through passwords and other security measures, they could be appropriately analogised to tangible property. The case in question, *In re Paige*,677 was heard in a federal bankruptcy court. The facts of the case are complex and cannot be discussed at length. The dispute centred on the ownership of registration of a valuable domain name <freecreditscore.com> and whether that name formed part of an estate for the purposes of a bankruptcy action.

The disputing trustee in this case accused the party claiming adverse ownership of illegitimately converting its assets in the domain name against its real owner, the bankrupt party. After a lengthy analysis of the facts, the court ruled that the bankrupt party owned the domain name, and moved to consider whether an unlawful conversion had occurred. Before it could make a determination as to whether the asset had been unlawfully converted, the court had to first consider whether a domain name constituted property which was capable of conversion. Ultimately, the decision went to appeal on grounds of appropriate jurisdiction. The bankruptcy court held that it was obliged to reference the laws of the appropriate jurisdiction, in this case Utah law.678 In this regard, it observed, and ultimately elected to follow, a precedent from the Utah Supreme Court in this case assessing the status of rights in computer software which the court considered “tangible personal property”.

The bankruptcy court concluded:

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677 In *In re Paige* 413 B R 882 (D Utah 2009) the court applied reasoning similar to that employed in a federal court case in Utah, namely *Margue Inc v Clear Link Tech LLC* 620F Supp 2d 1284 (D Utah 2009).

678 ibid.
Based on the reasoning in the [Utah Court] … the Court determines that like 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. In fact, the reason that the Plaintiffs cannot access the Domain Name at this point is because [the defendant] has “locked out” or physically restricted their access by changing the username and password. 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.

In view of the above ratio, it is difficult not to accuse the court of positing an extremely broad definition of property. If one is to infer from the court that all that which can be perceived or touched by the sense ought to be characterised as property, then it is difficult not to conclude that colour or music might also constitute “tangible” property.

Of course, it is doubtful that any court would be prepared to accept it as such. The mere fact that something can be perceived, such as a TV programme, does not render it tangible. Indeed, to accept such a definition is to be forced to reconceptualise and redefine the concept of property entirely. While restrictions on the use of intangible electronically encoded alphanumeric strings, including the use of passwords or other security-related measures, may be highly relevant to a determination of a domain name as “property”, such factors do not automatically, as if by act of magic, convert something which is self-evidently intangible into something which is “tangible”. Access to an online academic website may require a password, but the presence of these features alone absent any consideration of its functions does not make it physical or tangible property. To conclude otherwise is to make an illogical leap from description to unbridled prescription: “this is property, because it ought to be considered property”. Property is a construct, but any one interpretation of its meaning, scope and uses has to be grounded in a sound and defensible argument.

679 In re Paige (n 677) 918.
680 ibid.
681 Abbott (n 3) 31.
7.6 The Potentially Far-Reaching Consequences of the Kremen Definition for the Virtual Marketplace: a Thought Experiment

In order to fully understand the application of the decision in *Kremen v Cohen*, it would be helpful to begin by expanding a little on the practical issues which may ensue should the *Kremen* definition be applied to all putative property, specifically with relevance to the virtual world of the Internet. 682 Consider the following example:

Jenson hears about “World of Warcraft” from his friend and decides that he would like to play the game. He knows that World of Warcraft is a Massively Multiplayer Online Role Playing Game (MMORPG) in which subscribers are able to communicate and interact with one another online through both their virtual characters, and also through a number of chat services. He is excited to find out that the game currently has approximately 11 million subscribers, and is the most popular MMORPG in existence. The virtual environment is expansive and allows for hundreds of social interactions to take place between individuals. Jenson hopes to create a virtual identity for himself which allows him to interact with hundreds of other players who have similarly created their characters. The idea of customising the appearance and personality of a character and playing a role of his choice fills Jenson with enthusiasm. On purchasing and installing World of Warcraft on his computer, Jenson is asked by Blizzard Entertainment Inc, the company which owns the copyright to the game, to sign the terms of the Terms of Use Agreement, which stipulates that: “Blizzard Entertainment Inc, hereby grants, and you hereby accept, a limited, revocable, non-transferable, non-sub licensable, non-exclusive license”. 683 The terms further state that:

All title, ownership rights and intellectual property rights in and to World of Warcraft (including without limitation any user accounts, titles, computer code, themes, objects, characters, character names, stories, dialogue … transcripts of the chat rooms) … are owned by Blizzard Entertainment or its licensors. 684

682 On the question of digital crime, for instance, see Keegan (n 621).
684 ibid.
Jenson reads the agreement and signs it, before being presented with a character creation screen, where he puts his imagination to work and begins to make decisions about the type of character he would like to play in his new virtual world. Choosing to play a troll, Jenson begins to define his character through the careful customisation of a host of features including the troll’s class role within the game, sex, facial features, hairstyle, jewellery, and even tusk length. Most exciting of all, Jenson realises that he is able to create a unique name, “Trollalot”, for his new character, and is pleased to find out that, once he has chosen the name and it has been registered on Blizzard Entertainment’s server, this name cannot be duplicated by any other player on the same server, acting as a primary indicator that the character has a distinctly defined identity. A short while later, Jenson enters Azeroth, one of the virtual environments within the World of Warcraft, and begins to customise Trollalot further through the completion of quest lines and the addition of new armour and weaponry. After using the online chat service to converse with fellow players, Jenson is asked to join a group of friendly players who have formed a “guild”, and is henceforth referred to as Trollalot.

To the virtual world, the name, guild, image, and commentary of the troll created by Jenson are identifiable traits which demarcate him as an individual on the server. These character traits are, for all intents and purposes, viewed by the rest of the community as representing the personality and mind of the player himself. It is clearly known to all that when Trollalot makes an appearance online, there is only one person behind the character, precisely because Blizzard Entertainment strictly prohibits the sharing of account details. Thus, only Jenson can assume the character of Trollalot, to the exclusion of all others. Unfortunately, after playing World of Warcraft daily for a number of years, by which time Trollalot has evolved greatly in both his image, reputation and skill set, Jenson is involved in the exploitation of a bug within the game which offers an unfair advantage over fellow players. Jenson’s account is immediately suspended and Trollalot deleted from the user registry held by Blizzard Entertainment. Jenson is both devastated and outraged. From his perspective, Trollalot is his own creation, and a piece of virtual property which belongs to him outright as the exclusive user. He wants to know what legal authority Blizzard Entertainment is able to rely on in order to interfere with his rights to exclusive use of Trollalot, and on what grounds property can be destroyed completely and instantly without recourse to legal action.

The decision of *Kremen v Cohen* provides that, where Jenson can prove that Trollalot qualifies as an “intangible benefit that is distinct and excludable”, the troll can be considered as the property where it is both:

a) inherently distinctive, and
b) capable of being held, used or possessed to the exclusion of others.

The definition of “distinctive” given in *Kremen* was simply that the asset had to be a “well-defined interest”. A World of Warcraft character is a highly defined interest. As described, Jenson was able to craft his character’s identity, and to choose the way in which his character was portrayed to others within the game. Third parties who “met” Trollalot in-game had no participation in the making and design of Trollalot’s appearance, language, skill set, or any other defining feature which Jenson had decided to include as part of his online persona. This aspect of the players’ ability to fix their characters’ features and dictate third-party interaction with those features is comparable to the freedom available to domain registrants in deciding a name of their choice for their domain, subject to its availability in connection with the “first-come-first-served policy”; and the choice of which website those who interact with the domain name will be directed to. As such, Trollalot can be classified as a “well-defined interest” for the purposes of property qualification.

With respect to the exclusivity of Trollalot, Jenson has the capacity to exclude all other parties from using his character within World of Warcraft. Accordingly, one can reasonably assume that the character would also satisfy the excludability test for property qualification. Because Jenson’s account was protected by a password, and it was within his power to withhold the information to access his character from all other parties, one can argue that Jenson held his character to his own exclusive use. Having met both stages of the test for property as defined by *Kremen*, Trollalot can be considered as property. According to the

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686 *Kremen v Cohen* (n 584) 1026.
687 Mark Wallace, ‘The Game Is Virtual. The Profit Is Real’ *International Herald Tribune* (New York, 30 May 2005) 9,
688 ibid.
decision in *Kremen*, therefore, Jenson could bring an action in tort against Blizzard for obstructing his right to exclusive use of his property by destroying it.689

One can speculate that the makers of World of Warcraft had no intention to create property which was party to property laws simply on account of allowing their players to design and operate their own characters. It would seem, therefore, that the test set out in *Kremen* stretches the definition of property to absurd extremes. In fact, Blizzard Ltd seeks, as seen above, to expressly to preclude any player from making any claim over its property rights in intellectual property. The user agreement expressly forbids the transfer or sale of the account to another entity and categorically states that absolute ownership lies with Blizzard Ltd, rather than the user. And yet, were we to apply the decision of *Kremen* to the facts at hand, Trollalot would fall within the ownership of the user (not the creator) of the product, and could seek to defend and insulate those rights against adverse claims or interference by a third party, in this case the licensor of the game (and, arguably, in this sense analogous to the domain name registrar). The player would enjoy the full package of rights attaching to property: players would be allowed to sell, trade, or otherwise transfer the ownership of their World of Warcraft characters for personal gain.

From the standpoint of the consumer and Internet user, on the other hand, protections against third parties – including game design companies, domain name registrars or corporate monopolies (e.g. Internet search and advertising companies or online retailers) – are required against the threat of unfair restrictions on use, access to, control and possession of virtual and intangible assets.690 But it is not clear that the *Kremen* judgment itself helps to address such challenges, in so far as its definition of property remains both tentative and ambiguous. On the other hand, the court in question can be accused of over-reach, its definition is so broad as to provide guidance to courts in the future as to the appropriate scope and application of personal property rules, and too far-reaching in their potential ramifications to create the conditions for investor-benefiting certainty, or consumer-empowering certainty over the rules

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689 However, see the arguments set out by Epstein (n 683), (arguing that the older rules governing property are consistent with *Kremen* “without a hitch” because recognising domain names as actual property would allow for better social outcomes based on investor risk assessment and cost benefit analysis of the gains and risks involved in these new forms of transactions); Xuan-Thao Nguyen (n 343) (commending the *Kremen* decision on the grounds that domain names have economic value in e-commerce but that existing trademarks protection fails to factor into this consideration. Recognition of their distinct status as property alleviates and remedies these deficiencies.).

690 Worthington (n 617).
governing transactions in the electronic marketplace. The ease with which 
Kremen’s definition shoehorns a whole array of tangible and intangibles assets under the umbrella of property, with no distinction made between the features and functions of each, is likely to create greater, not less, confusion as to the status of domain names, and to the judicially clear position. From a practical perspective alone, it is not clear how one can exercise power over, or perceive, “tangible” property when it is intangible. Though it is clear from the discussion, for instance, of the dot.com dominance and predatory acquisition of gTLDs, that one can indeed exercise control over the use and access to domain names, with great costs for consumers, adverse trademark holders or small scale operators, these considerations did not figure prominently in the court’s reasoning. In short: the impact of this definition does not appear to have been considered by the court, and the scope of the case is thus “too broad to measure”.

7.7 The Limitations of Focusing on the Features rather than Purposes of Property

The Kremen ruling may well have proved, in retrospect, to be something of a turning point. Tellingly, the recognition of domain names as a form of intangible property has since then, as has been tentatively affirmed by many subsequent Ninth Circuit decisions, attained the status of settled law in the US. In a more general sense, and as to the coherency of law and the legal system, the court’s analysis is, on one view, founded upon a skewed interpretation of the animating principles of law.

7.7.1 The Hamidi Case: an Exception to the Rule

Courts have not been oblivious to the broader social and legal costs of over-propertisation, as discussed in the famed Umbro judgment. Tellingly, the decision rendered in Intel v Hamidi spoke directly to the dangers of conceptual over-reach, a criticism levelled, notably, at the Kremen court’s uncritical embrace of a broad definition of property. This case itself settled on the contentious issues of the appropriate and legitimate scope of the right to exclude others from personal property. The case hinged upon whether Intel had a right to prevent its

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691 See e.g. Lemley (n 655) (repudiating the Ninth Circuit Court’s reliance excludability as a justification for extending and granting traditional property rights in the area of intellectual property).
692 Worthington (n 617).
694 Intel v Hamidi, 71 P 3d 296 (Cal 2003).
former employee, Hamidi, from sending critical emails about Intel’s practices to other Intel employees. Intel attempted to block Hamidi’s emails; however Hamidi had managed to overcome every attempt without breaching Intel’s security system. Intel sued Hamidi for trespass against its property rights in its computer network; a virtual trespass.\(^{695}\)

At trial, the court held that Hamidi had committed a trespass with respect to chattels; however the result was reversed by the California Supreme Court, which held that Intel’s rights were not absolute property rights akin to real property.\(^{696}\) The Appellate Court declined to treat an intangible, in this case an email server, as property notwithstanding Intel’s capacity for exclusive control over the use and management of the electronic resource (concerning, in this instance, the company’s internal email network).\(^{697}\)

Reflecting on the social costs carried by a broader definition of property, the court contended that litigation was an inappropriate forum in which to address such matters. Attempts to redefine traditional understandings of the form and scope of property law, the courts concluded, must be initiated and effectuated through legislation and legislative processes.\(^{698}\) In contrast to *Kremen*, the *Hamidi* court found that the intended function of property is the primary concern of the division between real and personal property, and that the inherent characteristics of the property were a lesser concern.\(^{699}\) Because Hamidi’s emails did not interfere with the operation of Intel’s email system, it was found that there was no actionable trespass. The wider application of allowing Hamidi’s actions to be actionable through an action in tort would be that junk mail and unsolicited telephone calls could be claimed as injuries in tort cases. At the same time, the court chose to define computer networks as personal, rather than real property. Again, it was the function of the property that was considered, with the conclusion that “the entire point of an Internet server is to be held out to the world. Extending trespass to chattels to cover any unauthorised communication would defeat the entire purpose of the system”.\(^{700}\)

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\(^{695}\) ibid 311.
\(^{696}\) ibid 310.
\(^{698}\) *Intel v. Hamidi* (n 694) 315.
\(^{699}\) ibid 316.
\(^{700}\) ibid. See also Worthington (n 617).
There are three competing frameworks from within which rights in tangible or intangible property can be understood and invoked. The first concerns the classic domain of property. In classic theory, property rights secure an individual’s ownership over intrinsically scare and discrete goods and other items of utility.\textsuperscript{701} By way of contrast – the second framework – intellectual property regulates the more limited use and control over ideas, concepts and symbols that are not essentially useful, finite or scarce. Finally, the third category concerns the concept of personal obligation, which governs the obligations owed by two individuals to one another. While the right of exclusive use may constitute an essential factor in determining whether a resource qualifies as property, excludability does not serve as sufficient justification for the rights of ownership it confers to the rights holder. Rather than focusing the enquiry on whether the putative property is capable of exclusion, the better line of questioning would be prescriptive and not merely descriptive. Ergo, the appropriate question to ask is whether something ought to be subject to the exclusive control of a single individual, and if so, for what reasons, and, crucially, by whom.\textsuperscript{702}

Laws of property are inextricably implicated in wider issues of societal concern. Such laws constitute the relationship between individuals and arbitrate among these interests.\textsuperscript{703} With regard to individuals, it gives legal shape and content to what are commonly conceived as fundamental or “inalienable” rights (of possession, control and transfer). Yet, laws of property can also embody culturally specific norms around, for example, the appropriate distribution of rights and responsibilities in society, norms which acquire expression in the form of user restrictions, duties of care, and taxation.

While courts have seen fit to make ready pronouncements on the legal status of domain names as property, they have had little to say on the incidental consequences of their characterisation. At an institutional and enforcement level, the legal recognition afforded to intangible resources as a new form of property is likely to generate less obvious challenges in the arena of litigation. Courts, for example, will rely heavily on the physical presence of property in the resolution of procedural conflicts around appropriate jurisdiction and choice.

\textsuperscript{701} Schottenstein (n 622) 11.
\textsuperscript{703} Schottenstein (n 622) 5.
of law. The absence of clear rules for resolving such conflicts is brought into sharp relief, extending, for instance, to issues around the *situs* of a domain name registrant. If a domain name is property, analogous to the purchase of land, is it then also subject to taxation? If so, should tax owed be calculated on the basis of commercial demand, utility or market exchange value? If demand is to be established as the primary indicator, small-scale operators may be forced to assume a substantial, and unfair, financial burden. In a broader sense, the spate of decisions issued by the Ninth Circuit Court is likely to generate uncertainty among market actors and consumers alike, as to the status and ownership of new electronic media, including social networking sites such as Facebook or the burgeoning industry in online gaming characters. In failing to engage with, and take appropriate account of, these and other factors, the *Kremen* judgment can be seen to undermine, rather than strengthen, the utility of property as a meaningful legal concept.

The *Kremen* ruling may prove to have a profoundly destabilising effect on existing conceptions of property and, by extension, the law of property itself. By relying on notions of excludability as the sole legal basis for recognising something as property, the *Kremen* court erodes the classic division established between property rights and personal obligation. As some have argued, the legal test elaborated by the court is doomed to be both over-inclusive and under-inclusive. In the first sense, the elevation of the doctrine of exclusion alone, absent consideration of other relevant factors, would attach property rights to a broad, potentially unlimited, class which has, for compelling policy reasons, been exempted from the traditional scope of property. Examples of the new property which might satisfy the *Kremen* test are, for instance, discretionary benefits awarded by contract. At the same time, the court’s analysis proves under-inclusive since it fails to situate its reasoning within a broader analysis of the substantive role of property in structuring societal relations (e.g. the peaceful resolutions of disputes, for instance, in connection with jurisdictional or choice of law rules).

By eroding, rather than clearly delineating, workable distinctions between property, intellectual property and contractual law, the decision threatens to further muddy the waters, undermining the need for clear rules applied to the thriving world of e-commerce and related

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704 Olivia Maria Baratta and Dana L Hanaman, ‘A Global Update on the Domain Name System and the Law; Alternative Dispute Resolution for Internet Competition – “Oh, the Times They are A-Changin’”’ (2000) 8 Tulane J of Intl and Comparative L 325, 330.
705 Abbott (n 3) 25.
transactions.\textsuperscript{706} To the above point, the decision itself appears to elide an important distinction to be made between the existence of the right itself (namely, the exclusive rights in the use of a property) and the mechanism used to safeguard those rights.

7.8 Conclusion

It may be that courts have remained reluctant to rule on questions relating to rights in “intangible property” even when those assets exhibit property-like characteristics, e.g. its use has been restricted, blocked, transferred etc. because of doubts as to whether these resources are capable of excludability, and hence, their exclusive or meaningful possession and control by a single individual or entity.\textsuperscript{707} As it stands, certain statutes, including the ACPA, appear to define any applicable rules relating to personal property in such a way as to, deliberately or otherwise, exclude forms of intangible property from protections enumerated therein.\textsuperscript{708} And yet, while concerns about how to draw the appropriate boundaries vis-à-vis tangible and intangible property are legitimate, they are best addressed by not simply avoiding the issue, conflating these distinct forms; or forcing them into discrete and mutually distinct categories, thus, in the latter case, devising a two-tiered system of protection (with “real” property protected at all costs, and rights created under contract accorded inferior status).

This thesis contends that a more constructive strategy to the domain name problematic would be to revise the way the rules are framed and not, as some have suggested, to redefine cyberproperty – as a bundle of electronic signals rather than a thing which can be “touched” as “tangible”. And yet, the other argumentative extreme should be avoided too. One, therefore, cannot entirely deny or overlook the reality in which intangible objects and resources can, and often do possess a value and function that is equivalent, or even superior, to that which is ordinarily classed as property.\textsuperscript{709}

This thesis has argued that domain names can be appropriately and reasonably formulated and conceptualised as both contract rights and as intangible property. It is unfortunate, then,

\begin{footnotesize}
\begin{enumerate}
\item ibid.
\item Xuan-Thao Nguyen (n 343)184.
\item In the state of Texas, conversion is the unauthorised and wrongful assumption and exercise of dominion and control over the personal property of another to the exclusion of, or inconsistent with, the owner’s rights.\textsuperscript{708}
\item \textit{Re Chateaugay Corp} 136 BR 79, 85 (Bankr SDNY 1992) (“It is still generally held that the only property which is capable of being converted is personal property which is either tangible, or is ‘represented by or connected with something tangible, and not for indefinite, intangible, and incorporeal species of property.’”).
\end{enumerate}
\end{footnotesize}
that we should find in the reasoning of the US federal courts, a persistent tendency to confine
domain names within insoluble and mutually discrete categories. Regardless of where one
locates their scholarly commitments on the contractual/ property right divide, one thing
remains clear: the characterisation and conceptualisation of a domain name will profoundly
influence the class of interests with standing to pursue litigation claims in connection with a
domain name.\textsuperscript{710} Indeed, the attempt to extend such rights to domain names is liable to
expose third parties to liability under existing doctrines of property.

Even if we accept that the domain names are issued as a licence to use services, as suggested
in the \textit{Umbro} case, the rights created under that contract are valuable, as we will see in the
\textit{GoPets} case discussed in the next chapter.\textsuperscript{711} In a significant departure from earlier case law,
courts have been prepared to treat domain names as a form of intellectual property, and to
apply the ordinary rules of personal property in resolving disputes. The most recent
jurisprudence on the subject appears to significantly strengthen the position of a domain
name “owner”. In the somewhat groundbreaking \textit{GoPets v Hise} case,\textsuperscript{712} the courts held that
the owner of that property is entitled to sell or transfer those names as property to a third
party in addition to any accrued rights attaching to that property. Accordingly, the purchasing
party acquires not merely the sold property but any rights accrued with respect to the use and
development of that property as insulation against third-party claims. But in so doing, the US
federal Ninth Circuit Courts have been inclined to pass over or render marginal the
contractual model (to use the terminology of the WIPO Second Report) of domain name
registration and use. This thesis contends that the reasoning applied by the courts does fail to
take full account of the contractual circumstances under which the transaction takes place.


\textsuperscript{711} See chapter eight.

\textsuperscript{712} \textit{GoPets} (n 535) 1031-32.
CHAPTER EIGHT
BALANCING CONTRACTUAL RIGHTS AND PROPERTY BASED CLAIMS: A HYBRIDISED APPROACH

8.1 Introduction

This penultimate chapter compares and contrasts recent jurisprudential developments as they have unfolded under two mechanisms, one concerning UDRP panel decisions and the other assessing ACPA related decisions in the US courts. Firstly, the chapter proceeds to identify and assess recent statutory interpretations of the ACPA and its implications for the development of domain name jurisprudence. Secondly, we turn our focus on the reaction of Panels, highlighting the relative merits of the UDRP when addressing issues relating to third-party transfer and ownership. Finally, the chapter offers a normative defence of a hybridised approach to domain name use and regulation.713

As will be recalled, the argument set out in this thesis is that domain names can be appropriately and reasonably formulated and conceptualised as both contract rights and as intangible property. It is striking, then, that we should find in the reasoning of the US federal courts, a persistent tendency to confine domain names within insoluble and mutually discrete categories.714 In the recent history of US jurisprudence, judicial determinations have tended to oscillate between the two argumentative extremes with little attempt to bridge the gap between them.715 Domain name registration and use is either neatly confined within the contractual agreement model as a service rendered or as an insulated class of property. Acceptance of either one of these modes of argumentation is assumed to exclude the veracity and validity of the other. Thus, it would appear that courts have shown an unwillingness to acknowledge the dual nature of domain names.

Some courts and commentators have uncritically supposed that new forms of intangible

714 For a discussion, see Abbott (n 3).
715 Compare Kremen v Cohen (n 584) and Network Solutions (n477) 80. It is worth keeping in mind that GoPets v Hise (n535) on the definition of “registration” or Kremen v Cohen on the question of domain names as “intangible property” are the uniform law of the US to say nothing of the UK and beyond. For example, in Schmidheiny v Weber 319 F 3d 581 (3d Cir 2003) the Court of Appeals found that a registration under a new contract by a different registrar to a different registrant ought to be taken as a new registration within the meaning of the relevant provisions of the ACPA.
resources ought to be granted the same favoured status as tangible property if their status as a desirable commodity being, above all things, useful, valuable and transferable in common with other forms of property, is to be fully realised and brought to fruition. Yet, as most are all too aware, just because something is capable of market exchange and corporate control, these realities do not, in or of themselves, justify its classification as fully-fledged property. Under a broad definition, the current bidding war over gTLDs may well satisfy the Kremen definition of property as commercial objects, while eluding stronger forms of judicial review. But such an approach does not address the more problematic policy concerns around the absolute and continuous control of top level “real estate” by dominant and monopolist corporations. Nor does it tell us whether treating domain names as property has any social or indeed economic value or benefit, and, more importantly, for whom. Indeed, one has to go behind the rights themselves, if indeed they do exist, to consider whether such a classification, and all the privileges that go along with it (e.g. the right to assign property, transfer to third parties and so forth), should be refused, meaningfully qualified or made conditional on grounds of its normative, as well as practical, justification. Accordingly, it cannot be said, uncontroversially and with legal merit, that domain names, or for that matter anything else, can be classified as “property” purely on the grounds that they are deemed useful and alienable: there must be something else involved.

8.2 Third Party Transfer and the evolving Jurisprudence of US Courts and WIPO Panels

8.2.1 GoPets v Hise

In the first ruling of its kind, the GoPets case, the Ninth Circuit court grappled with the question of the permissibility of third-party transfer under the statutory provisions of the ACPA. Upholding the ratio judgment issued under Kremen, the Appellate Court accepted the characterisation of intangible property as but one precondition, a necessary first step in protecting the rights of the initial registrant following transfer of property to a related

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718 GoPets (n 535).
party. While the ruling issued was somewhat novel in respect of previous decisions rendered in accordance with the ACPA, it was, otherwise, consistent with the customary administrative practices of the UDRP panels. This may offer some explanation as to why the case appears to have gone largely unnoticed, failing to generate scholarly discussion and debate. The background to the case involves an initial UDRP dispute. The complainant alleged that the disputed domain name had infringed its trademark rights, and thereby sought a finding of abusive domain name registration and use under the provisions of the UDRP Policy and Procedures. As to the facts of the case, the registration of the disputed domain name was shown to have been undertaken prior to the acquisition of rights in a trademark by the party alleging infringement. Pursuant to the established UDRP precedent on this issue, the WIPO panellist found against the complainant. The initial registrant/respondent could not be expected to have had knowledge of a trademark which did not exist at the time of registration. Any claimed intent on the part of the respondent to knowingly infringe a trademark was, correspondingly, disproved and the complainant request for an order of cancellation and transfer denied. In short, the intent and actions of the respondent did not constitute bad faith within the meaning of Paragraph 4(b) of the UDRP.

Subsequent to the decision of the UDRP, the initial registrant transferred the disputed domain name to a third party who was also a family member. However, and concurrent with the undertaking of a third-party transfer, the complainant had by this point established trademarks in connection with the contested domain name, and sought relief in the federal courts. The counsel for the complainant asserted that the related party transfer represented a “new registration” under the relevant statutory provisions of the ACPA. Accordingly, as argued by the legal counsel acting on behalf of the company GoPets, any rights accrued to the initial domain name registrant and, thence, (incorrectly) passed over to the transferee, had been extinguished and nullified upon the re-registration of the domain name. Consistent with previous UDRP panel practice, the Ninth Circuit ruled adversely, holding that the transfer of an initial domain name to a third party did not constitute a new registration within the accepted meaning of the ACPA.

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719 ibid.
720 Abbott (n 3) 39-42.
721 ibid.
As already stated, the facts of the *GoPets* case involved a related party transfer. Once again, a hypothetical example can be offered in support of the panellist’s decision.722 Suppose an individual took steps to register a website under the domain name “twitter” in 2001 and used it for the purposes of establishing a small-scale community college website. The trademarked social media site now known as “Twitter” had not yet been conceived. At any rate, its operation as a social media site was not well known to the public until some years later, and no service mark would therefore have attached to the domain name. Judged from the standpoint of the ruling practices and precedents of the UDRP, the online social networking company could not successfully pursue a claim of illegitimate use of trademarked domain name against the initial registrants for the simple reason that that the respondent party could not have registered in bad faith when no adverse rights in an established trademark existed.723 Now let us take another scenario. Suppose the initial registrant from 2001 had constituted a limited liability company with the aim of developing the small-scale website, registered under the name “twitter LLC”. The 2001 domain name is now registered under the name of the aforementioned company. Aside from this change, the factual situation remains the same. Should the creation of the limited company alter the legal rights and standing of the Twitter social networking company? That is to say, could the social networking site operating under the trademarked name Twitter establish a new ground on which to pursue a claim of abusive domain registration and use? To this question the UDRP has, generally speaking, answered in the negative: the complainant would not be successful in pursuing this claim.724

8.2.2 The UDRP and (Related) Third Party Transfers

On the whole, UDRP panellists have ordinarily declined to treat related party transfers as new registrations principally because there may be any number of good faith reasons why a registrant may seek to transfer registration of a domain name to a family member or related entity.725 Any attempt to deprive a domain name holder of its protections, specifically by depriving it of the rights and goodwill built up in the course of developing his or her business, would invariably skew the balance of interests in favour of the trademark holder, who at any

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723 Abbott (n 3) 45.
724 See *Motorola Inc v NewGate Internet Inc* WIPO Case No D2000-0079.
725 See *GoPets Ltd v Edward Hise* WIPO Case No D2006-0636. The panel did not accept the complainant’s assertion of its acquisition of trademark rights before the initial registration, although that acquisition was prior to the related party transfer.
rate only established an enforceable claim over the disputed domain name only after it had already been registered.\textsuperscript{726} In line with a purposive analysis of the ends served by a rule or policy, WIPO Panels have typically rejected this overly narrow interpretation of “new registrant” as an inequitable and unfair rendering of the rules related to personal property.

The judicial outcome enforced under the \textit{GoPets} case is not especially controversial. Indeed, such an outcome is broadly consistent with the ordinary application of rules established under the UDRP. And yet, a discrepancy comes to light when one considers the reasons given by the Ninth Circuit Court in reaching its decision. In holding that the purchaser/transferee could not have registered the domain name in bad faith, the Arizona District Court’s interpretation of the applicable ACPA provisions proves especially telling in this regard:

\textit{[T]he text of § 1125(d) (1) considered in isolation does not answer the question whether “registration” includes re-registration. Looking at ACPA in light of traditional property law, however, we conclude that Congress meant “registration” to refer only to the initial registration.\textsuperscript{727} It is undisputed that the [defendant, Edward Hise] could have retained all of his rights to gopets.com indefinitely if he had maintained the registration of the domain name in his own name. We see no basis in ACPA to conclude that a right that belongs to an initial registrant of a currently registered domain name is lost when that name is transferred to another owner. The general rule is that a property owner may sell all of the rights he holds in property. GoPets Ltd’s proposed rule would make rights in many domain names effectively inalienable, whether the alienation is by gift, inheritance, sale, or other form of transfer. Nothing in the text or structure of the statute indicates that Congress intended that rights in domain names should be inalienable.\textsuperscript{728}}

The Court concluded:

\textit{We therefore hold that Digital Overture’s re-registration of gopets.com was not a registration within the meaning of § 1125(d) (1). Because Edward Hise registered gopets.com in 1999, long before GoPets Ltd. registered its service mark, Digital

\textsuperscript{726} Abbott (n 3) 31-35.
\textsuperscript{727} GoPets (n 535) 1030, 1031-1032.
\textsuperscript{728} ibid 1031.
Overture’s re-registration and continued ownership of gopets.com does not violate the (relevant statutory provisions) under 1125(d)(1).  

Given that the facts of the case centred on a related, as opposed to an unrelated, transfer, it is unfortunate that the Ninth Circuit Court chose not to expand on the relevance, or otherwise, of this factor in reaching its decision. Favouring a narrow, rather than broad, understanding of its judicial competences, the court chose only to emphasise the point that domain names fall subject to the protection enshrined in traditional property law. Invoking principles ordinarily applied to personal property, the court held that the rights attaching to domain name registration and use ought to be regarded as “alienable”, rather than conditional and are thus transferable. What was missing from the court’s reasoning is how its determination might shape future legal outcomes in contexts and factual circumstances different from the related party transaction at issue in the GoPets case. The judicial outcome reached in the GoPets case would, in all probability, have mirrored the reasoning and decision rendered by an arbitral panel under the UDRP under similar circumstances. Notwithstanding these broader jurisprudential trends, one can discern the beginnings of a disagreement between the US courts and the UDRP panels in connection with the meaning of “registration” under the relevant instruments, the ACPA and the UDRP policy, respectively.

8.3 Unrelated Third-Party Transfer: the AirFX case

In the AIRFX.com v AirFX LLC case, an Arizona court considered a third-party transfer action similar to that which was in dispute in the GoPets case, with one crucial difference: the facts of this case concerned the acquisition of a domain name by a party unrelated to the initial registrant. The defendant AirFX LLC owned the trademark for “AIRFX” in connection with business dealing with the trade and repair of motor vehicle parts. The domain name was originally registered by Bestinfo on March 2003. In 2005, the company Air System Engineering Inc (“ASE”) successfully filed a trademark registration application for the mark Air.FX. In 2001, ASE assigned its trademark rights to a wholly owned subsidiary, Defendant AirFX.LLC. Subsequently a Mr Lurie acquired the airfx.com from Bestinfo but

729 ibid.
730 ibid, 1031-32.
731 See for example Schmidheiny v. Weber, 319 F.3d at 582-83 (3d Cir. 2003).
732 AIRFX.com v AirFX LLC No CV 11-01064-PHX-FJM, 2012 WL 3638721 (D Ariz 2012) at *2. Also see FX.COM v AIRFX LLC No CV 11–01064–PHX–FJM 7 March 2013 (2013 WL 857976 (D Ariz)).
did not create a website under this name. Rather, he established a landing page (no revenue was generated from advertisements).

A year after Lurie acquired the airfx.com domain name, the defendant contacted Laurie threatening to bring an action against it if it did not agree to sell the domain name to the defendant. The defendant’s request was refused before they contacted Laurie again demanding that it “turn over control” of the website, but Lurie declined once again.\(^{733}\)

In 2011, the defendant filed a complaint against Laurie under the Uniform Domain Name Dispute Resolution Policy (“UDRP”). The UDRP panel found in favour of the defendant, and requested that the domain name be turned over to AirFX LLC.\(^{734}\) The losing respondent, Lurie, subsequently sued the defendant in the federal court of Arizona on the grounds of reverse domain name hijacking.\(^{735}\) The defendant moved to dismiss the case, or failing this, to relocate the hearings to the Louisiana courts, subject to the applicable laws of the defendant’s home state. The request on jurisdiction was denied.\(^{736}\)

In addressing the material issues at stake in the dispute, the Arizona District Court turned once again to the ACPA. As should be evident by now, the act prohibits the bad-faith registration of Internet domain names for profit, a practice known as cybersquatting. For an act of cybersquatting to have occurred, in violation of the ACPA, domain name holders are said to “hijack” a domain name possessed or owned by an individual. In other words, because that individual is assumed to have rights in a trademark, he is also assumed to exercise dominant (if not exclusive) control over the use of, and access to, that domain name. But this does not yet offer us meaningful insight as to the extent and reach of the right: does the right in a trademark insulate a domain name holder from any actions filed by parties with legitimate interest in that domain name? Under the ACPA, when a trademark owner claims absolute possessory control and rights over a domain name in the course of exercising his statutory rights, he “reverse hijacks” the domain name from the person who registered it.

8.3.1 The Meaning of “New Registrant” under the ACPA: a Bridge too far?

\(^{733}\) AIRFX.com v AirFX LLC No CV 11-01064-PHX-FJM, 2012 WL 3638721 (D Ariz 2012) at *2.
\(^{734}\) ibid 3-5.
\(^{735}\) Pursuant to ACPA, 15 USC § 1114(2)(D)(v).
\(^{736}\) AIRFX.com v AirFX LLC No CV 11-01064-PHX-FJM 2012 WL 3638721 (D Ariz 2012) at *2.
Drawing on the leading case on the issue, the Arizona court reflected on the reasoning applied in GoPets and took it to its seemingly logical conclusion. Once again, the dispute settled on the scope and meaning of “new registrant” within the terms of the ACPA. In delivering its final judgment, the court held that transfer to an unrelated party did not constitute a new registration within the meaning of the ACPA. On the question of whether the domain name was registered and used in bad faith, the District Court focused its analysis on the initial acquisition and registration of the contested domain name by the purchasing but unrelated party, finding that the complaining party had not yet established a right in trademark corresponding to the domain name in dispute.

The argument for dismissal centred on the lack of evidentiary proof showing that “defendant both knew of the plaintiff legitimate interest in the domain name and harassed plaintiffs”. To support this argument, the legal counsel for the defendant referred to the UDRP panel’s decision. The court ruled, however, that UDRP decisions are afforded no automatic deference by federal courts in an ACPA case. Rather, to find in favour of a reverse domain hijacking claim under the ACPA, the plaintiff is required to satisfy four elements: (1) the plaintiff is a domain name registrant; (2) the plaintiff’s domain name was “suspended, disabled, or transferred under a policy implemented by a registrar as described in [relevant provisions of the ACPA]”; (3) the trademark owner seeking transfer of the domain name gives the defendant registrant notice of the action; and (4) the plaintiff’s use or registration of the domain name was not unlawful.

In delivering its judgment, the court held that the plaintiff had properly alleged all four elements in his complaint. In support of its decision, the plaintiff’s arguments were cited, notably: the extensive use of the AIRFX mark; the selection of a domain name that was closely connected to the product offered on his website; the absence of an abusive use of the defendant’s trademark; and the lack of any illegitimate intention to trade off the goodwill of...
the trademarked domain name, or to divert customers away from products sold under that trademark for reasons of profit and gain.\textsuperscript{741}

From a legal standpoint, the significance of the \textit{AirFX.com} ruling lies in its deviation from customary UDRP panel practice. This departure is best summed up in the following passage:

[The] defendant argues that GoPets is distinguishable, because in GoPets Hise transferred the domain name to an entity he co-owned, and here Lurie purchased airfx.com from an unrelated third party. According to defendant, the purpose of the ACPA will be undermined if a cybersquatter who purchases a domain name in bad faith is immune from liability simply because the domain name he purchased existed before a mark was distinctive. Nothing in the language of GoPets indicates that it should be read as narrowly as defendant suggests. GoPets did not distinguish between transfers of a domain name to related parties and other kinds of domain name transfers. To the contrary, GoPets broadly reasoned that if an original owner’s rights associated with a domain name were lost upon transfer to “another owner”, the rights to many domain names would become “effectively inalienable”, a result the intention of which was not reflected in either the structure or the text of the ACPA.\textsuperscript{742}

The ruling issued by the Arizona District Court is the culmination of incremental evolutions that have long been underway in the rulings of the Ninth Circuit. Extrapolating from the ACPA-related developments in the Ninth Circuit, the significance of these recent rulings may well be felt in legal fora elsewhere. Indeed, they may result in a significant change to panel practice under the UDRP, unless, that is, one can identify a dissonance between the rules of the ACPA and those established under the URDP which would provide a basis for distinguishing the way the same terms (e.g. “new registrant”) have been interpreted.\textsuperscript{743}

\subsection{8.3.2 WIPO Panellists React}

\textsuperscript{741} \textit{AIRFX.com v AirFX LLC} No CV 11-01064-PHX-FJM 2012 WL 3638721 (D Ariz 2012).
\textsuperscript{742} \textit{GoPets} (n 535) 1031-32.
\textsuperscript{743} The Ninth Circuit decision in \textit{GoPets} followed a WIPO panel decision, \textit{GoPets Ltd v Edward Hise} WIPO Case No D2006-0636, that rejected the complaint based on respondent registration prior to complainant acquisition of trademark rights, although prior to related party transfer.
Under UDRP precedent, the question of whether a non-related transfer party registered a domain name in good faith is to be determined with sole reference to the circumstances applicable at the time of registration. Moreover, somewhat in accordance with the Umbro judgment, or as a qualification of the Kremen rule, UDRP panels have generally chosen not to treat domain names as freely alienable property such that any pre-existing interests, warranties and representations held by prior registrants are self-evidently assumed to have been “carried through” in connection with the acquisition of those assets by unrelated transferees. In the aftermath of the above mentioned rulings, the UDRP panels will look to reassess the meaning of “registration” in connection with unrelated transfers in light of the GoPets and AirFX holdings.

The first relevant decision, Twitter Inc v Geigo Inc adopted by a UDRP panel preceded AirFX holding. A second panel decision in Diet Centre Worldwide Inc v Jason Akatiff post-dated the GoPets and AirFX judgments. Employing very similar reasoning, both panels departed from the rulings issued under the ACPA. In particular, the relevant panellists rejected the Federal Court’s finding that transfers between unrelated parties constitute new registrations for the purposes of assessing liability under the second and third “bad faith” elements of UDRP practice. In reaching their decisions, both panellists explicitly factored into their reasoning:

1) the contractual relationship which exists between the domain name registrant-transferee and the registrar;

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744 E.g. Ticketmaster Corporation v Global Access WIPO Case No D2007-1921.
745 Paragraph 2 of the UDRP reads as follows:
2. Your Representations. By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else’s rights.
746 Transfer between related entities has been in most panel cases found not to constitute a “new registration”, see e.g. Schweizerische Bundesbahnen SBB v Gerrie Villon WIPO Case No D2009-1426. However, see for example The Proprietors of Strata Plan No 36 A Turks and Caicos Corporation v Gift2Gift Corp WIPO Case No D2010-2180 (“The Panel notes that earlier panels have recognised some qualifications on the usual rule that a transfer of registration counts as a re-registration as a result of which it may be appropriate to assess whether or not there has been a registration in bad faith earlier than the date of transfer.”).
747 WIPO Case No D2011-1210.
748 WIPO Case No D2012-1609.
2) the representations undertaken at the moment of acquisition and transfer which results in a change in registry data.

In the *Diet Centre Worldwide Inc v Jason Akatiff* decision, adopted in the period subsequent to the *GoPets* ruling, the panellist argued the following:

As other UDRP panels have also done in cases such as Twitter, Inc. v. Geigo, Inc., WIPO Case No. 2011-1210, this Panel will continue to follow the general approach of WIPO UDRP panellists and consider that the transfer of a domain name to an unrelated third party constitutes a new registration for purposes of assessing bad faith

… [While] domain names have attributes of intangible property, the rights of the domain name registration holder are contractual in nature and subject to the terms and conditions of a registration agreement. When an unrelated third party changes registrant data and/or re-registers with a new registrar, that party is accepting representations and warranties under the registration agreement as of the date of the change. These effectively include that the new registration is being undertaken in good faith (see paragraph 2 of the Policy).  

Furthermore, the Panellist observed, with the “greatest deference owed to the national courts”, that the Ninth Circuit Court of Appeals had based their decision (incorrectly) on an “interpretation of the ACPA, not the UDRP Policy” and was therefore “not consistent with general WIPO UDRP panel practice under the Policy”.  

The language employed by the Ninth Circuit in *GoPets* is open to varying interpretations, and can be read narrowly or broadly; the District Court in *AIRFX.com v AirFX LLC* favouring the latter. The crucial difference, however, is the interpretative materials in dispute in each of the decisions. Appropriate to its competence and jurisdiction, the Ninth Circuit court formed its decision on the basis of its interpretation of the terms of the ACPA. The UDRP panels, by way of contrast, arrived at their conclusions in view of the contractual basis on which a domain name is registered. In light of the differences between the ACPA and the UDRP, both in their scope, language and legislative history, it is perhaps little wonder that the WIPO panels distanced themselves from legal developments underway in the Ninth Circuit. In so

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749 ibid 4, cited in Abbott (n 3)
750 WIPO Case No D2012-1609 (n 748) 4.
doing, the panel members sought to escape the jurisdictional constraints of conventional trademark law, as it has evolved in national settings.\textsuperscript{751}

The Panel in \textit{Diet Centre Worldwide Inc v Jason Akatiff}\textsuperscript{752} went further, stating:

\begin{quote}
While administrative panels under the Policy tend to look to the law of the country of the parties when they are within the same country, the Policy is a set of rules that operates within its own unique context. The UDRP incorporates generally accepted principles of trademark law, without representing a linear application, to the extent that this would even be possible in its international setting. For example, in order to provide safeguards for registrants, a UDRP transfer requires bad faith on behalf of the registrant, going in this respect beyond conventional trademark law. In this connection, the Panel further notes the mutual jurisdiction provisions which enable party recourse to national courts. The Panel observes that it will assess the bad faith element as of the time Respondent by its own account acquired the disputed domain name.\textsuperscript{753}
\end{quote}

The next section goes on to discuss potential areas of conflict between the ACPA and the UDRP as part of a broader discussion on the dual character of domain names as contractually created while functioning as a new form of intellectual property.

8.4 \textbf{The Differing Approaches to Trademark Infringement under the ACPA and the UDRP}

8.4.1 Bad faith

Pursuant to the UDRP policy, in order to attain a finding of abusive use and registration of a domain name, complaining parties must first demonstrate that the respondent party intentionally registered the domain name in bad faith with knowledge of the complaining party’s trademark rights or interests in that name.\textsuperscript{754} Under the ACPA, the only explicitly

\textsuperscript{752} WIPO Case No D2012-1609.
\textsuperscript{753} ibid 4.
\textsuperscript{754} See \textit{Urban Home v Technology Online LLC/Whois Privacy Service Pty Ltd} WIPO Case No D2012-2437.
stated element which must be proven in order to secure a finding of bad faith is the existence of an adverse or conflicting trademark.755 Thus, if the complaining party can demonstrate its right in a pre-existing conflicting trademark, the federal court may well uphold the claim of bad faith use in respect of conduct undertaken after the date of registration. As a result, even when a domain name is shown to have been registered in good faith, the existence of a conflicting trademark may well resolve in an after-the-fact finding of trademark infringement providing that the trademark pre-dates the date on which the disputed domain name was initially registered.

From the standpoint of UDRP practice, the existence of a conflicting and pre-existing trademark right is a de facto prerequisite for a finding of a bad faith element; one necessary element of the three-part test enumerated under Article 4 of the UDRP. In other words, the existence of a trademark at the time of registration of a disputed domain name is effectively a “but for” precondition without which a determination of “bad faith” cannot be entertained, much less be taken as dispositive proof of its presence.756 And yet, this requirement marks only the beginning of the inquiry into whether such evidence of bad faith conduct exists. In contrast with the terms stipulated under the ACPA, the language of Paragraph 4(b) of the UDRP expressly requires that additional factors be considered including, for example, the intent of the registrant at the time of registration.757 In this sense, UDRP rules appear more amenable to a nuanced analysis of the relevant circumstances governing third-party transfer and registration. After-the-fact conduct can thus be assessed as an indicator of the registrant’s good or bad faith but it is not, in or of itself, conclusive. On practical grounds, of course,

755 However, see Schmidheiny v Weber (n 715) 582-83 where the Third Circuit stated: “The words ‘initial’ and ‘creation’ appear nowhere in § 1129, and Congress did not add an exception for ‘non-creation registrations’ in § 1129(1)(B). … The District Court’s rationale that ‘if Congress chose to treat re-registrations as registrations, it could have used words appropriate to impart that definition’, is not a sufficient reason for courts to infer the word ‘initial’. Instead, we conclude that the language of the statute does not limit the word ‘registration’ to the narrow concept of ‘creation registration’.” For a contrasting view, see Sweger v Chesney 294 F 3d 506, 516 (3d Cir 2002) finding: “We hold that the word ‘registration’ includes a new contract at a different registrar and to a different registrant. In this case, with respect to Famology.com, that occurs after the effective date of the Anti-cybersquatting Act. To conclude otherwise would permit the domain names of living persons to be sold and purchased without the living persons’ consent, ad infinitum, so long as the name was first registered before the effective date of the Act. We do not believe that this is the correct construction of the Anti-cybersquatting Act. We are therefore satisfied that Famology.com, Inc. engaged in a ‘registration’ that is covered by the Anti-cybersquatting Act … .”

756 City Views Limited v Moniker Privacy Services Xander, Jeduya, ALGEBRALIVE WIPO Case No 02009-0643. Greyson International Inc v William Loncar WIPO Case No D2003-0805 (“[R]egistration in bad faith may be inferred, because the complained-of use … [as it has to be conducted and] contemplated by the parties at the time of the registration, would have been bad faith.”).

757 On the ACPA see GoPets (n 535) 1030: “To prevail on its ACPA claim, GoPets Ltd. must show (1) registration of a domain name, (2) that was ‘identical or confusingly similar to’ a mark that was distinctive at the time of registration, and (3) ‘bad faith intent’ at the time of registration”. See 15 USC § 1125(d)(1).
there are clear limits to the extent to which after-the-fact conduct can be relied upon as proof of illegitimate or profit seeking intent at the time of registration. Panels will, therefore, be expected to trace a clear and identifiable link between the offending after-the-fact conduct and the initial registration.  

8.4.2 Domain Names: an Insulated Class?

In their combined impacts, the GoPets and AirFX.com rulings serve to strengthen the status of domain names as a permanent and perpetually protected right under the ACPA. If, indeed, these cases are to be taken as an authoritative statement of the law, having firmed up as judicial precedent, a domain name registered or created prior to the establishment of conflicting trademark rights can never be the object of successful abusive domain and registration action. This rule stands regardless of the action that follows that initial registration and, with particular relevance to this discussion, irrespective of whether that subsequent sale or purchase of that property concerns a related or unrelated party transfer. That is to say, the mere fact of an initial act of registration precludes any further investigation into the “underlying” circumstances under which it was undertaken. In contrast with the undifferentiated, perhaps even superficial, position taken by US courts in respect of the conditions governing transfer in so far as recent ACPA-related jurisprudence has failed to distinguish related from unrelated third parties, the requirement of a pre-existing trademark is construed strictly and inflexibly. To this latter point, the mere existence of a trademark right in the contested domain name is treated as automatic and irrefutable proof of bad faith intent and conduct (in ACPA-related jurisprudence).

At this point, it would be useful to return to the central object and problematic addressed in this thesis: can domain names be conceptualised as an insulated class of perpetually protected

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758. The Proprietors of Strata Plan No 36, A Turks and Caicos Corporation v Gift2Gift Corp Case No D2010-2180 (stating that: “allowing subsequent conduct to override actual intentions at the time of registration, as opposed to providing an inference about what those intentions were, would appear impermissible.”).

759. However, see Schmidheiny v Weber (n 715).

760. As has been established, in order to successfully bring a trademark infringement related claim under the ACPA, the statute explicitly requires complaining party to possess trademark rights at the time the disputed domain name was registered. See 15 USC 1125(d)(1)(A) and Storey v Cello 347 F 3d 370, 386 (2d Cir 2003), and DSPT International v Nahum 624 F 3d 1213 (9th Cir 2010). However, see GoPets (n 535) 1030: To prevail on its ACPA claim, GoPets Ltd. must show (1) registration of a domain name, (2) that was “identical or confusingly similar to” a mark that was distinctive at the time of registration, and (3) “bad faith intent” at the time of registration.
property rights? Moreover, do recent judicial interpretations of ACPA mark a turning point in the characterisation of domain names, and how should UDRP react to these developments?

Any attempt to directly transpose the GoPets and AirFX.com holdings into UDRP jurisprudence would irrevocably alter the established practice of UDRP panels, as well as the rights and protected interests of third-party transferees and disputants (in connection with the representations and warranties created under the ICANN service/registration agreement). In effect, an “insulated” class of domain names would be created and enforced under UDRP rules, ostensibly at odds with their purposes intended by the original framers of the policy. Related or unrelated transferees would be granted security against claims under the UDRP dispute settlement mechanism subject to one precondition: evidence that the domain name in dispute was, in fact, registered prior to the acquisition of trademark rights by third parties.761 But such a move threatens to undo the ruling precedents and customary practice of UDRP practice, fundamentally transforming the rules of the game. By now it should be evident that a finding of bad faith under the UDRP demands proof of the existence of trademark at the time of registration. If the Circuit Court’s interpretation of the ACPA was to be fully incorporated into UDRP practice, a domain name would be freely transferable. On the other hand, a domain name created prior to the establishment of the trademark could never be successfully challenged. In other words, the use of a domain name would no longer be construed as a conditional contractual right, created and enforced under a temporary service agreement with the registrar, but reconstituted as a bundle of – insulated and excludable – rights, encompassing, for instance, exclusive rights of possession, control, transfer and so forth. To put it another way, the rights attaching to a domain, would, as under the ACPA, be

761 A reminder of the relevant provision of the UDRP Policy: Paragraph 4(a) of the UDRP provides:

a. You are required to submit to a mandatory administrative proceeding in the event that a third party (a “complainant”) asserts to the applicable Provider, in compliance with the Rules of Procedure, that (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and (ii) you have no rights or legitimate interests in respect of the domain name; and (iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present. Paragraph 4(c) of the UDRP provides:

Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii)

(i) before any notice to you of the dispute, your 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; or

(ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate non-commercial 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.
treated as “alienable without limit”\(^762\). And yet, to do so is to treat domain names as broadly analogous to real and tangible property. But such an approach entirely denies the contractual framework under which domain names are created.

### 8.5 Treating Unrelated Transfers as New Registrations

#### 8.5.1 Related Party Transfers

UDRP panels have tended to distinguish transfers between related parties (as per the facts under consideration in the \textit{GoPets} case) and unrelated parties (as per the facts of \textit{AirFX.com}). Panel decisions rendered under UDRP are, generally speaking, in line with US judicial practice under trademark law. For example, the goodwill inherent in, or associated with, a trade name or business is carried over upon assignment and transfer of trademarks. Under US trademark rules, the nature of the underlying business is assumed not to change when a trademark is assigned over or transferred to a corporate organisation (e.g. in order to attain preferential tax treatment or when restructuring the company)\(^763\). Relatedly, the rights in a trademark, and reputation of a brand, built up by a company over several years is subject to anti-dilution protections (achieved, for instance, by that company’s decision to file for a certificate of incontestability as security against abusive use and registration of a service mark)\(^764\). In principle, therefore, a company does not suffer a dilution or weakening of its brand on conclusion of an inter-firm transfer. This principle could be reasonably extended to domain names.

In connection with customary UDRP practice, it is commonly assumed that a transfer of property among related parties marks a continuity of ownership. As rights passed seamlessly from registrant to transferee, the initial registrant secures its financial position. UDRP panels have therefore been reluctant to penalise registrants, by way of restricting or diminishing their rights, simply because of a change in the “form” of property (providing that the “underlying” ownership, and possessory interests in the relevant property, is not meaningfully and fundamentally altered as a result of such changes)\(^765\). Panels have, however, been prepared to recognise exceptions to this general rule, for instance when there is evidence to support the

\(^{762}\) \textit{GoPets} (n 535) 1031-32.

\(^{763}\) Abbott (n 3) 31-35.

\(^{764}\) Xuan-Thao Nguyen (n 343) 184.

\(^{765}\) Abbott (n 3) 15.
claim that a party transfer involving related parties has been undertaken in bad faith. In any event, related parties are not the only parties in need of protection against abusive use. UDRP decisions will be expected to secure the rights of domain name registrants/sellers and balance these against the rights owed to the party who acts as purchaser/transferee.

**8.5.2 New Registration and Contract: a New Assessment**

Returning to the recent jurisprudence on domain names, this thesis contends that the rulings issued in *GoPets* and *AirFX.com*, in stark contrast with earlier US case law, place too great an emphasis on the property-like characteristic of domain names. These decisions have, moreover, tended to privilege the rights of initial domain name registrants and the uninterrupted and continuous passage of such rights to third parties transferees, except in those instances where the “bad faith” infringement of an adverse and pre-existing trademark is brought to light. But these protections are analysed and applied through use of reasoning that renders obscure or trivial the other side of the domain name registration and use equation: the contractual relation. That is to say, courts have tended to treat the rights of domain name registrants and the relation in which they stand to transferees as if it was determined exclusively on the basis of property rights.

Distinct from the approach advocated by the Ninth Circuit court under the ACPA, a contextual appraisal of the circumstances governing the assignment, transfer and abusive use of a domain name is necessitated. As Abbott has persuasively contended:

> [T]he better approach may be to accept that domain names have a two-fold or dual character. They have attributes of intangible property. Yet the rights of the domain name registration holder also are contractual in nature and subject to the terms and conditions of a registration agreement. When an unrelated third party changes

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766 There is some practice which suggests that WIPO are willing to treat, in exceptional cases, related party transactions undertaken in bad faith as a ‘new’ registration. *National Collegiate Athletic Association v Dusty Brown* WIPO Case No D2004-0491 (“[I]n most instances, the actions of a prior registrant would be irrelevant in assessing that of the present registrant. This assumes that both registrants are strictly dealing with each other in a totally disinterested, arms-length fashion … Clearly, this is not the case where a continuing relationship of any sort exists between the prior and present registrants. Where such a relationship exists, the question arises whether, under the facts at issue and given the nature of the relationship, the actions of the prior registrant should be imputed to the present registrant such that the conduct of both entities, from the perspective of assessing the proprietary of that action, is viewed collectively, i.e., as one single entity, one single actor”).

767 Abbott (n 3) 5,45.

768 ibid.
registrant data and/or re-registers with a new registrar, that party is accepting representations and warranties under the registration agreement as of the date of the change. These effectively include that the new registration is being undertaken in good faith.\textsuperscript{769}

A thought experiment can be proposed at this juncture. Imagine that a registrant/seller initially registered the contested domain name when no adverse trademark had yet been established. Under the customary UDRP practice, the respondent would escape an order of cancellation and transfer (or other relevant remedy). If an unrelated transferee acquired the domain name when a pre-existing and adverse trademark already existed, then the underlying circumstance relating to registration would be subject to scrutiny in connection with the threshold “bad faith” and “legitimate interests” tests enumerated under Article 4 of the UDRP Policy. The mere existence of a pre-existing trademark, in other words, is not treated as conclusive evidence of abusive domain name registration and use (by the purchaser or transferee). The complaining party/trademark owner will still have to provide adequate evidence in defence of its claim that the new registrant lacks rights or legitimate interests in the disputed domain name, and has otherwise registered the domain name in bad faith.

8.5.3 Rights or Legitimate Interests

As discussed previously, the UDRP policy has been interpreted flexibly, and complained against parties are afforded considerable scope and opportunity to demonstrate their “rights or legitimate interests” in disputed domain names. Here lies the apparent virtue of the UDRP mechanism, relative to the prevailing interpretations of the ACPA. From a jurisprudential standpoint, a claim brought against a domain name which is allegedly identical or confusingly similar to an existing mark, represents only the starting point of a panel analysis not the conclusion. A great number of the disputes heard by UDRP panels have focused on precisely this question: does the complained against domain name registrant have legitimate interests in the domain name even where these run counter to the rights of the trademark owner? The complaining party’s right in a trademark is weighed in the legitimate interests of the complained against registrant who may or may not have registered and used it in good faith. In this regard, the tripartite test applied under Article 4 is assumed to accord equal

\textsuperscript{769} ibid.
consideration to these competing claims (the existence of a trademark, for example, weighed against abusive intent proved, in some instances, by similarity of domain name). Thus, for example, the complaining party’s right in a trademark is weighed in the legitimate interests of the complained against registrant who may or may not have registered and used it in good faith.

A claim grounded in a representation of rights or legitimate interests in a domain name may well extend to activities beyond those involving ongoing commercial enterprises.\textsuperscript{770} A small-scale operator may register a domain name for fair use or legitimate non-commercial purposes.\textsuperscript{771} Why then should they be subjected to a holding of abusive domain name registration and use under the UDRP? The more important question is: should the transfer of a legitimate use domain name to unrelated parties be permitted under UDRP rules?

How panels endeavour to answer this question will most likely depend on the facts of the dispute at hand. It is not unreasonable to assume that an unrelated purchaser/transferee will seek to continue to use an acquired domain name in good faith. On the other hand, the facts around the registration may suggest evidence of abusive or fraudulent intent. The arguments used to defend legitimate domain name use (and intention of use) prior to a transfer will, in most cases, also hold water after a transfer has occurred. Since the onus is placed on the complaining party to prove that an initial domain name registrant lacks rights or legitimate interests, a juridical equilibrium is established: the UDRP, in theory at least, does not place an unreasonable burden on unrelated purchasers/transferees.\textsuperscript{772} Reverse the view, and it follows logically that where an unrelated purchaser/transferee cannot produce supporting evidence of its rights or legitimate interests in a contested domain name, it has no grounds for retaining possession and control of the domain name subject to an adverse trademark right.

\textbf{8.5.4 The ACPA Distinguished}


Setting aside the practical realities and deficiencies of decisions issued under the UDRP, the cumulative balancing tests prescribed under the policy, in addition to their flexible interpretation by WIPO panel members, go some way to reconciling the contractual and property related elements of domain name use and registration. This can be contrasted, once more, with the ACPA related jurisprudence of the US federal and district courts. In earlier cases, US courts were reluctant to take an authoritative position on the domain names-as-property debate for fear of the policy implications entailed by such a move. The situation is quite different today. Panels and courts have prepared the ground for the full recognition of domain names as an insulated class of property rights. Each of these argumentative extremes is unsatisfactory from a jurisprudential standpoint. The GoPets and AirFX.com decisions effectively absolved the court of any need to address the issue of rights or legitimate interests of unrelated purchasers/transferees. Instead, the courts opted to treat domain names registered prior to the acquisition of a trademark as a watertight and indefeasible (or alienable) right. This thesis argues that the excludability of domain names under ICANN approved registration procedures has been over-extended and misconstrued. Domain names should not enjoy absolute protections such that they are insulated from judicial review, other than in those specific instances where pre-existing trademark rights have been established (e.g. in connection with similar or identical names).

The tendency to treat a domain name as that which confers upon its owners absolute rights is unwarranted. The veil that conceals the underlying interests of unrelated purchasers/transferees should be drawn aside and the rights and interests of these parties implicated by domain name registration and use should be left open for judicial assessment and challenge, as deemed necessary and appropriate.

8.6 The Continuing Role and Importance of Trademark Law

As is made evident by the above analysis, trademark law, e.g. the Lanham Act in the US, will continue to play a pivotal role in the prevention of unfair use and exploitation of a service mark and other forms of intellectual property. A domain name may infringe a trademark, as may a website address containing that name, even when acquired in good faith, and regardless of whether the holder of that domain name, or previous owner, has rights and

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773 ibid.
774 ibid; August (n 770).
legitimate interests in that name. Similarly, a domain name owner may avoid a finding of
abusive domain name registration and use under the ACPA, and escape an order of
cancellation and transfer under the UDRP but still face legal action on grounds located
outside these two legal mechanisms. One must then be careful not to over-state the
importance of the UDRP and ACPA at the expense of other legal remedies which may be
available to claimants. Trademark owners will have to find opportunities to reclaim and
reassert their rights in valuable “identifiers” – where they have legitimate grounds against
infringing parties – irrespective of the legal “box” and forum under which that action is
pursued. Under the ACPA and UDRP, the recipient of a transferred domain name acquires all
the accruing rights that the original registrant had. Thus, while additional parties could
bring a subsequent UDRP or ACPA claim, the evidence the new registrant used to
successfully win the domain in its UDRP proceedings will also most likely be sufficient to
withstand any later challenges to its rightful ownership.

8.7 Conclusion: the Wider Picture

The as yet unresolved quandary of a domain name’s characterisation as “property” which can
be freely assigned and transferred will have “real life” consequences for those whose rights
and interests are implicated by a domain name. The same can be said of its characterisation as
a purely contractual creation subject to a chain of conditions which leads downwards from
ICANN. This thesis has recommended that domain names be conceptualised as a form of
intangible property which is constituted and governed by contract. As intangible property,
domain names can, generally speaking, be assigned and transferred just as they can be made
subject to security interests and treated as assets in bankruptcy proceedings. On the other
hand, as contract rights rendered under a service agreement their use and registration is
subject to certain conditions – above all when they are transferred to new (unrelated)
owners/purchasers. Under the ACPA and UDRP, they cannot be acquired in bad faith, though
the factors used to indicate intent will vary. Conversely, they can be legitimately acquired, or
sold, as a means of protecting the commercial identity and ongoing interests of the seller who
has built up a business on the basis of goodwill. The seller may be insulated from claims even
when an adverse trademark exists, if the initial registrant/seller can demonstrate that the
business operates legitimately and in good faith. The final, and concluding, section considers,

775 Abbott (n 3) 52.
and synthesises, the relevant considerations alluded to throughout this chapter and the thesis as a whole, towards assessing the property-like qualities of domain names.
CHAPTER NINE
CONCLUSION: REAPPRAISING THE DOMAIN NAMES AS PROPERTY DEBATE

The concept of cyberproperty is not new; from the start of the decade legal scholars have taken up the challenge of ascertaining how and why electronic elements may be considered as a type of property. The proposition that contract rights provide an unsuitable and limited framework for the protection of domain names, whilst property rights not only arise in the case of domain names, but provide options for a more comprehensive and sound legal model for their protection, gives rise to a fundamental problem: while domain names can qualify for property rights, the question of whether they should qualify remains. Traditional legal arguments have taken the position that intangible Internet rights and services cannot qualify as property, and that property rights are an unsuitable and inappropriate model for electronic elements.776

This thesis has examined the idea that cyberproperty, as a concept, is dangerous and lacking sufficient legal limitations. Fundamental questions have been asked: can domain names be treated as property according to the intended purpose of property rights? Do existing rationales support the existence of cyberproperty and its inclusion in the law of property rights? Can we justify the inclusion of domain names within property law simply on the basis that they qualify, or does the concept create unnecessary and dangerous instability for property law in general? Of fundamental significance to the preceding discussion is the issue of exclusion and, moreover, the necessary limitations of legal models which are rigid and unyielding rather than contextual and purposively orientated in application.

9.1 Ownership and Property: Intrinsically and Conceptually Linked?

Property is a legal, rather than concrete, concept, which operates in order to define the relationship between entities and resources.777 Indeed, the idea of property is entirely unrelated to notions of physicality, tangibility or “realness”.778 In traditional theory, for a right or object to qualify as property, three fundamental notional characteristics must be present: ownership, conversion, and exclusivity.

The issue of ownership lies at the heart of property rights, and while definitions of property cannot simply be limited to ideas of ownership, the two are intrinsically and conceptually linked. As such, the first proposition of property is that the property in question must be owned, or be capable of being owned, in order for property rights to be applicable; without ownership, or the possibility of ownership, an asset cannot legally be considered as property. While this definition is rarely problematic when dealing with tangible objects, where tangible and proprietary rights are easily recognisable, these factors are clearly lacking in the case of virtual property.

Should the same conditions of excludability, convertibility and possession apply to the case of domain names in order for a domain name to be considered as a viable subject for ownership? Moreover, can the registrant assign, restrict or transfer their rights in the domain name to another party and, in addition, must it be possible for the registrant to exclude parties from being able to interfere with or otherwise enjoy any rights arising from the domain name? In other words, must the registrant own the ultimate right to do as he or she wishes in relation to his or her asset in order to be considered as the absolute owner of the domain name?

9.2 Exclusivity and the Practicalities of Domain Name Registration

Whilst the notion of property rests upon a foundation of ownership, the fundamental test for whether something qualifies as property is exclusivity: the owner of an object or right can be considered to be whoever holds the ultimate right to exercise the use of that object or right.\textsuperscript{779} As such, something may only be considered as property where the owner has the ability to exclude other parties from its use and so, where it can be proven that a domain name registrant has the ability to exclude others, the first premise of property rights is fulfilled. The later is supported by the rule of “first-come-first-served policy” which is of fundamental importance to the legal status of a domain name.

Not only does the first registrant receive exclusive rights to the domain name itself, they also receive the right to send Internet traffic through the domain name in question to the website

\textsuperscript{779} Merrill Lynch, Pierce, Fenner & Smith Inc 828 F 2d 1567 (Fed Cir 1987).
of their choosing. Significantly, this rule is in direct opposition to trademark law, which allows the same trademark to exist where the products or services operating under each trademark are suitably or substantially different. Consequently, domain name protocol operates outside the framework of existing trademark law, and must accordingly be brought under the auspices of an alternative model. The existence of exclusivity is therefore significant, as it indicates that domain names have the potential to qualify as property and thus to seek protection under the corresponding property rights.

An individual can register a unique domain name to themselves, to hold it to the exclusion of all other parties, and to decide which website Internet users will visit on using the said domain name. Registrars, however, explicitly seek to insulate themselves from claims in property rights where domain names are concerned. They seek to retain the right to control the domain names registered to them. This is especially the case now that the ICANN expansion programme has taken effect. Companies such as Google and Amazon have submitted bids for a number of generic world TLDs.

Until recently, Top-Level Domain names, such as .com, .net, .org, were finite, and thus their usage was tightly controlled and monitored by a number of governing bodies, known as registrars. With the implementation of ICANN’s gTLDs expansion programme, the right to register and govern domain names has been opened up to an explosion of new actors vying for domain name dominance. Registrars still hold the cards: they control, approve, and subsequently monitor, the use of every domain name in use, in increasingly significant ways with profound implications as to how we all acquire information, use services and buy products sold online. These developments may dilute or infringe the rights of trademark holders but they may also strengthen the position of retail and advertising giants which seek to secure bids over generic words with the precise aim of shutting out competition. How companies direct the flow of Internet traffic and resolve queries is likely to diminish rather than enhance consumer knowledge of the products available to them. Indeed, search engine

results are dictated by profit rather than quality, at odds with the very purpose of trademark law. Any company can pay Google to ensure that their products feature prominently on a web search. If Amazon is successful in its bid to acquire strings such as .book, then it may well pursue a claim on the grounds of trademark infringement in connection with third-party use and registration of that term. Whether such an action would be successful is a different question, but it does raise legitimate questions as to which rights, and whose interests, domain names are intended to serve.

The prevalent understanding that domain name registrars provide only a licensed service to registrants is further demonstrated by the relevant registrar’s ability to suspend domain names wherever a party can prove that the domain name corresponds to their own trademark. Registrars actively seek, therefore, to prevent the registered domain name from being excludable, which not only interrupts the ability of the domain name to qualify as property, it also prevents legal ownership on the part of the registrant. Consequently, on the contractual side of the equation, no matter how valuable the contents of a website or how crucial the domain name to the viability of a business venture, registrars retain the legal ownership of all domain names. As discussed in this thesis, rights of property are traditionally accorded to those individuals and actors with capacity to control the use and transfer of the rights attached to domain names—absolute owner of the property. In the case of domain names, this would appear, to all intents and purposes, to be the registrant. The issue at the heart of the domain name status debate is thus, simply: who owns the name?

This thesis has previously argued that there is a demand for domain names as a standalone commodity. A valuable domain name is valuable because of its association with the goodwill built up and developed over years by an ongoing business. As such, that business may well have been established by the domain name registration owner when no such “adverse trademark” existed. It seems fair that business should be shielded from a claim of abusive business registration under whichever instrument because no bad faith intent can be established at the date of the registration. It follows that unrelated, perhaps even related, domain name purchases or transfer and any bad faith intent should be scrutinised at the time

of purchase and re-registration. What remains unclear is whether such a rule may unduly impact the initial registrant owner of an online business identified with that domain name. In other words, would an unrelated third party be safe to purchase that business without attracting a claim, or finding, of abusive domain name registration and use? These fears are over exaggerated: the registrant/transferor of an ongoing business (and domain name) is likely to be accorded, if UDRP and ACPA practice are indicative, a priority right under traditional trademark law principles. The business associated with a trademark will be able to continue to use a domain name simply because it was doing so earlier than the trademark owner. As a result, the transfer of a domain name to a new owner under such circumstances will not affect the integrity of the owner’s rights in that domain name.785

9.3 Abusive Domain Name Registration and the Challenge of Cybersquatting

Where a registrant registers a domain name in “bad faith”, the courts have taken the view that the asset has a rightful owner, that this rightful owner has a superior right of entitlement to the asset, and that it is the courts’ job to decide, based on the evidence, which party to the litigation is most entitled to the domain name, and whether the registration of the said domain name was therefore undertaken in bad faith. In the case of cybersquatters, who typically target domain names which bear some relation to popular and valuable trademarks, the values at stake can be astronomical. For example, in July 1998 the rights to the domain name altavista.com were purchased by Compaq Computer Corp from a small company called Alta Vista Technology for almost 3.5 million dollars.786

If an online, and ongoing, business registers a domain name after a trademark has already been established, the legality of third-party transfers will be more contestable. To resolve these disputes, courts and WIPO panels will rely on traditional trademark infringement analysis. In the context of the UDRP, panel interpretations of such factors will be influenced by additional factors, including whether the initial domain name registrant/transferor trades in the same sector or commercial stream as the trademark owner. The panel may also seek evidence of illegitimate intent, and consider whether the registrant/transferor was aware of the trademark owner when it started the online business. Another relevant consideration is

785 Abbott (n 3) 52.
786 Ian C Ballon, E-Commerce And Internet Law: A legal treatise with forms (2nd edn, Thomson/West 2011) at chapter 7.02.
location. Should the initial registrant/transferor and the transferee be based in different national jurisdictions from that of the trademark owner, panels may have some difficulty determining the circumstances around registration and intent.

While domain names serve as source indicators, in much the same way that a street address provides us with information about the location of a building, they are simultaneously linked to content with a unique identity. Because of their role as “source” indicators, there has been a persistent tendency to treat domain name disputes as a subset of trademark disputes, and to thereby apply trademark law to any legal issues arising out of their misuse. However, domain names differ from trademarks in one critical way: whereas a trademark may be used simultaneously by multiple businesses providing that the goods and services provided by each business are suitably dissimilar, a domain name registration operates on a “first-come-first-served policy” basis. As such, the applicant who first registers a domain name has the right to exclude and thus might be considered the absolute owner of the asset. It is this “uniqueness” – the way in which registrants seemingly have sole possession of their domain name – which provides a theoretical foundation for the claim that registrants “own” domain names, and are thereby subject to the ordinary rules of property law.

9.4 Which Rights are to Prevail?

This thesis has argued that domain names are reasonably characterised as both contract rights and intangible property. The recent decisions of the Ninth Circuit Court of Appeals cast considerable doubt on whether this dual nature has been fully recognised or endorsed. The thesis has analysed the prevailing tendency to construe domain names as intangible property subject to the ordinary rules of personal property. In response to these trends, the thesis has contended that courts have applied these rules and principles without according due deference to the “regulated contract” model under which domain names are created and regulated.

Viewed through the lens of emergent case law, particularly in the United States, the domain name “owner” of the property is authorised to sell or transfer the property to a third party along with attaching or accrued rights. The transferee or purchaser acquires both the property and accrued rights and in doing so is able to immunise himself or herself from third-party claims. What has not been given adequate consideration in the emerging jurisprudence is whether the contractual burden is transferred to the new purchaser to whom the domain name
passes. In other words, the purchaser enters into a contractual arrangement with the registrar and, as part of the contract, is the new purchaser therefore subject to the standardised warranties and representations that attach to the “new” service agreement (which may preclude it from asserting rights previously acquired by the seller)?

This thesis has attempted to offer a comprehensive analysis of the current state of cyberproperty and the resultant status of domain names. While a more fine-tuned approach should be applied to contested questions – including, for example, the question of the relation between tangible and intangibles – the concept (or construct) of property continues to provides a useful set of tools with which to resolve disputes in the evolving e-marketplace. The utility, value and significance of traditional property law concepts, in other words, should be regarded as a useful resource and not a doctrinal fiat. Unresolved questions must be taken one by one, in the eclectic spirit of reasoned and balanced judgment.

After Kremen, it is clear that a wholesale and uncritical acceptance of conventional property rights is untenable and, what is more, undesirable. Property interests should not always be treated as excludable. The protection of an individual’s inalienable, continuous, insulated rights is not always just or fair. This is especially so from the standpoint of third parties with conflicting rights in a disputed domain name, but it also extends to public challenge to anti-competitive practices at the top level. A framework should be developed that allows for the greater reconciliation of contested rights and principles as these present themselves in domain name disputes.

Such a framework would seek to accommodate and balance open access to the Internet with actionable legal protections for domain name owners whose rights and interests have been unjustly or inappropriately interfered with, diluted or denied. In this case, a nuanced property-rule approach is an acceptable model, where user-liability is taken into consideration in the formulation of a practical approach to the matter. Flexibility in the model will be the key to its success. Such an approach will demand the theorisation, and elaboration, of the status of domain names under current law. This status should be better defined, without collapsing into a rigid formalism which fixates on narrow technicalities: the registration process and the service contract (or property) rights thought to arise as a result. In a world that is becoming increasingly virtual, the broader consequences of a failure to adequately define and protect
domain names are likely to outweigh any unforeseen or detrimental consequences which may result from applying property rights to intangibles.

In Chapters Two and Three, it was discovered that the Anti-cybersquatting Consumer Protection Act (ACPA) prohibits and penalises bad-faith and/or abusive registration of distinctive marks, particularly where the rights holder can demonstrate intent to profit from the goodwill inherent in such marks. At a global level, the Uniform Domain Name Dispute Resolution Policy (UDRP) provides similar protections. The jurisprudence which has developed under the ACPA and UDRP may constrain the conduct of individuals who speculatively gain from top-level squatting. In any event, these movements suggest the courts’ willingness to redefine ownership according to a prescriptive judgment, asking the question: “who ought to own property?”, rather than confining the analysis to the more limited enquiry of: “is this ‘thing’ property?”. To the extent that issues around entitlement and fairness have been factored into cases involving abusive domain name registration and use and cybersquatting, the relation between these general principles and more specific doctrines including, for example, trademark dilution, have not been well defined. Certainly, WIPO panels and courts have made some effort to reconcile notions of rights and entitlement (smuggled in under the “legitimate interests” clause of the UDRP) and “bad faith” when adjudicating issues around the ownership, acquisition, sale and transfer of contentious trademarks.

In cybersquatting disputes, the element of bad faith is a relatively straightforward concept to prove. In addressing such issues, however, courts have failed to engage with the broader domain name-as-property debate. Social norms governing the distribution and use of property often take second billing to commercial trademark interests. As a result, little consideration is given to the value of domain names on their own terms, and for society writ large, and the emphasis should not merely be on the ways in which registration use may come to encroach upon pre-existing trademarks.

Furthermore, the situation becomes more complex, and the ACPA and UDRP accordingly less useful, where a domain name is not specifically registered by an individual who does not intend on profiting from its sale.787 In particular, the framework fails to deal with disputes

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787 Lipton (n 784).
between two corporations which each have a legitimate claim to a domain name; one through
the policy of “first-come-first-served policy” exclusivity, and the other through the policy of
prior trademark registration. In many respects, the challenges described above are
interconnected. At the outset, it is clear that a domain name which shares a resemblance to a
trademark or a well-known individual can carry tremendous financial value. For example,
there can only be one “google.com” registered, but permutations of the domain name, such as
google.com or gogle.co.uk may also be registered. Google in turn will act defensively and
speculatively, seeking control not merely over trademark-related strings but, equally, any
domain name which may dilute or enhance its interests, even when these are only tangentially
related to the services it provides. At present, there is no real framework within which the
competing interests of trademark owners and domain registrants can be adequately weighed
and balanced.

9.5 The Policy Implications of Domain Name Ownership and Use

Thus far the discussion has been preoccupied with factors such as excludability and the
capacity for exclusive control and use of a domain name. These principles, as important as
they may be, do not equip the reader with an adequate theory of property. Given its normative
as well as doctrinal–juridical dimensions, the judge who applies laws of property is also in
some other sense adjudicating among competing interests, a process that resolves in a
judgment as to how resources ought to be distributed, allocated and exchanged among
members of a society.

The conceptual development of property, as a legal category, cannot be fully illuminated by
resort to narrow doctrinal concepts. The ad hoc propertisation of intangible interests threatens
to destabilise investor expectations. On the other hand, investors will depend heavily on the
provision of clear rules when adopting measures to mitigate their potential exposure to
liability. Such rules, when clear and determinate, will shape market behaviour. By
uncritically expanding the definition of what is property, recent judicial outcomes are liable
to blur the divide between property and service functions, thereby destabilising the legal
expectations of individuals.

From a jurisprudential standpoint, any understanding of how property is to be reconciled with
the common law as a whole is left wanting. When attempting to define property, it is critical
that we render explicit the whole swathe of interests and concerns that property law is intended to address, including, but not limited to: its function in determining which resources are thought capable of sale and exchange in the market place (what is saleable and what is a mere “gift”); the distribution of scarce resources through rules which govern the control and use of property; the signalling role of property as a source “identifier”; the protections it gives to interests which are adversely affected by transfer of ownership to third parties; and, finally, its role in reconciling conflicts between the interests of the individual and the group. Once again, the substantive dimensions of property are sharply exposed. Strong, internally coherent property rules support cohesion in society, translating competing social interests into a functional, singular whole.

9.6 Concluding Thoughts

Contra the underlying premise of property law and theory, the law of contract, sometimes referred to as personal obligations, is essentially procedural in form and nature. In conventional thinking the law of contract is presumed to be indifferent to the outcomes served by it, and to the transactions it oversees, which are bilateral and narrow in scope; these transactions, after all, are presumed to revolve around personal dealings among individuals, which generate effects thought to be both self-contained and discrete. In other words, the law of personal obligations directs its attention to the means and mechanisms through and by which contracts are concluded. The doctrines of contract law seek, therefore, to imbue contractual exchanges with “rule of law” elements of predictability, reliability, security and fair dealing among contracting parties. In capsule, the law of contract “understands” its own regulatory function as one addressed to the problem of (dis)trust among contracting parties. Upon entering into a contract, an individual will come to rely on the sincerity of intention and action of the other party to the contract, but in doing so, such actors expose themselves to the risk of wrongdoing or negligence on the other’s part. As a meta-procedural device, the law of contract is assumed to create a more level playing field amongst bargaining parties, for instance, by correcting asymmetries in information (rather than power) and instituting remedies which provide security against damage resulting from a breach of trust. It seeks to strengthen and secure mutuality, stability and reliance in the execution of the terms of a contract: it is ambivalent before its outcomes and indifferent to broader political–substantive goals. Property, in contradistinction, relies heavily on the effective enforcement of negative
rights which are necessary for delineating excludable ownership to be reconciled with collective rules for group interactions.

There is no clear reason why the UDRP or ACPA need prioritise traditional trademark law and doctrines when addressing the legitimate use and acquisition of domain names: why does the court make the assumption that trademark rights are more important than an individual’s right to register their personal names as domain names? On the other hand, power remains, for the most part, with the registrant. The contractual provisions of ICANN approved registration agreements, reinforced by various statutes and legislative instruments, strongly imply that if, indeed, anyone “owns” the domain name it is the registrant and not the registrar (who simply acquires a conditional right of use). By the same token, while contractual and trademark laws have bearing, recent trends suggest that domain names holders are, for all intents and purposes, vested with the full gambit of property rights: domain names can be assigned, sold and transferred. Nonetheless, courts and panels should seek to give equal weight and consideration to non-commercial interests. As it stands, these interests will be subordinated to commercial and trademark interests. A more flexible, reasoned approach must be formulated if we are to build a lasting and innovative conception of domain names as property. Such an appraisal invites us to reconsider whether domain names can or should be treated as intellectual property, as we know it, or whether they constitute an entirely new and sui generis form of property. This thesis has made its case: domain names are contractual creations which, as an aspect of the value ascribed to them, emerge as a new and anomalous form of property. Antiquated and rigid distinctions must then be discarded and concepts reworked towards a conception that strives to reconcile protection with equity and exclusion with governance.

788 Freeman (n 781) 883.
789 Lipton (n 784).
790 Abbott (n 3).
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Thrifty-Tel Inc v Bezenek 46 Cal App 4th 1559 (California Court of Appeal 1996)

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Tribeca Film Centre Inc v Lorenzo Brusasco-Mackenzie WIPO Case No D2000-1772


Umbro International Inc v 3263851 Canada Inc 529 SE 2d 80 (ED Va 2000)

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Appendix 1

Uniform Domain Name Dispute Resolution Policy (As Approved by ICANN on October 24, 1999)

1. Purpose. This Uniform Domain Name Dispute Resolution Policy (the "Policy") has been adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"), is incorporated by reference into your Registration Agreement, and sets forth the terms and conditions in connection with a dispute between you and any party other than us (the registrar) over the registration and use of an Internet domain name registered by you. Proceedings under Paragraph 4 of this Policy will be conducted according to the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules of Procedure"), which are available at http://www.icann.org/en/dndr/udrp/uniform-rules.htm, and the selected administrative-dispute-resolution service provider's supplemental rules.

2. Your Representations. By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.

3. Cancellations, Transfers, and Changes. We will cancel, transfer or otherwise make changes to domain name registrations under the following circumstances:

a. subject to the provisions of Paragraph 8, our receipt of written or appropriate electronic instructions from you or your authorized agent to take such action;

b. our receipt of an order from a court or arbitral tribunal, in each case of competent jurisdiction, requiring such action; and/or

c. our receipt of a decision of an Administrative Panel requiring such action in any administrative proceeding to which you were a party and which was conducted under this Policy or a later version of this Policy adopted by ICANN. (See Paragraph 4(i) and (k) below.)
We may also cancel, transfer or otherwise make changes to a domain name registration in accordance with the terms of your Registration Agreement or other legal requirements.


This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at www.icann.org/en/dndr/udrp/approved-providers.htm (each, a "Provider").

a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.

b. Evidence of Registration and Use in Bad Faith. For the purposes of Paragraph 4(a)(iii), 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:

(i) circumstances indicating that you have registered or you have 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; or

(ii) you have 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 you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or
(iv) by using the domain name, you have intentionally attempted to attract, for commercial
gain, Internet users to your 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 your web site or location or of a product or service on your web site or
location.

c. How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in
Responding to a Complaint. When you receive a complaint, you should refer to Paragraph
5 of the Rules of Procedure in determining how your response should be prepared. Any of the
following circumstances, in particular but without limitation, if found by the Panel to be
proved based on its evaluation of all evidence presented, shall demonstrate your rights or
legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

(i) before any notice to you of the dispute, your 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; or

(ii) you (as an individual, business, or other organization) have been commonly known by the
domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are 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.

d. Selection of Provider. The complainant shall select the Provider from among those
approved by ICANN by submitting the complaint to that Provider. The selected Provider will
administer the proceeding, except in cases of consolidation as described in Paragraph 4(f).

e. Initiation of Proceeding and Process and Appointment of Administrative Panel. The
Rules of Procedure state the process for initiating and conducting a proceeding and for
appointing the panel that will decide the dispute (the "Administrative Panel").

f. Consolidation. In the event of multiple disputes between you and a complainant, either
you or the complainant may petition to consolidate the disputes before a single
Administrative Panel. This petition shall be made to the first Administrative Panel appointed
to hear a pending dispute between the parties. This Administrative Panel may consolidate
before it any or all such disputes in its sole discretion, provided that the disputes being
consolidated are governed by this Policy or a later version of this Policy adopted by ICANN.
g. Fees. All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the complainant, except in cases where you elect to expand the Administrative Panel from one to three panelists as provided in Paragraph 5(b)(iv) of the Rules of Procedure, in which case all fees will be split evenly by you and the complainant.

h. Our Involvement in Administrative Proceedings. We do not, and will not, participate in the administration or conduct of any proceeding before an Administrative Panel. In addition, we will not be liable as a result of any decisions rendered by the Administrative Panel.

i. Remedies. The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the complainant.

j. Notification and Publication. The Provider shall notify us of any decision made by an Administrative Panel with respect to a domain name you have registered with us. All decisions under this Policy will be published in full over the Internet, except when an Administrative Panel determines in an exceptional case to redact portions of its decision.

k. Availability of Court Proceedings. 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 3(b)(xi) 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.

5. **All Other Disputes and Litigation.** All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 4 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

6. **Our Involvement in Disputes.** We will not participate in any way in any dispute between you and any party other than us regarding the registration and use of your domain name. You shall not name us as a party or otherwise include us in any such proceeding. In the event that we are named as a party in any such proceeding, we reserve the right to raise any and all defenses deemed appropriate, and to take any other action necessary to defend ourselves.

7. **Maintaining the Status Quo.** We will not cancel, transfer, activate, deactivate, or otherwise change the status of any domain name registration under this Policy except as provided in Paragraph 3 above.

8. **Transfers During a Dispute.**

   a. **Transfers of a Domain Name to a New Holder.** You may not transfer your domain name registration to another holder (i) during a pending administrative proceeding brought pursuant to Paragraph 4 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name unless the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph.

   b. **Changing Registrars.** You may not transfer your domain name registration to another registrar during a pending administrative proceeding brought pursuant to Paragraph 4 or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided that the domain name you have registered with us shall continue to be subject to the proceedings commenced against you in accordance with the terms of this Policy. In the event that you transfer a domain name registration to us during the pendency of a court action or
arbitration, such dispute shall remain subject to the domain name dispute policy of the registrar from which the domain name registration was transferred.

9. **Policy Modifications.** We reserve the right to modify this Policy at any time with the permission of ICANN. We will post our revised Policy at <URL> at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a complaint to a Provider, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of our change. In the event that you object to a change in this Policy, your sole remedy is to cancel your domain name registration with us, provided that you will not be entitled to a refund of any fees you paid to us. The revised Policy will apply to you until you cancel your domain name registration
Appendix 2

Rules for Uniform Domain Name Resolution (the “Policy”)

Administrative proceedings for the resolution of disputes under the Uniform Dispute Resolution Policy adopted by ICANN shall be governed by these Rules and also the Supplemental Rules of the Provider administering the proceedings, as posted on its web site. To the extent that the Supplemental Rules of any Provider conflict with these Rules, these Rules supersede.

1. Definitions

In these Rules:

Complainant means the party initiating a complaint concerning a domain-name registration.

ICANN refers to the Internet Corporation for Assigned Names and Numbers.

Mutual Jurisdiction means a court jurisdiction at the location of either (a) the principal office of the Registrar (provided the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudication of disputes concerning or arising from the use of the domain name) or (b) the domain-name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time the complaint is submitted to the Provider.

Panel means an administrative panel appointed by a Provider to decide a complaint concerning a domain-name registration.

Panelist means an individual appointed by a Provider to be a member of a Panel.

Party means a Complainant or a Respondent.

Policy means the Uniform Domain Name Dispute Resolution Policy that is incorporated by reference and made a part of the Registration Agreement.

Provider means a dispute-resolution service provider approved by ICANN. A list of such Providers appears at http://www.icann.org/en/dndr/udrp/approved-providers.htm.
Registrar means the entity with which the Respondent has registered a domain name that is the subject of a complaint.

Registration Agreement means the agreement between a Registrar and a domain-name holder.

Respondent means the holder of a domain-name registration against which a complaint is initiated.

Reverse Domain Name Hijacking means using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name.

Supplemental Rules means the rules adopted by the Provider administering a proceeding to supplement these Rules. Supplemental Rules shall not be inconsistent with the Policy or these Rules and shall cover such topics as fees, word and page limits and guidelines, file size and format modalities, the means for communicating with the Provider and the Panel, and the form of cover sheets.

Written Notice means hardcopy notification by the Provider to the Respondent of the commencement of an administrative proceeding under the Policy which shall inform the respondent that a complaint has been filed against it, and which shall state that the Provider has electronically transmitted the complaint including any annexes to the Respondent by the means specified herein. Written notice does not include a hardcopy of the complaint itself or of any annexes.

2. Communications

(a) When forwarding a complaint, including any annexes, electronically to the Respondent, it shall be the Provider's responsibility to employ reasonably available means calculated to achieve actual notice to Respondent. Achieving actual notice, or employing the following measures to do so, shall discharge this responsibility:

(i) sending Written Notice of the complaint to all postal-mail and facsimile addresses (A) shown in the domain name's registration data in Registrar's Whois database for the registered domain-name holder, the technical contact, and the administrative contact and (B) supplied by Registrar to the Provider for the registration's billing contact; and

(ii) sending the complaint, including any annexes, in electronic form by e-mail to:
(A) the e-mail addresses for those technical, administrative, and billing contacts;

(B) postmaster@<the contested domain name>; and

(C) if the domain name (or "www." followed by the domain name) resolves to an active web page (other than a generic page the Provider concludes is maintained by a registrar or ISP for parking domain-names registered by multiple domain-name holders), any e-mail address shown or e-mail links on that web page; and

(iii) sending the complaint, including any annexes, to any e-mail address the Respondent has notified the Provider it prefers and, to the extent practicable, to all other e-mail addresses provided to the Provider by Complainant under Paragraph 3(b)(v).

(b) Except as provided in Paragraph 2(a), any written communication to Complainant or Respondent provided for under these Rules shall be made electronically via the Internet (a record of its transmission being available), or by any reasonably requested preferred means stated by the Complainant or Respondent, respectively (see Paragraphs 3(b)(iii) and 5(b)(iii)).

(c) Any communication to the Provider or the Panel shall be made by the means and in the manner (including, where applicable, the number of copies) stated in the Provider's Supplemental Rules.

(d) Communications shall be made in the language prescribed in Paragraph 11.

(e) Either Party may update its contact details by notifying the Provider and the Registrar.

(f) Except as otherwise provided in these Rules, or decided by a Panel, all communications provided for under these Rules shall be deemed to have been made:

(i) if via the Internet, on the date that the communication was transmitted, provided that the date of transmission is verifiable; or, where applicable

(ii) if delivered by telecopy or facsimile transmission, on the date shown on the confirmation of transmission; or:

(iii) if by postal or courier service, on the date marked on the receipt.

(g) Except as otherwise provided in these Rules, all time periods calculated under these Rules to begin when a communication is made shall begin to run on the earliest
date that the communication is deemed to have been made in accordance with Paragraph 2(f).

(h) Any communication by

(i) a Panel to any Party shall be copied to the Provider and to the other Party;

(ii) the Provider to any Party shall be copied to the other Party; and

(iii) a Party shall be copied to the other Party, the Panel and the Provider, as the case may be.

(i) It shall be the responsibility of the sender to retain records of the fact and circumstances of sending, which shall be available for inspection by affected parties and for reporting purposes. This includes the Provider in sending Written Notice to the Respondent by post and/or facsimile under Paragraph 2(a)(i).

(j) In the event a Party sending a communication receives notification of non-delivery of the communication, the Party shall promptly notify the Panel (or, if no Panel is yet appointed, the Provider) of the circumstances of the notification. Further proceedings concerning the communication and any response shall be as directed by the Panel (or the Provider).

3. The Complaint

(a) Any person or entity may initiate an administrative proceeding by submitting a complaint in accordance with the Policy and these Rules to any Provider approved by ICANN. (Due to capacity constraints or for other reasons, a Provider's ability to accept complaints may be suspended at times. In that event, the Provider shall refuse the submission. The person or entity may submit the complaint to another Provider.)

(b) The complaint including any annexes shall be submitted in electronic form and shall:

(i) Request that the complaint be submitted for decision in accordance with the Policy and these Rules;

(ii) Provide the name, postal and e-mail addresses, and the telephone and telefax numbers of the Complainant and of any representative authorized to act for the Complainant in the administrative proceeding;
(iii) Specify a preferred method for communications directed to the Complainant in the administrative proceeding (including person to be contacted, medium, and address information) for each of (A) electronic-only material and (B) material including hard copy (where applicable);

(iv) Designate whether Complainant elects to have the dispute decided by a single-member or a three-member Panel and, in the event Complainant elects a three-member Panel, provide the names and contact details of three candidates to serve as one of the Panelists (these candidates may be drawn from any ICANN-approved Provider's list of panelists);

(v) Provide the name of the Respondent (domain-name holder) and all information (including any postal and e-mail addresses and telephone and telefax numbers) known to Complainant regarding how to contact Respondent or any representative of Respondent, including contact information based on pre-complaint dealings, in sufficient detail to allow the Provider to send the complaint as described in Paragraph 2(a);

(vi) Specify the domain name(s) that is/are the subject of the complaint;

(vii) Identify the Registrar(s) with whom the domain name(s) is/are registered at the time the complaint is filed;

(viii) Specify the trademark(s) or service mark(s) on which the complaint is based and, for each mark, describe the goods or services, if any, with which the mark is used (Complainant may also separately describe other goods and services with which it intends, at the time the complaint is submitted, to use the mark in the future.);

(ix) Describe, in accordance with the Policy, the grounds on which the complaint is made including, in particular,

1) the manner in which the domain name(s) is/are identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and

2) why the Respondent (domain-name holder) should be considered as having no rights or legitimate interests in respect of the domain name(s) that is/are the subject of the complaint; and

3) why the domain name(s) should be considered as having been registered and being used in bad faith
(The description should, for elements (2) and (3), discuss any aspects of Paragraphs 4(b) and 4(c) of the Policy that are applicable. The description shall comply with any word or page limit set forth in the Provider's Supplemental Rules.);

(x) Specify, in accordance with the Policy, the remedies sought;

(xi) Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;

(xii) State that a copy of the complaint, including any annexes, together with the cover sheet as prescribed by the Provider's Supplemental Rules, has been sent or transmitted to the Respondent (domain-name holder), in accordance with Paragraph 2(b);

(xiii) State that Complainant will submit, with respect to any challenges to a decision in the administrative proceeding canceling or transferring the domain name, to the jurisdiction of the courts in at least one specified Mutual Jurisdiction;

(xiv) Conclude with the following statement followed by the signature (in any electronic format) of the Complainant or its authorized representative:

"Complainant agrees that its claims and remedies concerning the registration of the domain name, the dispute, or the dispute's resolution shall be solely against the domain-name holder and waives all such claims and remedies against (a) the dispute-resolution provider and panelists, except in the case of deliberate wrongdoing, (b) the registrar, (c) the registry administrator, and (d) the Internet Corporation for Assigned Names and Numbers, as well as their directors, officers, employees, and agents."

"Complainant certifies that the information contained in this Complaint is to the best of Complainant's knowledge complete and accurate, that this Complaint is not being presented for any improper purpose, such as to harass, and that the assertions in this Complaint are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument."

(xv) Annex any documentary or other evidence, including a copy of the Policy applicable to the domain name(s) in dispute and any trademark or service mark registration upon which the complaint relies, together with a schedule indexing such evidence.
(c) The complaint may relate to more than one domain name, provided that the domain names are registered by the same domain-name holder.

4. Notification of Complaint

(a) The Provider shall review the complaint for administrative compliance with the Policy and these Rules and, if in compliance, shall forward the complaint, including any annexes, electronically to the Respondent and shall send Written Notice of the complaint (together with the explanatory cover sheet prescribed by the Provider's Supplemental Rules) to the Respondent, in the manner prescribed by Paragraph 2(a), within three (3) calendar days following receipt of the fees to be paid by the Complainant in accordance with Paragraph 19.

(b) If the Provider finds the complaint to be administratively deficient, it shall promptly notify the Complainant and the Respondent of the nature of the deficiencies identified. The Complainant shall have five (5) calendar days within which to correct any such deficiencies, after which the administrative proceeding will be deemed withdrawn without prejudice to submission of a different complaint by Complainant.

(c) The date of commencement of the administrative proceeding shall be the date on which the Provider completes its responsibilities under Paragraph 2(a) in connection with sending the complaint to the Respondent.

(d) The Provider shall immediately notify the Complainant, the Respondent, the concerned Registrar(s), and ICANN of the date of commencement of the administrative proceeding.

5. The Response

(a) Within twenty (20) days of the date of commencement of the administrative proceeding the Respondent shall submit a response to the Provider.

(b) The response, including any annexes, shall be submitted in electronic form and shall:

(i) Respond specifically to the statements and allegations contained in the complaint and include any and all bases for the Respondent (domain-name holder) to retain
registration and use of the disputed domain name (This portion of the response shall comply with any word or page limit set forth in the Provider's Supplemental Rules.);

(ii) Provide the name, postal and e-mail addresses, and the telephone and telefax numbers of the Respondent (domain-name holder) and of any representative authorized to act for the Respondent in the administrative proceeding;

(iii) Specify a preferred method for communications directed to the Respondent in the administrative proceeding (including person to be contacted, medium, and address information) for each of (A) electronic-only material and (B) material including hard copy (where applicable);

(iv) If Complainant has elected a single-member panel in the complaint (see Paragraph 3(b)(iv)), state whether Respondent elects instead to have the dispute decided by a three-member panel;

(v) If either Complainant or Respondent elects a three-member Panel, provide the names and contact details of three candidates to serve as one of the Panelists (these candidates may be drawn from any ICANN-approved Provider's list of panelists);

(vi) Identify any other legal proceedings that have been commenced or terminated in connection with or relating to any of the domain name(s) that are the subject of the complaint;

(vii) State that a copy of the response including any annexes has been sent or transmitted to the Complainant, in accordance with Paragraph 2(b); and

(viii) Conclude with the following statement followed by the signature (in any electronic format) of the Respondent or its authorized representative:

"Respondent certifies that the information contained in this Response is to the best of Respondent's knowledge complete and accurate, that this Response is not being presented for any improper purpose, such as to harass, and that the assertions in this Response are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument."

(ix) Annex any documentary or other evidence upon which the Respondent relies, together with a schedule indexing such documents.

(c) If Complainant has elected to have the dispute decided by a single-member Panel and Respondent elects a three-member Panel, Respondent shall be required to pay
one-half of the applicable fee for a three-member Panel as set forth in the Provider's Supplemental Rules. This payment shall be made together with the submission of the response to the Provider. In the event that the required payment is not made, the dispute shall be decided by a single-member Panel.

(d) At the request of the Respondent, the Provider may, in exceptional cases, extend the period of time for the filing of the response. The period may also be extended by written stipulation between the Parties, provided the stipulation is approved by the Provider.

(e) If a Respondent does not submit a response, in the absence of exceptional circumstances, the Panel shall decide the dispute based upon the complaint.

6. Appointment of the Panel and Timing of Decision

(a) Each Provider shall maintain and publish a publicly available list of panelists and their qualifications.

(b) If neither the Complainant nor the Respondent has elected a three-member Panel (Paragraphs 3(b)(iv) and 5(b)(iv)), the Provider shall appoint, within five (5) calendar days following receipt of the response by the Provider, or the lapse of the time period for the submission thereof, a single Panelist from its list of panelists. The fees for a single-member Panel shall be paid entirely by the Complainant.

(c) If either the Complainant or the Respondent elects to have the dispute decided by a three-member Panel, the Provider shall appoint three Panelists in accordance with the procedures identified in Paragraph 6(e). The fees for a three-member Panel shall be paid in their entirety by the Complainant, except where the election for a three-member Panel was made by the Respondent, in which case the applicable fees shall be shared equally between the Parties.

(d) Unless it has already elected a three-member Panel, the Complainant shall submit to the Provider, within five (5) calendar days of communication of a response in which the Respondent elects a three-member Panel, the names and contact details of three candidates to serve as one of the Panelists. These candidates may be drawn from any ICANN-approved Provider’s list of panelists.

(e) In the event that either the Complainant or the Respondent elects a three-member Panel, the Provider shall endeavor to appoint one Panelist from the list of candidates
provided by each of the Complainant and the Respondent. In the event the Provider is unable within five (5) calendar days to secure the appointment of a Panelist on its customary terms from either Party's list of candidates, the Provider shall make that appointment from its list of panelists. The third Panelist shall be appointed by the Provider from a list of five candidates submitted by the Provider to the Parties, the Provider's selection from among the five being made in a manner that reasonably balances the preferences of both Parties, as they may specify to the Provider within five (5) calendar days of the Provider's submission of the five-candidate list to the Parties.

(f) Once the entire Panel is appointed, the Provider shall notify the Parties of the Panelists appointed and the date by which, absent exceptional circumstances, the Panel shall forward its decision on the complaint to the Provider.

7. Impartiality and Independence

A Panelist shall be impartial and independent and shall have, before accepting appointment, disclosed to the Provider any circumstances giving rise to justifiable doubt as to the Panelist's impartiality or independence. If, at any stage during the administrative proceeding, new circumstances arise that could give rise to justifiable doubt as to the impartiality or independence of the Panelist, that Panelist shall promptly disclose such circumstances to the Provider. In such event, the Provider shall have the discretion to appoint a substitute Panelist.

8. Communication Between Parties and the Panel

No Party or anyone acting on its behalf may have any unilateral communication with the Panel. All communications between a Party and the Panel or the Provider shall be made to a case administrator appointed by the Provider in the manner prescribed in the Provider's Supplemental Rules.

9. Transmission of the File to the Panel

The Provider shall forward the file to the Panel as soon as the Panelist is appointed in the case of a Panel consisting of a single member, or as soon as the last Panelist is appointed in the case of a three-member Panel.

10. General Powers of the Panel
(a) The Panel shall conduct the administrative proceeding in such manner as it considers appropriate in accordance with the Policy and these Rules.

(b) In all cases, the Panel shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.

(c) The Panel shall ensure that the administrative proceeding takes place with due expedition. It may, at the request of a Party or on its own motion, extend, in exceptional cases, a period of time fixed by these Rules or by the Panel.

(d) The Panel shall determine the admissibility, relevance, materiality and weight of the evidence.

(e) A Panel shall decide a request by a Party to consolidate multiple domain name disputes in accordance with the Policy and these Rules.

11. Language of Proceedings

(a) Unless otherwise agreed by the Parties, or specified otherwise in the Registration Agreement, the language of the administrative proceeding shall be the language of the Registration Agreement, subject to the authority of the Panel to determine otherwise, having regard to the circumstances of the administrative proceeding.

(b) The Panel may order that any documents submitted in languages other than the language of the administrative proceeding be accompanied by a translation in whole or in part into the language of the administrative proceeding.

12. Further Statements

In addition to the complaint and the response, the Panel may request, in its sole discretion, further statements or documents from either of the Parties.

13. In-Person Hearings

There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.

14. Default
(a) In the event that a Party, in the absence of exceptional circumstances, does not comply with any of the time periods established by these Rules or the Panel, the Panel shall proceed to a decision on the complaint.

(b) If a Party, in the absence of exceptional circumstances, does not comply with any provision of, or requirement under, these Rules or any request from the Panel, the Panel shall draw such inferences therefrom as it considers appropriate.

15. Panel Decisions

(a) A Panel shall decide a complaint on the basis of the statements and documents submitted and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.

(b) In the absence of exceptional circumstances, the Panel shall forward its decision on the complaint to the Provider within fourteen (14) days of its appointment pursuant to Paragraph 6.

(c) In the case of a three-member Panel, the Panel's decision shall be made by a majority.

(d) The Panel's decision shall be in writing, provide the reasons on which it is based, indicate the date on which it was rendered and identify the name(s) of the Panelist(s).

(e) Panel decisions and dissenting opinions shall normally comply with the guidelines as to length set forth in the Provider's Supplemental Rules. Any dissenting opinion shall accompany the majority decision. If the Panel concludes that the dispute is not within the scope of Paragraph 4(a) of the Policy, it shall so state. 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.

16. Communication of Decision to Parties

(a) Within three (3) calendar days after receiving the decision from the Panel, the Provider shall communicate the full text of the decision to each Party, the concerned Registrar(s), and ICANN. The concerned Registrar(s) shall immediately
communicate to each Party, the Provider, and ICANN the date for the implementation of the decision in accordance with the Policy.

(b) Except if the Panel determines otherwise (see Paragraph 4(j) of the Policy), the Provider shall publish the full decision and the date of its implementation on a publicly accessible web site. In any event, the portion of any decision determining a complaint to have been brought in bad faith (see Paragraph 15(e) of these Rules) shall be published.

17. Settlement or Other Grounds for Termination

(a) If, before the Panel's decision, the Parties agree on a settlement, the Panel shall terminate the administrative proceeding.

(b) If, before the Panel's decision is made, it becomes unnecessary or impossible to continue the administrative proceeding for any reason, the Panel shall terminate the administrative proceeding, unless a Party raises justifiable grounds for objection within a period of time to be determined by the Panel.

18. Effect of Court Proceedings

(a) In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain-name dispute that is the subject of the complaint, the Panel shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision.

(b) In the event that a Party initiates any legal proceedings during the pendency of an administrative proceeding in respect of a domain-name dispute that is the subject of the complaint, it shall promptly notify the Panel and the Provider. See Paragraph 8 above.

19. Fees

(a) The Complainant shall pay to the Provider an initial fixed fee, in accordance with the Provider's Supplemental Rules, within the time and in the amount required. A Respondent electing under Paragraph 5(b)(iv) to have the dispute decided by a three-member Panel, rather than the single-member Panel elected by the Complainant, shall pay the Provider one-half the fixed fee for a three-member Panel. See Paragraph 5(c). In all other cases, the Complainant shall bear all of the Provider's fees.
fees, except as prescribed under Paragraph 19(d). Upon appointment of the Panel, the Provider shall refund the appropriate portion, if any, of the initial fee to the Complainant, as specified in the Provider's Supplemental Rules.

(b) No action shall be taken by the Provider on a complaint until it has received from Complainant the initial fee in accordance with Paragraph 19(a).

(c) If the Provider has not received the fee within ten (10) calendar days of receiving the complaint, the complaint shall be deemed withdrawn and the administrative proceeding terminated.

(d) In exceptional circumstances, for example in the event an in-person hearing is held, the Provider shall request the Parties for the payment of additional fees, which shall be established in agreement with the Parties and the Panel.

20. Exclusion of Liability

Except in the case of deliberate wrongdoing, neither the Provider nor a Panelist shall be liable to a Party for any act or omission in connection with any administrative proceeding under these Rules.

21. Amendments

The version of these Rules in effect at the time of the submission of the complaint to the Provider shall apply to the administrative proceeding commenced thereby. These Rules may not be amended without the express written approval of ICANN.
Appendix 3

ICANN NAME Agreement Appendix 11 Registration Restrictions
(15 August 2007)

1. Naming Conventions

(a) Domain Names. Domain names in the .name TLD will be registered (other than to the Registry Operator) at the second and third level, in the following formats:

1. Third level registrations: string.string.name
2. Second level registrations: string.name,

(where "string" is any allowed set of allowed characters)

(b) SLD E-Mail Addresses. SLD E-mail addresses in the .name TLD will be registered in the format <string>@<string>.name (where "string" is any allowed set of allowed characters). These are referred to in this Appendix as "SLD E-mail."

(c) Defensive Registrations. Second-level Defensive Registrations consist of a wildcard for the third-level label, a valid second-level label, and the top-level label .name, in the format example.<Defensive Registration>.name (where "example" is any allowed set of allowed characters). Third-level Defensive Registrations consist of a valid third-level label, a wildcard for the second-level label, and the top-level label .name, in the format <Defensive Registration>.example.name, where "example" is any set of characters allowed. Combined second- and third-level Defensive Registrations follow the format requirements for registered domain names.

(d) Naming Restrictions in Other Parts of the Registry Agreement. All domain names and SLD E-Mail addresses must meet the requirements in the Registry Agreement and its appendices. Relevant appendices include Appendix 7 (Functional Specifications), Appendix 8 (Registry-Registrar Agreement), Appendix 6 (Names Reserved from Registration) and this Appendix 11.
(e) Prohibited Third-Level Labels. The following words and strings may not be registered as 
(i) the third level domain name in a domain name registration, (ii) the user name in an SLD 
E-mail registration, or (iii) the third level of a Defensive Registration: dir, directory, email, 
genealogy, http, mail, mx, mx[followed by a number from 0 to 100], ns, ns[followed by a 
number from 0 to 100], wap, www and www[followed by a number from 0 to 100]. 
However, names having third-level labels that include any of the foregoing words and strings 
may be registered, such as dirk.smith.name.

(f) Prohibited Second-Level Labels. Second level labels consisting entirely of numbers or a 
combination of numbers and hyphens may not be registered as part of a domain name, SLD 
E-mail address, or Defensive Registration.

(g) Enforcement. The Registry Operator shall implement technical measures reasonably 
calculated to enact the requirements in this Section 1 of this Appendix.

2. Personal Name Registrations

(a) Definition of Personal Name. For the purposes of this Appendix, a "Personal Name" is a 
person's legal name, or a name by which the person is commonly known. A "name by which 
a person is commonly known" includes, without limitation, a pseudonym used by an author 
or painter, or a stage name used by a singer or actor

(b) Eligibility Requirements. Personal Name domain name and SLD E-mail registrations in 
the Registry TLD (collectively, "Personal Name Registrations") will be granted on a ‘first- 
come-first-served policy’, except for registrations granted as a result of a dispute resolution 
proceeding or during the landrush procedures in connection with the opening of the Registry 
TLD. The following categories of Personal Name Registrations may be registered:

(i) The Personal Name of an Individual. Any person can register his or her own Personal 
Name.

(ii) The Personal Name of a Fictional Character. Any person or entity can register the 
Personal Name of a fictional character if that person or entity has trademark or service mark 
rights in that character's Personal Name.
(iii) Additional Characters. In registering a Personal Name Registration, registrants may add numeric characters to the beginning or the end of their Personal Name so as to differentiate it from other Personal Names. For example, in the event that John Smith unsuccessfully attempts to register john.smith.name, he may seek to register an alternative, such as john.smith1955.name or john1955.smith.name. If John Smith unsuccessfully attempts to register johnsmith.name, he may seek to register an alternative, such as jsmith.name or jsmith3rd.name.

All Personal Name Registration must meet the foregoing requirements (the "Eligibility Requirements").

(c) Challenges to Personal Name Registrations. Any third party may challenge a Personal Name Registration on the basis that it either (i) does not meet the Eligibility Requirements, or (ii) violates the UDRP.

(i) Challenges via the ERDRP. Challenges to Personal Name Registrations on the basis that they do not meet the Eligibility Requirements may be made pursuant to the Eligibility Requirements Dispute Resolution Policy. If the outcome of the challenge holds that the Personal Name Registration does not meet the Eligibility Requirements, then (1) if the challenger meets the all the Eligibility Requirements, then the challenger may have the Personal Name Registration transferred to him or her, or (2) if the challenger does not meet all Eligibility Requirements, then the challenger will be offered an opportunity to register a Defensive Registration blocking the challenged name, as such term is described in Section 2 below.

(ii) Challenges via the UDRP. A challenge to a Personal Name Registration that is a domain name will be subject to the Uniform Domain Name Dispute Resolution Policy, as adopted by ICANN (the "UDRP"), if it is based on a claim that:

(1) The domain-name registration is identical or confusingly similar to a trademark or service mark in which the challenger has rights;

(2) The registrant has no rights or legitimate interests in respect of the domain-name registration; and

(3) The domain-name registration has been registered and is being used in bad faith.
(iii) Relationship of the ERDRP and the UDRP. The failure of a challenge under either the ERDRP or the UDRP shall not preclude the same challenger from submitting a challenge under the other of the two policies, subject to the provisions of each policy.

(iv) Role of Registry Operator. Violations of the Eligibility Requirements or the UDRP will not be enforced directly by or through Registry Operator. Registrants will agree to be bound by the ERDRP and the UDRP in their registration agreements with registrars. Registry Operator will not review, monitor, or otherwise verify that any particular Personal Name Registration was made in compliance with the Eligibility Requirements or the UDRP.

(v) Role of ICANN-Accredited Registrar. The ICANN-Accredited Registrar sponsoring a Personal Name Registration shall be responsible for (1) ensuring that all registrants agree to be bound by the ERDRP and the UDRP and (2) implementing remedies under the ERDRP and UDRP according to the terms of those policies. That registrar shall be the primary contact for all disputes relating to such Personal Name Registration and shall be responsible for communicating any instructions from a dispute resolution provider to Registry Operator.

(d) Registration Agreement. All Personal Name Registrations will be granted pursuant to an electronic or paper registration agreement with an ICANN-Accredited Registrar, in accordance with Appendix 8.

3. Defensive Registrations

(a) Phase I and Phase II Defensive Registrations. Defensive Registrations may be registered in two phases. Defensive Registrations registered during the first phase are referred to hereafter as "Phase I Defensive Registrations" and Defensive Registrations registered during the second phase are hereafter referred to as "Phase II Defensive Registrations." For the purposes of this Appendix, "Defensive Registrations" means, collectively, Phase I Defensive Registrations and Phase II Defensive Registrations.

(b) Phase I Defensive Registrations Eligibility Requirements.

(i) Phase I Defensive Registrations may only be made for strings that are identical to the textual or word elements, using ASCII characters only, of valid and enforceable trademark or service mark registrations having national effect that issued prior to April 16, 2001, subject to the same character and formatting restrictions as apply to all registrations in the Registry
TLD. Only the owner of such a trademark or service mark registration may register a Defensive Registration on that trademark or service mark. Trademark or service mark registrations from the supplemental or equivalent registry of any country, or from individual states or provinces of a nation, will not be accepted. Subject to the same character and formatting restrictions as apply to all registrations in the Registry TLD, if a trademark or service mark registration incorporates design elements, the ASCII character portion of that mark may qualify to be a Phase I Defensive Registration.

(ii) Where there is a space between the textual elements of a registered mark, the Phase I Defensive Registration registrant (a "Phase I Defensive Registrant") may elect at its discretion to replace the space with a hyphen, combine the elements together to form a continuous string, or register the mark as a combined second and third level Defensive Registration. Where there are multiple spaces between three or more textual elements of a registered mark, the foregoing sentence applies to each such space. However, where a registered mark is registered as a combined second and third level Defensive Registration, the delineation between the second and third levels must correspond to a space between the textual elements of the mark.

Thus, for example, the registered mark "Sample Mark" could be registered as any or all of the following:

1. <any string>.samplemark.name;
2. <any string>.sample-mark.name;
3. samplemark.<any string>.name;
4. sample-mark.<any string>.name;
5. samplemark.samplemark.name;
6. sample-mark.samplemark.name;
7. samplemark.sample-mark.name;
8. sample-mark.sample-mark.name; or
Phase I Defensive Registrations in formats 5-8 above must use the same registered mark for both the second and third levels.

However, such mark could not be registered as, for example, sam.plemark.name during the Phase I Defensive Registration period. Such a registration may be made as a Phase II Defensive Registration, as described below.

(iii) In addition to the information provided by all Defensive Registration registrants (each a "Defensive Registrant") as described in Section 2(d)(iii), the Phase I Defensive Registrant must also provide (1) the name, in ASCII characters, of the trademark or service mark being registered; (2) the date the registration issued; (3) the country of registration; and (4) the registration number or other comparable identifier used by the registration authority.

(iv) Neither the Registry Operator nor the ICANN-Accredited Registrars will review the information provided by the Phase I Defensive Registrant prior to issuing a Phase I Defensive Registration.

(v) Phase I Defensive Registrations may not be transferred, except in connection with a transfer of the underlying trademark or service mark registration.

(vi) A Phase I Defensive Registration may not be converted into a Phase II Defensive Registration.

(c) Phase II Defensive Registrations Eligibility Requirements. Phase II Defensive Registrations may be requested by any entity for any string or combination of strings.

(d) Common Defensive Registration Eligibility Requirements.

(i) There are three levels of Defensive Registrations, each of which is subject to payment of a separate fee as set forth in Appendix 8:

(1) Second level Defensive Registrations -- in the form of <any string>.<Registration>.name;

(2) Third level Defensive Registrations -- in the form of <Registration>.<any string>.name;
(3) Combined second and third level Defensive Registrations -- in the form of \(<Registration1>.<Registration2>.name\).

(ii) Multiple persons or entities may obtain identical or overlapping Defensive Registrations upon payment by each of a separate registration fee.

(iii) The Defensive Registrant must provide contact information, including name, e-mail address, postal address and telephone number, for use in disputes relating to the Defensive Registration. This contact information will be provided as part of the Whois record for the Defensive Registration, as described in Appendix 5.

(iv) A Defensive Registration will not be granted if it conflicts with a then-existing Personal Name Registration or other reserved word or string.

Thus, for example, if the domain name \(jane.smith.name\) has already been registered, then a second level Defensive Registration will not be granted for \(<any string>.smith.name\). Similarly, if the SLD E-mail address \(jane@smith.name\) has already been registered, then a third level registration may not issue for \(jane.<any string>.name\).

Similarly, if the domain name \(janesmith.name\) has already been registered, then a second level Defensive Registration will not be granted for \(<any string>.janesmith.name\).

(e) Agreement of Defensive Registrant. All Defensive Registrations will be granted pursuant to an electronic or paper registration agreement with an ICANN-Accredited Registrar, in accordance with Appendix 8, in which the Defensive Registrant agrees to the following:

(i) The Defensive Registration will be subject to challenge pursuant to the ERDRP.

(ii) If the Defensive Registration is successfully challenged pursuant to the ERDRP, the Defensive Registrant will pay the challenge fees.

(iii) If a challenge is successful, then the Defensive Registration will be subject to the procedures described in Section 2(h) of this Appendix.

(f) Effect of a Defensive Registration.

(i) Defensive Registrations will not resolve within the DNS.
(iii) A second level Defensive Registration will prevent a Personal Name Registration that uses the same string at the second level.

Thus, for example, a second level Defensive Registration for example.name will prevent a third party from registering <any string>.example.name or <any string>@example.name.

However, a second level Defensive Registration will not prevent a Personal Name Registration that uses the same string at the third level.

Thus, for example, a second level Defensive Registration for example.name will not prevent a third party from registering example. <any string>.name or example@<any string>.name oreexample.name.

(iv) A third level Defensive Registration will prevent a Personal Name Registration that uses the same string at the third level.

Thus, for example, a third level Defensive Registration for example.<any string>.name will prevent a third party from registering example.<any string>.name or example@<any string>.name oreexample.name.

However, a third level Defensive Registration will not prevent a Personal Name Registration that uses the same string at the second level.

Thus, for example, a third level Defensive Registration for example.<any string>.name will not prevent a third party from registering <any string>.example.name or <any string>@example.name.

(v) A combined second and third level Defensive Registration is the most limited type of Defensive Registration in that it will only prevent Personal Name Registrations with the identical combined strings.

Thus, for example, a combined second and third level Defensive Registration for example1.example2.name will prevent a third party from registering only example1.example2.name oreexample1@example2.name.

It will not prevent a third party from registering any of the following:
(1) example1.<any string other than example2>.name or example1@<any string other than example2>.name;

(2) <any string other than example1>.example2.name or <any string other than example1>@example2.name; or

(3) example2.example1.name or example2@example1.name; or

(4) example1.name; or

(5) example2.name

(vi) Defensive Registrations prevent only Personal Name Registrations that consist of the identical string at the corresponding level. Personal Name Registrations that only partially match a Defensive Registration will not be prevented.

Thus, for example a second level Defensive Registration for example.<any string>.name will not prevent a third party from registering examplestring.<any string>.name as a Personal Name Registration.

(vii) Any registrar that seeks on behalf of its customer to register a Personal Name Registration that is the subject of a Defensive Registration will receive an electronic notice that the domain name and SLD E-mail address are blocked by a Defensive Registration. This notice will also provide contact information for the Defensive Registrant(s). If the person or entity wishes to pursue the Personal Name Registration despite the Defensive Registration, the person or entity will have the following options:

(1) seek consent directly from the Defensive Registrant(s), or

(2) challenge the Defensive Registration pursuant to the ERDRP.

(g) Voluntary Cancellation or Consent by Defensive Registration Holder.

(i) A Defensive Registration may be cancelled by the Defensive Registrant through the sponsoring registrar at any time. Registry Operator will not refund registration fees in the
event of such a cancellation. In the case of multiple or overlapping Defensive Registrations, cancellation by one Defensive Registrant shall not affect the other Defensive Registrations.

(ii) The Defensive Registrant may consent to the registration of a domain name that conflicts with such Defensive Registration, as follows:

(1) Upon receiving a request for consent from a person or entity seeking to register a Personal Name Registration that is the subject of the Defensive Registration, the Defensive Registrant must grant or refuse such consent, in writing, within five (5) calendar days.

(2) If a Defensive Registrant fails to either grant or refuse consent as described in this Subsection within five (5) calendar days of receipt of the request, the Defensive Registrant shall be deemed to have denied consent to the Personal Name Registration.

(3) Such consent must be transmitted to both the person or entity seeking the Personal Name Registration and to the ICANN-Accredited Registrar that sponsors the Defensive Registration.

(4) The ICANN-Accredited Registrar shall notify Registry Operator of such consent within three (3) days of receipt, using the appropriate protocol as developed by Registry Operator.

(5) The Defensive Registrant may not accept any monetary or other remuneration for such consent.

(6) If a Defensive Registrant consents or, in the case of multiple or overlapping Defensive Registrations, all the Defensive Registrants consent, to a Personal Name Registration in accordance with this Subsection, then (i) the person or entity seeking the Personal Name Registration will receive the requested Personal Name Registration, (ii) such consent shall not constitute a successful challenge; (iii) such Defensive Registrant(s) shall not receive a "strike" against the Defensive Registration(s) for the purposes of Subsection 2(h)(v)(5) below, and (iv) the Defensive Registration(s) will continue in full force and effect.

(iii) If there are multiple registrants holding identical or overlapping Defensive Registrations that conflict with a proposed Personal Name Registration, then the consent process shall proceed as follows:
(1) All such Defensive Registrants must consent to the Personal Name Registration before it may be registered.

(2) If all such Defensive Registrants consent, then the provisions of 2(g)(ii)(6) shall apply.

(3) If fewer than all of the Defensive Registrants consent, then all of the Defensive Registrants (consenting and non-consenting) will be subject to consolidated ERDRP proceeding if a proceeding is initiated and each must pay the full amount of any required challenge fee into escrow.

(4) If the ERDRP proceeding is resolved in favor of the challenger, then all of the Defensive Registrants (A) shall be liable to pay a pro rata share of the challenge fee, which will be deducted from the Defensive Registrants' challenge fee paid into escrow, (B) shall receive one "strike" against their Defensive Registrations for the purposes of Subsection 2(h)(v)(5) below, (C) the remedies described in Subsections 2(h)(v) and 2(h)(vi) shall apply.

(5) If the ERDRP proceeding is resolved in favor of the Defensive Registrant(s), then the provisions of Subsection 2(h)(vii) shall apply.

(h) Challenges to Defensive Registrations.

(i) A Defensive Registration may be challenged by any person or entity pursuant to the ERDRP.

(ii) If a challenger seeks to register a Personal Name that conflicts with a Defensive Registration(s) that is held by more than one registrant, the challenger must name all such Defensive Registrations and Registrant(s) as parties to the ERDRP proceeding. In the event that a challenger decides to seek consent from one Defensive Registrant, the challenger must seek consent from all of the affected Defensive Registrant(s).

(iii) Upon the commencement of an ERDRP challenge to a Defensive Registration(s), all Defensive Registrant(s) and the challenger shall pay required challenge fees into escrow, in accordance with the procedures described in the ERDRP and any supplemental rules established by a dispute resolution provider.
(iv) If any Defensive Registrant does not submit its challenge fee into escrow as required under the ERDRP, then the ICANN-Accredited Registrar sponsoring such Defensive Registration shall cancel that Defensive Registrant's Defensive Registration. Such cancellation shall not affect other Defensive Registrants that have identical or overlapping Defensive Registrations and have paid the required challenge fee into escrow.

(v) For all successful challenges to Defensive Registrations:

(1) The Defensive Registrant shall receive no refund of the challenge fees paid into escrow for the challenge.

(2) The challenger shall receive a refund of the challenge fees paid into escrow for the challenge.

(3) The Registry Operator will not refund any registration fees for the Defensive Registration in the event of cancellation.

(4) If the challenger meets the Eligibility Requirements, then he, she, or it may request a Personal Name Registration that conflicts with or otherwise would have been blocked by the Defensive Registration.

(5) If the challenge was to a second or third level Defensive Registration, the Defensive Registration will receive one "strike" and the Defensive Registration will otherwise continue in full force and effect, subject to Subsection 2(h)(vi) below, provided that if the Defensive Registrant of either a second level Defensive Registration or third level Defensive Registration receives three "strikes" against the same Defensive Registration, then the dispute resolution provider shall instruct the ICANN-Accredited Registrar to cancel the Defensive Registration(s).

(6) If the challenge was to a combined second and third level Defensive Registration, and the challenger meets the Eligibility Requirements, then the dispute resolution provider shall instruct the ICANN-Accredited Registrar sponsoring such Defensive Registration to cancel the Defensive Registration.

(vi) In the event of a successful challenge to a particular Phase I Defensive Registration on the basis that the Defensive Registrant did not meet the requirements described in Subsection
2(b) above, then (A) the Phase I Defensive Registration will be cancelled, and (B) other Phase I Defensive Registrations in the name of the Defensive Registrant shall be reviewed for compliance with the Eligibility Requirements according to Paragraph 5(f)(iii) of the ERDRP.

(vii) If a challenge is unsuccessful, then:

(1) the Defensive Registration(s) will continue in full force and effect;

(2) the challenger will not be permitted to obtain the Personal Name Registration that was blocked by the Defensive Registration or receive a refund of the challenge fees paid into escrow; and

(3) the Defensive Registrant will receive a refund of the challenge fees it paid into escrow.

(i) Role of Registry Operator. Challenges to Defensive Registrations will not be enforced directly by or through Registry Operator. Registry Operator will not review, monitor, or otherwise verify that any particular Defensive Registration is registered or used in compliance with the requirements set forth in this Appendix.

(j) Role of ICANN-Accredited Registrar. The ICANN-Accredited Registrar sponsoring a Defensive Registration shall be responsible for (i) causing all Defensive Registrants to agree to the terms of the ERDRP and the UDRP, and (ii) implementing remedies under the ERDRP and UDRP according to the terms of those policies. That registrar shall be the primary contact for all disputes relating to such Defensive Registration and shall be responsible for communicating any instructions from a dispute resolution provider to Registry Operator.

4. Reservation

Registry Operator reserves the right to transfer or cancel any Registered Name or SLD e-mail (a) for violations of the Registry Agreement and its Appendices, (b) to correct mistakes made by Registry Operator or any Registrar in connection with a domain name or SLD e-mail registration, or (c) avoid any liability, civil or criminal, on the part of Registry Operator, as well as its affiliates, subsidiaries, officers, directors and employees. ICANN-Accredited Registrars registering names in the .name TLD agree to comply with ICANN standards, policies, procedures, and practices limiting the domain names that may be registered, and the applicable statutes and regulations limiting the domain names that may be registered.
5. Disclaimer

The provisions of this Registry Agreement shall not create any liability on the part of Registry Operator to any person or entity other than ICANN in connection with any dispute concerning any Registered Name, SLD E-mail Address, or Defensive Registration, including the decision of any dispute resolution proceeding related to any of the foregoing.
Appendix 4

New gTLDs-Frequently Asked Questions Policy Document


1.1 What is the new gTLD Program?

The new gTLD program is an initiative that will enable the introduction of new gTLDs (including both ASCII and IDN) into the domain name space.

1.2 Why are new gTLDs being introduced?

One of ICANN's key commitments is to promote competition in the domain name market while ensuring Internet security and stability. New generic Top-Level Domains (gTLDs) help achieve that commitment by paving the way for increased consumer choice by facilitating competition among registry service providers. Soon entrepreneurs, businesses, governments and communities around the world will be able to apply to operate a Top-Level Domain registry of their own choosing.

1.3 Will the introduction of new gTLDs change how the Internet operates?

The increase in number of gTLDs into the root is not expected to affect the way the Internet operates, but it will, for example, potentially change the way people find information on the Internet or how businesses plan and structure their online presence.

1.4 How many new gTLDs are expected?

There is no way of knowing the exact number of applications ICANN will receive nor how many of these applications will qualify and become gTLD registries. Market speculations have varied widely. The process to evaluate applications is being constructed to economically accommodate a wide range.
1.5 Is applying for a new gTLD the same as buying a domain name?

No. Nowadays, organizations and individuals around the world can register second-level and, in some cases, third-level domain names. (In a URL such as maps.google.com, "google" is a second-level name and "maps" is a third-level domain.) They simply need to find an accredited registrar, comply with the registrant terms and conditions and pay registration and renewal fees. The application for a new gTLD is a much more complex process. An applicant for a new gTLD is, in fact, applying to create and operate a registry business supporting the Internet's domain name system. This involves a number of significant responsibilities, as the operator of a new gTLD is running a piece of visible Internet infrastructure.

1.6 How and when can I see which gTLD strings are being applied for and who is behind the application?

Approximately 2 weeks after the application submission period closes, ICANN will post the public portions of all applications received, including applied-for strings, applicant names, application type, mission/purpose of proposed gTLD, and other public application data.

1.7 Is ICANN initiating the New gTLD Program to make money?

ICANN is a not-for-profit organization and this is a not-for-profit initiative. The program is designed to be self-funding. It is possible ICANN will over-collect or even under-collect for this first round of applications. If the fee collection exceeds ICANN's expenses, the community will be consulted as to how that excess should be used. For detailed information on the New gTLD Program budget, please refer to the New gTLD Budget Explanatory Memorandum.

1.8 I have an idea for a new gTLD. Can I register my idea with ICANN in advance of the next application period?

No, ICANN does not accept reservations or pre-registrations of new gTLDs. ICANN also does not endorse any third parties to do so.
1.9 Can I pre-register a second-level domain name?

Be wary of anyone who claims to be able to reserve your place in line for a second-level registration for one of these new gTLDs. Not only can no one predict which TLDs will be available, but the new TLD operator may choose not to sell second-level registrations.

1.10 Can I reserve my trademark as a gTLD?

No, ICANN does not accept reservations or pre-registrations based on trademarks. But registries will be required to operate sunrise or intellectual property claims services for the protection of trademarks. See section 5.4.1 of the Applicant Guidebook for details.

1.11 Is the upcoming application process going to be the same as for the previous new gTLD rounds in 2000 and 2003-4?

The application process will not be the same. The GNSO recommendations are intended to create a standing policy to guide the opening of a gTLD application round as well as the continuing procedures. Although this new implementation may share some similarities to the previous rounds, they are not identical.

1.12 If someone applies for a TLD that is a brand name or a trademark that does not belong to them, will the brand or trademark owners be notified by ICANN?

At this time, ICANN is not contemplating a notification system. ICANN is conducting global public outreach to educate the community on what their responsibilities are, as well as what the formal objection mechanism and timeline is, before the program launches. ICANN will publish the list of all applications received after the application submission period closes, and will continue to publicize the objection process and deadlines.

1.13 Does this application process cover new ccTLDs also?

No. Information on procedures for establishing ccTLDs is available at http://www.iana.org/cctld/cctld-establishment-procedures-19mar03.htm. However, anyone, including ccTLD operators, may apply to operate a new gTLD.
1.14 Where can I find more information about the Program?

Visit the New gTLD website at http://icann.org/newgtlds.

1.15 Will there be a publicly available web site where the new gTLD application information will be made available?

Yes. Approximately 2 weeks after the close of the application window, ICANN will post the public portions of all applications on its website.

Application & Evaluation Process

2.1 Who can apply for a new gTLD?

Any established public or private organization that meets eligibility requirements anywhere in the world can apply to create and operate a new gTLD Registry. Applicants will need to demonstrate the operational, technical and financial capability to run a registry and comply with additional specific requirements.

2.2 How do I apply for a new gTLD?

Any established public or private organization anywhere in the world can apply to create and operate a new generic Top-Level Domain (gTLD) registry. Applicants will need to demonstrate the operational, technical and financial capability to run a registry and comply with additional specific requirements. Please refer to the Applicant Guidebook for detail information on the application process, including the application questions in Module 2, attachment 2.

Please note that applying for a new gTLD is not the same as buying a domain name. An applicant for a new gTLD is, in fact, applying to create and operate a registry business supporting the Internet's domain name system. This involves a number of significant responsibilities, as the operator of a new gTLD is running a piece of visible Internet infrastructure.
The application window is expected to open on 12 January 2012 and close on 12 April 2012.

The evaluation fee is US$185,000. Applicants will be required to pay a US$5,000 deposit fee per requested application slot when registering. The deposit will be credited against the evaluation fee. Other fees may apply depending on the specific application path. See the section 1.5 of the Applicant Guidebook for details about the methods of payment, additional fees and refund schedules.

When the application round opens, candidates will apply via an online application system called TAS – TLD Application System.

2.3 Can I apply for more than one gTLD?

Yes. Each gTLD applied-for string requires its own application.

2.4 Can I apply for any kind of gTLD or are there any specific restrictions?

ICANN has a set of specific technical rules that apply to all proposed gTLD strings. For example, an application for a string composed entirely of numbers will be rejected. If an applicant chooses an IDN gTLD, additional technical requirements apply. There is also a list of reserved gTLD names that are unavailable for general use. Furthermore, applicants for a gTLD that is a geographic name must meet additional requirements. All the specific restrictions are outlined in section 2.2.1 of the Applicant Guidebook.

2.5 Can I simply reserve a gTLD and decide later whether or not to use it?

ICANN expects all new gTLDs to be operational. One of the reasons ICANN is opening the top-level space is to allow for competition and innovation in the marketplace. The application process requires applicants to provide a detailed plan for the launch and operation of the proposed gTLD. gTLDs are expected to be delegated within one year of signing a registry agreement with ICANN.
2.6 What will happen during the application window and how long will it last?

The application window is expected to open on 12 January 2012 and close on 12 April 2012. Applicants will use a dedicated web-based application interface named TLD Application System (TAS) to apply, where they will answer questions and upload supporting documents. TAS will only be available when the application window opens.

2.7 How long will the evaluation process take?

First let's define the "evaluation process" as starting at the point when the application window closes. There are several stages that an application may pass through prior to a final determination being rendered. Those stages are Administrative Check, Initial Evaluation, Extended Evaluation, String Contention, Dispute Resolution and Pre-delegation. The shortest path for a successful application is to pass Administrative Check (lasting 2 months), Initial Evaluation (lasting 5 months) and then move to Pre-delegation (lasting approximately 2 months) without any Objections filed or String Contention concerns. In this case the evaluation process could take as little as 9 months to complete. On the other hand if an application does not pass Initial Evaluation and elects Extended Evaluation and/or is in the Dispute Resolution or String Contention stages then the evaluation process could take up to 20 months to complete (or longer in the event that unforeseen circumstances arise). Please refer to Section 1.1.3 of the Applicant Guidebook for detailed information on timing estimates.

2.8 How will gTLD applications be assessed?

Independent, third-party, expert panels will evaluate applications against criteria and requirements outlined in the Applicant Guidebook.

2.9 What happens if there are multiple applications for the same string?

It is not feasible for two or more identical top-level strings to exist in the Internet’s domain name system. Each domain name must be unique. If there are two or more applications for the same string, the String Contention procedures would come into effect. The same would apply in cases where two or more strings are considered to be confusingly similar. The
processes proposed by ICANN to deal with the identical and/or similar strings are described in detail in the Applicant Guidebook. Applicants always have the opportunity to resolve contention by a mutually agreeable settlement amongst themselves.

2.10 If I want to apply for two similar or related TLDs, for example, ".thing" and ".thething" would that be two applications or one? And if two, do I have to pay $185,000 for each?

If an applicant applies for .thing and .thething, those would be considered two separate applications. (Applicants should note carefully that the application process is currently designed to not allow two strings that are "confusingly similar" to each other to both be delegated into the DNS – please refer to the full text of the Applicant Guidebook for details.) If both applications were approved, they would result in two separate TLDs. Each application will be treated individually and there is no discount on application fees based upon the filing of multiple applications.

2.11 Can a New gTLD name contain numbers or dashes?

The ASCII label for a new gTLD name must consist entirely of letters (alphabetic characters a-z).

2.12 Can a New gTLD name be 2 letters?

Applied-for gTLD strings in ASCII must be composed of three or more visually distinct characters. Two-character ASCII strings are not permitted, to avoid conflicting with current and future country-codes based on the ISO 3166-1 standard.

2.13 Can I apply for country name under the New gTLD Program?

Applications for strings that are country or territory names will not be approved, as they are not available under the New gTLD Program.
2.14 What happens after a new gTLD application is approved?

Once an application is deemed to satisfy the criteria outlined in the Applicant Guidebook and passes all evaluation and selection processes, including objection processes and final approval, the applicant is required to execute a registry agreement with ICANN and pass technical pre-delegation tests before the new gTLD can be delegated to the root zone. Refer to Module 5 of the Applicant Guidebook for information on the transition to delegation processes.

2.15 What happens if more applications are received than expected?

If the volume of applications exceeds expectations, applications will be processed in batches. The first batch will be limited to 500 applications and subsequent batches will be limited to 400 to account for capacity limitations due to managing extended evaluation, string contention, and other processes associated with each previous batch.

2.16 How long will I have to wait for my TLD to go into the root?

Depending on what batch you are assigned to, it will then follow the timeline outlined in section 1.1.3 of the Applicant Guidebook.

2.17 If I apply for .thing, would the translation of the term thing in other languages also be protected in the new gTLD?

Each applied-for gTLD string requires its own application. ".thing" would be one application. A translation of ".thing" in Arabic characters, for example, would be another application.

2.18 Is an excel file of the financial projection templates available?

The excel file of the financial projection template can be downloaded by clicking here.

2.19 Will ICANN consider reducing the ratings of financial institutions for the continued operations instrument given recent financial market conditions?

ICANN will review our credit ratings requirement in light of prevailing market conditions.
2.20 Can economic enterprises qualify as communities in the sense of the community priority evaluation criteria?

There is no provision in the Applicant Guidebook for an application to “qualify” as a community. The designation of an application as community-based is entirely at the discretion of the applicant.

A community priority evaluation may occur as a result of string contention. Where an applicant goes through community priority evaluation, according to the criteria in Module 4 of the Applicant Guidebook, an application meeting the threshold score of 14 will be awarded priority in the contention set.

2.21 Do “.brand” applications have to comply with all requirements in the Applicant Guidebook?

The Applicant Guidebook specifies only 2 types of applications, standard and community. “.brand” is not an application type provided for in the Applicant Guidebook. All applicants must comply with requirements specified in the Applicant Guidebook.

TLD Applicant System (TAS)

3.1 Will there be a TAS demo prior to the opening of the application window?

Yes. A TAS interactive demonstration is being made available in advance of the application window. Check www.icann.org/newgtlds for updates and to see whether it is available. The demonstration will allow users to click through the various TAS screens but will not allow data entry.

3.2 When will I have access to TAS?

TAS will be available when the application window opens, which is currently expected to be on 12 January 2012, and not before. You can access TAS only after registering.
3.3 How will I access TAS?

A link to TAS will be provided on the ICANN website at www.icann.org/newgtlds when the application window opens, which is expected to be on 12 January 2012.

3.4 What formats will TAS allow for the input of text?

TAS supports Unicode or plain text. Hyperlinks or stylized, formatted text, drawings or diagrams, cannot be included in line with text. Supporting visuals will be allowed as attachments.

3.5 Will there be a fill-able table in TAS for the financial projections?

No. ICANN will make available a downloadable template in TAS for the completion of the financial projections. Applicants will then be able to upload the completed template back into TAS.

3.6 How will I embed or attach graphics to my application?

Graphics, images, tables, diagrams may be uploaded as attachments. ICANN strongly recommends that applicants label all graphics, images, tables, diagrams and attachments appropriately and reference them in their responses.

3.7 Is there a limit in the number of characters/words for each response?

Yes. Every response is limited to a certain number of characters based on guidance provided in the Applicant Guidebook. One page approximately equates to 4,000 characters (including spaces). Character limitation are by question, not by application. Applicants cannot transfer unused characters from one response to another. Applicants may not use attachments to extend their text response.

3.8 Will I be timed-out or logged-off while completing an application?

For security purposes, TAS is programmed to detect inactivity and will automatically log off users after a defined period of time. Please note that any data that have not been saved when
the system logs a user off will be lost. A user who is actively working in the system should not be kicked off.

3.9 Will TAS allow bullets, dashes, numberings?

TAS supports Unicode or plain text only. Applicants may use hyphens and numbers as plain text only.

3.10 Can I provide hyperlinks to online information as references, answers, or appendices?

No. ICANN will not accept hyperlinks to online information as part of the response unless specifically requested or called for in the question. The entire application should be self-contained. Evaluation panels will only consider information provided within the allotted space in TAS for a particular question (plus attachments for those questions where ICANN explicitly asks for them) as the applicant’s response.

Objection & Dispute Resolution

4.1 How can I object to an application?

Approximately 2 weeks after the close of the application window, ICANN will post the public portions of all applications that have been received on our website. At this time, the formal objection period will begin and will last for approximately 7 months. Formal objections using pre-established Dispute Resolution Procedures (DRP) may be filed on any of the following grounds:

- String confusion
- Legal rights
- Community
- Limited public interest
In all but exceptional circumstances, objections will be administered by independent Dispute Resolution Service Providers (DRSP), rather than by ICANN. Refer to Module 3 of the Applicant Guidebook for more information on objection procedures.

4.2 How much does it cost to file an objection?

At the time an objection is filed, the objector is required to pay a filing fee in the amount set and published by the relevant Dispute Resolution Provider (DRSP). If the filing fee is not paid, the DRSP will dismiss the objection without prejudice. After the hearing has taken place and the panel makes its expert determination, the DRSP will refund the advance payment of costs to the prevailing party.

For details, see Sections 1.5.2 of the Applicant Guidebook.

There will also be costs involved in preparing an objection, which should be taken into account.

4.3 What can I do if someone applies for a string that represents my brand or trademark?

You can file an objection with the DRSP selected to administer "legal rights" objections. Details about these procedures, such as who has standing, where and how objections are filed, and how much objections will cost can be found in Module 3 of the Applicant Guidebook and the related New gTLD Dispute Resolution Procedure. You must pay close attention to the objection deadlines that are publically available on ICANN's website.

4.4 What are the estimated costs associated with registering a trademark with the proposed Trademark Clearinghouse?

The costs are not currently known. We expect to request proposals from service providers of which cost will be a key component in determining the appropriate provider.
4.5 Will ICANN prevent the registration of objectionable or racist extensions?

Consistent with the policy advice on new gTLDs, all applied-for strings could be subject to an objection-based process based on Limited Public Interest grounds. This process will be conducted by the qualified DRSP utilizing standards drawing on provisions in a number of international treaties. In addition to Limited Public Interest objection, the GAC may also submit to ICANN a formal GAC advice on any application. The process for GAC Advice on New gTLDs is intended to address applications that are identified by governments to be problematic, e.g., that potentially violate national law or raise sensitivities.

Fees & Timelines

5.1 When can I apply for a new gTLD?

The application window is expected to open on 12 January 2012.

5.2 How much is the evaluation fee?

The evaluation fee is estimated at US$185,000. Applicants will be required to pay a US$5,000 deposit fee per requested application slot when registering. The US$5,000 will be credited against the evaluation fee. Other fees may apply depending on the specific application path. See the section 1.5 of the Applicant Guidebook for details about the methods of payment, additional fees and refund schedules.

5.3 Are there any additional costs I should be aware of in applying for a new gTLD?

Yes. Applicants may be required to pay additional fees in certain cases where specialized process steps are applicable, and should expect to account for their own business start-up costs. See Section 1.5.2 of the Applicant Guidebook.
5.4 Will ICANN offer refunds?

Yes, refunds will apply in specific circumstances. Details about refund conditions are specified in section 1.5.1 of the Applicant Guidebook.

5.5 If I withdraw my application, will I get a refund?

In certain cases, refunds of a portion of the evaluation fee may be available for applications that are withdrawn before the evaluation process is complete. An applicant may request a refund at any time until it has executed a registry agreement with ICANN. The amount of refund will depend on the point in the process at which the withdrawal is requested. Please refer to section 1.5.1 of the Applicant Guidebook for a schedule of refunds.

5.6 If my application does not get approved, will I be refunded the $185,000 application fee?

A full refund of the application fee is not available. Any applicant that has not been successful has the option of withdrawing its application at the end of Initial Evaluation or Extended Evaluation for a partial refund. Please refer to section 1.5.1 of the Applicant Guidebook for a schedule of refunds.

5.7 Are there any ongoing fees once a gTLD is approved by ICANN?

Yes. Once an application has successfully passed all the evaluation steps, the applicant is required to sign a New gTLD Agreement (also called Registry Agreement) with ICANN. Under the agreement, there are two fees: (a) a fixed fee of US$6,250 per calendar quarter; (b) and a transaction fee of US$0.25. The latter does not apply until and unless more than 50,000 transactions have occurred in the TLD during any calendar quarter or any four calendar quarter period. Please refer to section 6.1 of the New gTLD Agreement in the Applicant Guidebook.
5.8 One of my clients would like me to handle all of the contracts on their behalf. Do any scenarios exist in which a party may execute a Registry Contract on behalf of a Registry Operator?

No. ICANN will only enter into an agreement with the applicant. There's no provision for Party X to enter a registry agreement with ICANN designating Party Y as the registry operator.

Applicant Guidebook

6.1 What is the "Applicant Guidebook"?

The Applicant Guidebook provides a step-by-step procedure for new gTLD applicants. It specifies what documents and information are required to apply; the financial and legal commitments; and what to expect during the application and evaluation periods. The Applicant Guidebook can be found at http://icann.org/newgtlds [PDF, 4.81 MB]

6.2 Why is ICANN asking for so much information from the applicants?

One of ICANN’s core missions is to preserve the security, stability and global interoperability of the Internet. Future new gTLD registries are expected to comply with ICANN’s contract and follow all best practices and standards to ensure this mission is fulfilled.

6.3 I understand that ICANN will only make available the Applicant Guidebook in English (official version), Spanish, French, Chinese, Russian, and Arabic. Will ICANN allow other independent parties to translate the Applicant Guidebook into a language outside of the 6 UN languages mentioned?

Yes, the Applicant Guidebook may be translated from the official English version into multiple languages under the following conditions:

- Provide attribution to the source (ICANN’s English version of the Applicant Guidebook)
gTLD History & Policy Development

7.1 How are new gTLDs created?

The decision to establish the New gTLD Program followed a detailed and lengthy consultation process with all constituencies of the global Internet community. Representatives from a wide variety of stakeholders—governments, individuals, civil society, business and intellectual property constituencies, and the technology community—were engaged in discussions for more than 18 months. In October 2007, the Generic Names Supporting Organization (GNSO)—one of the groups that coordinates global Internet policy at ICANN—completed its policy development work on new gTLDs and approved a set of recommendations. Contributing to this policy work were ICANN’s Governmental Advisory Committee (GAC), At-Large Advisory Committee (ALAC), Country Code Names Supporting Organization (ccNSO) and Security and Stability Advisory Committee (SSAC). The ICANN Board of Directors adopted the policy in June 2008. A thorough brief to the policy process can be found at http://gnso.icann.org/issues/new-gtlds/.

There are eight gTLDs that predate the formal establishment of ICANN as an organization. These are: .com .edu .gov .int .mil .net .org .arpa. ICANN held two previous application rounds, one in 2000 and another in 2003-4, where several proposals were submitted and evaluated. The gTLDs approved during the 2000 round are: .aero .biz .coop .info .museum .name .pro. The gTLDs approved during the 2004 round are .asia .cat .jobs .mobi .tel
.travel You can find additional information about these previous application rounds at [http://www.icann.org/tlds/app-index.htm](http://www.icann.org/tlds/app-index.htm) (2000) and [http://www.icann.org/tlds/stld-apps-19mar04/](http://www.icann.org/tlds/stld-apps-19mar04/) (2003-4). Applications received during these rounds were evaluated against previously-published criteria, and those applicants who were successful went on to sign TLD Registry Agreements with ICANN.

7.2 How did the new gTLD policy development process work?

The Generic Names Supporting Organization (GNSO) is responsible for creating policy applicable to gTLDs. The GNSO policy development process on new gTLDs was aimed at creating a standing policy to guide the ongoing introduction of new gTLDs. The GNSO Policy Development Process (PDP) is formally defined in the ICANN Bylaws ([see](http://www.icann.org/general/bylaws.htm#AnnexA)). The GNSO’s final report on the introduction of New gTLDs can be found here ([Part A](http://www.icann.org/general/bylaws.htm#AnnexA), [Part B](http://www.icann.org/general/bylaws.htm#AnnexA)).

7.3 How are the GNSO’s policy recommendations being implemented?

ICANN staff reviewed the 19 GNSO recommendations for the introduction of new gTLDs and developed a set of steps to put each of them into practice, while also being cognizant of the guiding principles and implementation guidelines. One of the main outputs of this implementation work is the Applicant Guidebook ([PDF, 3.1 MB](http://www.icann.org/tlds/app-index.htm)), which can be thought of as a roadmap for potential gTLD applicants.

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Domain Name Basics

8.1 What is a domain name?

Every computer that accesses the Internet has a unique identifying address which is a string of numbers called an "IP address" (IP stands for "Internet Protocol"). As IP addresses are often difficult to remember, these numbers are transposed into characters or letters (the "domain name") and are what a user types in when searching for websites or sending an email.
8.2 What is the Domain Name System (DNS)?

The Domain Name System (DNS) helps users to find their way around the Internet. Every computer on the Internet has a unique address - just like a telephone number - which is a rather complicated string of numbers. It is called its "IP address" (IP stands for "Internet Protocol"). IP Addresses are hard to remember. The DNS makes using the Internet easier by allowing a familiar string of letters (the "domain name") to be used instead of the arcane IP address. So instead of typing 207.151.159.3, you can type www.internic.net. It is a "mnemonic" device that makes addresses easier to remember.

8.3 What is a top-level domain (TLD)?

Every domain name around the world ends with a top-level domain (TLD); these are the 2 or more letters that come after the dot. There are currently two types of TLDs: generic top-level domain (gTLDs) such as .com, .mobi, and .info, and country code top-level domains (ccTLDs) such as .uk, .br, and .cn. A gTLD or a ccTLD is managed by a registry operator, an organization that maintains the registry database, including the nameserver information for names registered in the TLD.

8.4 What are second-level and third-level domain names?

The portion of the domain name that precedes the top-level domain is called the second-level domain name (for example, the "icann" in "icann.org"). There are also third-level domain names that appear before the second-level domain name and again are separated by a dot (for example, events.icann.org). Third-level domain names are also called sub-domains and are often used to categorize special sections of a website.

8.5 What is a gTLD?

gTLD stands for generic Top-Level Domain. (what Internet users see as an Internet extension such as .COM, .ORG, or .INFO) and they are part of the structure of the Internet's domain name system. The gTLDs are also sometimes called labels, strings, or extensions.
8.6 What is a ccTLD?

cCTLD stands for country-code Top-Level Domain and are two-letter, top-level domains that identify a country or territory. There are approximately 250 ccTLDs, for example: .ca for Canada, .jp for Japan, and .eu for the European Union. A listing of existing ccTLDs is available at http://www.iana.org/domains/root/db/.

8.7 What is an IDN?

IDN stands for Internationalized Domain Name. IDNs are domain names represented by local language characters, or letter equivalents. These domain names could contain characters with diacritical marks (accents) as required by many European languages, or characters from non-Latin scripts (for example, Arabic or Chinese). IDNs make the domain name label as it is displayed and viewed by the end user different from that transmitted in the DNS. To avoid confusion the following terminology is used: The A-label is what is transmitted in the DNS protocol and this is the ASCII-compatible (ACE) form of an IDNA string; for example "xn--11b5bs1di". The U-label is what should be displayed to the user and is the representation of the Internationalized Domain Name (IDN) in Unicode.

Miscellaneous

9.1 What is the process for submitting questions about new gTLDs?

ICANN encourages community inquiries on the gTLD process. Questions may be sent to newgtld@icann.org. This FAQ will also be updated periodically based on questions received. Please also check the New gTLD site at http://newgtlds.icann.org and Twitter to find out about the latest developments.

9.2 If I apply for a TLD for my exclusive use and will only issue domain registration for internal use, must I use an ICANN accredited registrar?

Yes. Registry operators must use only ICANN accredited registrars in registering domain names. If a registry operator wishes to issue domain names, it must become an ICANN accredited registrar in order to do so.
9.3 If I want to register a gTLD solely for my own use, for example, solely for use by my company, partners, consultants, shareholders, auditors, etc., can I limit the issuance of second level domains to those individuals? Can I refuse to accept applications for second level domains from members of the public in general?

Yes. The applicant is responsible for setting the business model and policy for how they will use their gTLD, so long as the registry is in compliance with the terms of the registry agreement.

9.4 If I want to register a gTLD solely to promote my own brand and undertake my own marketing plans, can I refuse applications for second level domains from my competitors? Can I also refuse applications for second level domains from individuals who appear to be cybersquatters or scammers?

Yes. The applicant is responsible for setting the business model and policy for how they will use their gTLD, so long as the registry is in compliance with the terms of the registry agreement.

9.5 After delegation, if the applicant's business plan for the new gTLD were to change from the mission/purpose originally stated on question #18, would the now-gTLD operator be penalized?

One of the reasons ICANN is opening the top-level space is to allow for competition and innovation in the marketplace. ICANN recognizes that business models may evolve as the market matures. ICANN will only hold TLD operators responsible for complying with the terms of the registry agreement.

9.6 Will applications be categorized as “sponsored” or “unsponsored” in this New gTLD application round?

No, applications will not be categorized as “sponsored” or “unsponsored” in this new gTLD application round. ICANN carried out 2 previous new gTLD application rounds. Sponsored and unsponsored TLDs were part of these 2 previous programs. These distinctions are not relevant to the New gTLD program. Under the New gTLD program, a community-based
designation can be made on any application. Please refer to section 1.2.3 of the Applicant Guidebook for more information on community-based designation.