

A WORLD OF INFINITE DOMAIN NAMES: WHY ICANN'S NEW GTLD POLICY INADEQUATELY ADDRESSES CONSUMER PROTECTION AND LEGITIMATE TRADEMARK CONCERNS

I. INTRODUCTION

Globalization of the Internet took society by storm, which sparked a stampede of companies that vied to establish a virtual marketplace.¹ Tension mounted as entities once legally sharing an identical trademark in different industries realized the narrow supply of unique domain names.² Companies were not alone in their discovery of the limited market; however, “e-savvy entrepreneurs” also began to purchase, and continue to exploit, domain names consisting of trademarks, a practice of domain name abuse commonly referred to as “cybersquatting.”³

In 2011, the Internet Corporation for Assigned Names and Numbers (ICANN) unveiled an unprecedented policy allowing companies to register and operate a top-level domain name using essentially any word in any language.⁴ ICANN went to great lengths to study and formalize a system confronting the obvious risks new top-level domains present to

1. G. Peter Albert, Jr., *Right on the Mark: Defining the Nexus Between Trademarks and Internet Domain Names*, 15 J. MARSHALL J. COMPUTER & INFO. L. 277, 279 (1997) (stating Internet sales increased from approximately 8 million in 1994 to 435 million in 1995).

2. Deborah Howitt, *War.com: Why the Battles Over Domain Names Will Never Cease*, 19 HASTINGS COMM. & ENT. L.J. 719, 732-33 (1997).

3. See *Harrods Ltd. v. Sixty Internet Domain Names*, 157 F. Supp. 2d 658, 665 (E.D. Va. 2001), *rev'd on other grounds*, 302 F.3d 214, 225-26 (4th Cir. 2002). Cybersquatting occurs when a person registers a domain name incorporating a trademark with the bad faith intent to ransom the rights of the domain to the legitimate holder for a profit. Lanham Act § 43(d), 15 U.S.C.A. § 1125(d) (West 2010); *Intermatic, Inc. v. Toepfen*, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996); S. REP. NO. 106-140, at 4-7 (1999).

4. *ICANN Approves Historic Change to Internet's Domain Name System*, ICANN (June 20, 2011), <http://www.icann.org/en/announcements/announcement-20jun11-en.htm>. In brief, the anatomy of a domain name can be dissected into two component parts: first level and second level. J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:72 (4th ed. 2011). For instance, in the domain name www.icann.org, ‘icann’ is the second-level domain and ‘.org’ is the top-level domain.

In order to grasp the magnitude of this announcement, there are currently only twenty-two registered top-level domains, all of which have either been selected by ICANN or its predecessor—never the public. *Id.* (stating prior to transfer of power to ICANN, the Internet Assigned Numbers Authority, headed by Internet pioneer Jon Postel, controlled the domain name system (DNS)); *Registry Listing*, ICANN (Nov. 21, 2011), <http://www.icann.org/en/registries/listing.html> (listing the registered generic top-level domain's (gTLD): .aero, .asia, .biz, .cat, .com, .coop, .edu, .gov, .info, .int, .jobs, .mil, .mobi, .museum, .name, .net, .org, .post, .pro, .tel, .travel, and .xxx).

trademark holders.⁵ Nevertheless, each new top-level domain approved by ICANN represents a new territory for cybersquatters to flourish.⁶

This Note argues that despite ICANN's steadfast effort to implement a new generic top-level domain (gTLD) policy, the adequacy of the defensive measures to detect and prevent cybersquatting and trademark infringement will fall short of expectations. Although ICANN's policy is designed to address a legitimate concern, it confronts two significant challenges. First, existing Internet users may be reluctant to adopt the policy into their Internet search repertoire. Second, adding top-level domain names will open the floodgates of trademark litigation.

Part II outlines ICANN's new gTLD policy, including the mechanisms in place to counteract the risk of trademark infringement, in addition to explaining the development of trademark law in response to domain names. Part III analyzes the implications of releasing considerable amounts of gTLDs on the social practices of Internet users, and the legal outcomes the new policy will have on domain names at the first and second level. Finally, in Part IV, this Note concludes that although ICANN's policy is well-designed to preclude trademark infringement at the first level, it will fail to inhibit cybersquatting and trademark disputes arising at the second level.

II. BACKGROUND

The booming popularity of the Internet coupled with a lack of administrative oversight prompted the Clinton Administration to vest control of the management of the Internet's domain name system (DNS) in a single entity.⁷ Following the recommendation of the Department of Commerce, the United States government established the Internet Corporation for Assigned Names and Numbers (ICANN).⁸ The private, non-profit organization is run by a board of directors made up of a

5. Caroline Chicoine et al., *An Open Letter from the IRT Introducing Our Work*, ICANN, <http://archive.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf> (last visited Oct. 3, 2012) (mandating every new top-level domain operator institute and enforce five measures to preclude trademark infringement).

6. Dennis S. Prah & Eric Null, *The New Generic Top-Level Domain Program: A New Era of Risk For Trademark Owners and the Internet*, 101 TRADEMARK REP. 1757, 1780-81 (2011).

7. ANNE GILSON LALONDE, 5-30 GILSON ON TRADEMARKS § 30.08 (2011). See also *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 951 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999) (explaining that no single authority had complete control of the Internet upon its inception).

8. *Statement of Policy on the Management of Internet Names and Addresses*, NAT'L TELECOMM. & INFO. ADMIN. (NTIA) (June 5, 1998) www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm (the "White Paper").

diverse cross-section of experts in the international Internet community.⁹ ICANN's principal goal is to sustain a competitive, market-friendly DNS.¹⁰ ICANN sought to accomplish its mission by creating a market for domain name registrars, introducing new generic top-level domains, and developing a uniform approach to conduct domain name disputes.¹¹

On June 20, 2011, ICANN announced a plan that will forever change the manner in which information is conveyed over the Internet.¹² The approved gTLD Policy dramatically expands the number of available top-level domains (TLDs), allowing applicants to register nearly any domain name in any language.¹³ TLDs are formal strings of characters that appear at the end of a domain name, such as '.com' in the domain name *www.example.com*.¹⁴ Perhaps the most impressive aspect of the gTLD Policy is that TLD's are not limited to Latin script, and may include character sets from any language.¹⁵

ICANN felt compelled to release additional TLD's to meet the growing demands of an Internet community in light of a rapidly decreasing pool of available '.com' domain names.¹⁶ The gTLD Policy creates an incentive for companies to seek creative strategies to market their Internet presence in a way that increases consumer choice.¹⁷ Additional TLDs will also change the way in which Internet users search for information.¹⁸

9. See MCCARTHY, *supra* note 4, at § 25:73.20.

10. *Id.*

11. *Lockheed Martin Corp.*, 141 F. Supp. 2d at 651 (describing the role of ICANN: (1) to oversee the infrastructure of the Internet; (2) to ensure competition among TLD registrars; (3) to establish dispute resolution policies; and (4) to authorize the addition of new TLD's); *Articles of Incorporation of Internet Corporation for Assigned Names and Numbers*, ICANN (Nov. 21, 1998), <http://www.icann.org/en/about/governance/articles> (describing the purpose of the corporation).

12. See ICANN, *supra* note 4.

13. *Id.*

14. See MCCARTHY, *supra* note 4, at § 25:72.

15. *New Generic Top-Level Domains Overview*, ICANN (Nov. 21, 2011) <http://newgtlds.icann.org/announcements-and-media/video.overview-en>.

16. *New gTLD Program Explanatory Memorandum*, ICANN (May 30, 2009), <http://www.icann.org/en/topics/new-gtlds/three-character-30may09-en.pdf> (explaining the addition of more TLD's will enhance the competition for domain names, allowing Internet users to benefit from increased creativity and choice).

17. ICANN, *supra* note 4 (expressing Rod Beckstrom's, (President and CEO of ICANN) hopes that the new system will "unleash the global human imagination . . . to better serve all of mankind.").

18. Daniel J. Warren et al., *ICANN Formally Adopts New Generic Top-Level Domain Name Program*, 2011 EMERGING ISSUES 5736 (2011).

A. Anatomy of a Domain Name

There are two general categories of TLD's: generic top-level domains (gTLDs) and country code top-level domains (ccTLDs).¹⁹ Currently, there are twenty-two registered gTLD's, the most common of which are '.com' and '.net.'²⁰ In addition, there are more than 240 ccTLD's that use two-letter abbreviations to indicate the territory of the source, such as '.uk' for United Kingdom or '.cn' for China.²¹ Second-level domains (SLDs) represent the other critical component for domain names.²² For instance, in the domain name www.example.com, 'example' is the SLD and '.com' is the TLD. Absent a framework that specifically addresses the legal implications of the emerging DNS, domain names remain vulnerable to infringement.²³

B. The Lanham Act was Promulgated to Address Trademark Issues and Continues to Contribute to Domain Name Dispute Resolution

A brief explanation of the history of trademark infringement and its development in response to the Internet further contextualizes the application of federal trademark law to the DNS.²⁴ Trademark protection is codified under the Lanham Act to serve two overarching purposes.²⁵ The primary motivation of the Act is to prevent the use of identical or similar marks in a way that generates consumer confusion as to the source of goods or services.²⁶ Trademarks are intended to be used to "identify and distinguish" products of individual manufacturers in order to reduce search costs.²⁷ A prohibition against confusion also acts as an incentive for companies to improve and maintain product quality so that

19. See MCCARTHY, *supra* note 4, at § 25:72.

20. Registry Listing, ICANN (Nov. 21, 2011), <http://www.icann.org/en/resources/registries/listing>.

21. See MCCARTHY, *supra* note 4, at § 25:72. See also *Root Zone Database*, INTERNET ASSIGNED NOS. AUTH. (Nov. 21, 2011), www.iana.org/domains/root/db/.

22. See MCCARTHY, *supra* note 4, at § 25:72.

23. Anne Gilson LaLonde, *What Trademark Owners Must Know About the Impending Flood of gTLDs*, 2009 EMERGING ISSUES 4335 (2009).

24. MCCARTHY, *supra* note 4, at § 25:71.

25. Deborah F. Buckman, *Lanham Act Trademark Infringement Actions in Internet and Website Context*, 197 A.L.R. FED. 17 (2004).

26. *Id.*; see also Lanham Act § 43(c), 15 U.S.C.A § 1125(c) (West 2006).

27. *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1429 (7th Cir. 1985) (explaining that trademarks are valuable to consumers because they help them identify the source of goods by conveying valuable information: "Easily identified trademarks reduce the costs consumers incur in searching for what they desire, and the lower the costs of search the more competitive the market.").

consumers may confidently select items for purchase knowing they conform to product expectations.²⁸ The second purpose for trademark protection is to safeguard the goodwill a mark has accumulated over time.²⁹ Mark holders invest a great deal of capital in advertising a brand; consequently, it would be inequitable to allow another person to profit from the goodwill that another's mark accrues.³⁰

Application of trademark law under the Lanham Act has adapted to the continually expanding Internet.³¹ The use of a trademark as a domain name has the potential to create confusion as to the source of the goods or services advertised.³² Registering a desired name or mark is a valuable asset for both the marketability of a business and the convenience of consumers.³³ Locating a desired web page, for example, is much simpler when a web user knows the domain name beforehand or is able to deduce it with relative ease.³⁴ Consumers generally assume a business' domain name is the entity name followed by '.com.'³⁵ Otherwise, web users must undergo the burdensome process of sifting through search engine results generated from keywords and phrases.³⁶ Thus, it is not surprising that companies are willing to pay a premium to secure a domain name identical to their trademark or brand name.³⁷

28. SIEGRUN D. KANE, *KANE ON TRADEMARK LAW* § 1:2.1 (2011). *See also Scandia Down Corp.*, 772 F.2d at 1429-30 (stating that trademarks have a residual impact on a business's goodwill because consumers can easily identify the quality of a given product and know what to expect when purchasing).

29. *See Buckman, supra* note 25. *See also* *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (illustrating that people recognize trademarks as symbols). The more a mark holder exploits a particular product, the greater value it attains. *Kresge Co.*, 316 U.S. at 205. As a result, trademark owners may obtain legal redress for unpermitted use of their mark. *Id.*

30. *See* KANE, *supra* note 28. *See also* *Coll. Sav. Bank v. Fla. Prepaidpostsecondary Educ. Expense Bd.*, 527 U.S. 666, 675 (1999) (analogizing the good will of a business as a protectable property interest under the Fourteenth Amendment).

31. *See* *Buckman, supra* note 25.

32. *See* *NTIA, supra* note 8.

33. *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997), *aff'd*, 129 F.3d 1258 (4th Cir. 1997) (quoting *MTV Networks, Inc. v. Curry*, 867 F. Supp. 202, 203-04 n.2 (S.D.N.Y. 1994) (stating that the lack of a centralized database to locate domain names enhances its inherent value)).

34. *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999).

35. *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999) (asserting that Internet users assume "as a rule of thumb" that a company's domain name is its name followed by '.com').

36. *Id.*

37. *MCCARTHY, supra* note 24, at § 25:73 (demonstrating the commercial value of domain names through Compaq's purchase of *altavista.com* for \$3.35 million).

Intellectual property speculators cashed in on the limited supply of domain names in the early 1990's.³⁸ So long as an identical domain name is not already registered, a person may reserve a domain name by paying a nominal fee.³⁹ Furthermore, the registrars themselves are essentially absolved of liability for either registering or refusing to register a domain name that is trademarked.⁴⁰ The limited supply of '.com' domain names and the relative ease of domain name registration sparked an infringement epidemic in two settings: traditional trademark law and the development of cybersquatting.⁴¹

1. Issues of Priority and the Likelihood of Confusion

The use of a mark as a domain name may qualify as "an infringement under the Lanham Act," if the domain name is confusingly similar to the senior user's mark.⁴² A mark holder bears the burden of proving the domain name is identical or confusingly similar to a mark and was used in commerce.⁴³ The act of registering a domain name neither satisfies the 'used in commerce' requirement⁴⁴ nor creates a legal entitlement to use the mark.⁴⁵ Rather, the mark holder must demonstrate that the domain name was used "in connection with the sale, offering for sale, distribution or advertising of any goods or services."⁴⁶

Trademarks grant an exclusive right to individuals to use a registered mark that is limited to the product market in which the entity has actually

38. *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir. 2002) (analogizing cybersquatting as the "Internet version of a land grab").

39. See LaLonde, *supra* note 23.

40. See Lanham Act § 32(2)(D), 15 U.S.C.A § 1114(2)(D) (providing a safe harbor for domain name registrars after the promulgation of the ACPA). See also *Lockheed Martin Corp.*, 985 F. Supp. at 951 (providing limited liability for registrars under common law).

41. Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149, 151-52 (2000).

42. See MCCARTHY, *supra* note 24. See also *Brookfield Commc'ns, Inc.*, 174 F.3d at 1047 (defining senior user as the first individual to use the mark). 'Senior' status confers upon the user the right to enjoin subsequent junior users from "using confusingly similar marks in the same industry and market." *Brookfield Commc'ns, Inc.*, 174 F.3d at 1047.

43. Lanham Act § 43(c), 15 U.S.C.A § 1125(c) (West 2006).

44. *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996) ("Registration of a trade as a domain name, without more, is not a commercial use of the trademark and is therefore not within the prohibitions of [§ 43(c) of] the [Lanham] Act."), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

45. *Wash. Speakers Bureau, Inc. v. Leading Auths., Inc.*, 33 F. Supp. 2d 488, 491 n.3 (E.D. Va. 1999) (asserting that registration of domain name alone does not confer federal trademark protection), *aff'd*, 217 F.3d 843 (4th Cir. 2000).

46. Lanham Act § 32(1), 15 U.S.C.A. § 1114(1).

done business.⁴⁷ Thus, multiple entities may share legal entitlement to a single mark in unrelated industries.⁴⁸ In analyzing whether a domain name infringes on a trademark, courts ignore the '.com' or other TLD in their evaluations.⁴⁹ Generally, a lesser-known mark holder that is first to register the domain name will not be ordered to release it to a more well-known user.⁵⁰ In fact, a legitimate right holder may not be entitled to injunctive relief against a person who does not hold a mark in the domain name without first proving confusing similarity.⁵¹

2. Cybersquatting is a Genuine Danger to Legitimate Trademark Holders and Domain Names

Domain name speculation also gave rise to a new source of trademark infringement known as cybersquatting. A cybersquatter is a person who intentionally registers the mark or name of an individual or company as a domain name with the intent of exchanging the right to the domain name with the legitimate owner for a profit.⁵² Originally, the Lanham Act was not well-suited to defend against cybersquatting because plaintiffs had difficulty demonstrating the domain name was used in commerce.⁵³

In order to ease the statutory burdens of the Lanham Act and combat blatant attempts of exploitation, courts began to expand the scope of the 'used in commerce' requirement to encompass cybersquatting.⁵⁴ A pair of 1996 district court decisions marked the judiciary's effort to directly

47. Litman, *supra* note 41, at 153.

48. *Id.*

49. *Image Online Design, Inc. v. Core Ass'n*, 120 F. Supp. 2d 870, 878 (C.D. Cal. 2000) (expressing courts general disdain to consider gTLDs when analyzing a trademark dispute).

50. *See Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 126 (D. Mass. 1999) (holding that Plaintiff failed to demonstrate a likelihood of confusion between Clue Computing's website and Hasbro's game), *aff'd*, 232 F.3d 1 (1st Cir. 2000).

51. *See Gateway 2000, Inc. v. Gateway.com, Inc.*, No. 5:96CV1021, 1997 WL 33165847, at *3 (E.D.N.C. Feb. 6, 1997) (concluding that a preliminary injunction is warranted only if the complainant used the disputed name to describe its corporate name prior to the defendant's use).

52. MCCARTHY, *supra* note 24, at § 25:77. *See also* H.R. REP. NO. 106-412, at 5-6 (1999) ("These cyberpirates have no intention of using the domain name in commerce and instead often attempt to exact money from a company in exchange for domain names that related to that company's trademark.").

53. Lanham Act § 32(1), 15 U.S.C.A. § 1114(1) (defining commercial use as "in connection with the sale, offering for sale, distribution, or advertising of goods or services.").

54. Lanham Act, § 43(c), 15 U.S.C.A. §§ 1051-1129; *Panavision Int'l, L.P. v. Toepfen*, 141 F.3d 1316, 1325-26 (9th Cir. 1998).

attack cybersquatting.⁵⁵ Both cases involved defendant Dennis Toeppen, who is considered one of the most infamous serial cybersquatters of all time.⁵⁶ He registered approximately 240 domain names over a period of years, including names of prominent corporations such as “deltaairlines.com,” “eddiebauer.com,” and “ramadainn.com.”⁵⁷

In *Intermatic, Inc. v. Toeppen*, plaintiff Intermatic was estopped from reserving its trademark, “INTERMATIC,” as a domain name because Toeppen had already registered it.⁵⁸ The ‘www.intermatic.com’ webpage only displayed a map of Champaign-Urbana, IL.⁵⁹ Toeppen conceded to purchasing ‘intermatic.com’ in order to sell it to Intermatic or another company.⁶⁰ Notwithstanding Toeppen’s unwillingness to operate the domain name in a traditional commercial sense, the court held Toeppen violated the Lanham Act because his “intention to arbitrage the ‘intermatic.com’ domain name constitutes commercial use.”⁶¹

Similarly, the court in *Panavision International, L.P. v. Toeppen* also found Toeppen’s remote use of a corporation’s website to violate the Lanham Act.⁶² Panavision’s efforts to register ‘www.panavision.com’ fell short after they learned Toeppen had already registered it; this time the website contained photographs of Pana, IL.⁶³ Panavision’s counsel informed Toeppen that ‘Panavision’ was a registered trademark and demanded he stop using the trademark and domain name.⁶⁴ In response, Toeppen directed a letter to Panavision questioning their attorney’s motives and offering “to settle the matter” for \$13,000 in exchange for the domain name.⁶⁵ When Panavision refused to negotiate, Toeppen registered Panavision’s other registered trademark, ‘www.panaflex.com,’ whose website merely stated the word ‘hello.’⁶⁶ The court refused to

55. See generally *Panavision Int’l L.P.*, 141 F.3d at 1324-26; *Intermatic Inc.*, 947 F. Supp. at 1239-40.

56. ANNE GILSON LALONDE ET AL., 2 GILSON ON TRADEMARKS § 7A.06(1)(c)(iv) (2011).

57. *Intermatic Inc.*, 947 F. Supp. at 1230.

58. *Id.* at 1232.

59. *Id.*

60. *Id.* at 1239.

61. *Id.*

62. 141 F.3d 1316, 1327 (9th Cir. 1998).

63. *Id.* at 1319.

64. *Id.*

65. *Id.* (quoting the letter written from Toeppen to Panavision: “If your attorney has advised you otherwise, he is trying to screw you. He wants to blaze new trails in the legal frontier at your expense. Why do you want to fund your attorney’s purchase of a new boat (or whatever) when you can facilitate the acquisition of ‘PanaVision.com’ cheaply and simply instead?”).

66. *Id.*

accept Toepfen's argument that his management of the website did not constitute a commercial use because it did not attach the trademark to a particular product.⁶⁷ Rather, the court held that Toepfen used the domain name in a commercial sense because he exploited the trademarks of legitimated holders unless they paid a considerable fee.⁶⁸

C. Trademark Infringement Remedies Developed Specifically to Tackle Cybersquatting

Mark holders have two readily accessible avenues for redress against alleged instances of cybersquatting: federal district court or the Uniform Domain Name Dispute Resolution Policy (UDRP).⁶⁹ Each forum possesses unique benefits that appeal to particular audiences.⁷⁰ An infringement action brought in federal court receives favorable application of the Anticybersquatting Consumer Protection Act (ACPA).⁷¹ On the other hand, a plaintiff may prefer the ability to select from experienced panels of intellectual property specialists under the UDRP.⁷² In any event, ICANN implemented defensive mechanisms to reduce the threat of cybersquatting pursuant to the gTLD Policy through its Right Protection Mechanisms (RPMs).⁷³

1. The Anticybersquatting Consumer Protection Act

Dilution initially served as the primary cause of action against the novel phenomenon of cybersquatting. Unlike trademark infringement,

67. *Id.* at 1318.

68. *Panavision Int'l, L.P.*, 141 F.3d at 1325.

69. *Storey v. Cello Holdings, L.L.C.* 347 F.3d 370, 381 (2d Cir. 2003) (holding that a final ruling under the UDRP does not preclude a party from seeking redress in federal court).

70. For instance, '.aero' is intended for the air-transit industry, '.gov' for the United States government, and '.biz' for businesses. See ICANN, Registry Listing (Nov. 21, 2011), <http://www.icann.org/en/registries/listing.html>.

71. Adam Silberlight, *Domain Name Disputes Under the ACPA in the New Millennium: When is Bad Faith Intent to Profit Really Bad Faith and has Anything Changed with the ACPA's Inception?*, 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 269, 308-09 (2002) (citing 15 U.S.C.A. § 1125(d) (West 2006)) (explaining the ACPA contains provisions that expand the scope of trademark infringement to specifically target cybersquatters).

72. *Uniform Domain Name Dispute Resolution Policy*, at § d, ICANN (approved Oct. 24, 1999), <http://archive.icann.org/en/udrp/udrp-policy-24oct99.htm>.

73. ICANN, IRT FINAL REPORT (2009), available at <http://www.icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf>.

dilution does not require a finding of likelihood of confusion.⁷⁴ Instead, protection is available upon a showing of a third party's commercial use of a famous mark in a manner that either "blur[s] the distinctiveness of the mark" or otherwise harms the legitimate owner.⁷⁵ As cybersquatting became more pervasive, courts recognized that dilution was not an effective means to adjudicate cases with domain names involving generic terms and noncompetitive uses.⁷⁶ In 1999, Congress directly addressed the growing concerns cybersquatting presented by expanding the scope of the Lanham Act through ratification of the ACPA.⁷⁷ The amendment illustrates Congress's firm conviction to establish a new cause of action completely separate from dilution so that courts do not need to stretch the bounds of the Lanham Act to cover cybersquatting.⁷⁸

The ACPA defines cybersquatting as the bad faith intent to profit from a mark through the use of a domain name that is identical or confusingly similar to or dilutive of that mark.⁷⁹ In order to facilitate predictable, consistent rulings, the ACPA enumerates nine factors available to courts to use in determining whether a domain name is used in bad faith.⁸⁰ One of the most notable aspects of the ACPA is that it does not require disputed domain names to be used in a commercial

74. CHARLES MCKENNEY & GEORGE F. LONG III, 1 FEDERAL UNFAIR COMPETITION: LANHAM ACT 43(a) § 3:36 (2011).

75. Federal Trademark Dilution Act, 15 U.S.C.A. § 1125(c) (West 2006) (defining a famous mark as a mark that "is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." The Lanham Act enumerates several factors to consider in determining whether a mark is famous).

76. KANE, *supra* note 28, at 11:5.4. *See also Hasbro Inc.*, 66 F. Supp. 2d at 135 (finding that registration of a domain name that is identical to a famous mark is not per se dilution).

77. Lanham Act § 43(d), 15 U.S.C.A. § 1125(d); S. REP. NO. 106-140, at 4 (1999) (emphasizing the purpose of the ACPA is "to protect consumers and American businesses, to promote the growth of online commerce, and to provide clarity in the law for trademark owners.").

78. *Porsche Cars N. Am., Inc. v. Porsche.net*, 302 F.3d 248, 261 (4th Cir. 2002) (concluding "the enactment of the ACPA eliminated any need to force trademark dilution law beyond its traditional bounds in order to fill a past hole, now otherwise plugged, in the protection of trademark rights."); *Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 496 (2d Cir. 2000) (finding that the ACPA will "remedy the perceived shortcomings of applying the [federal anti-dilution act]" so that courts have readily available "a preferable alternative to stretching federal dilution law when dealing with cybersquatting cases.").

79. Lanham Act § 43(d), 15 U.S.C.A. § 1125(d)(1)(A).

80. *Id.* § 1125(d)(B)(i)(I)-(IX); H.R. REP. NO. 106-412, at 10 (1999) (stating the enumerated factors are the components necessary to implement a balancing test to determine whether a trademark holder or Internet user is the rightful owner of a particular domain name).

sense.⁸¹ Rather, a cybersquatter is liable for its actions if it “registers, traffics in, or uses a domain name.”⁸²

2. Uniform Domain Name Dispute Resolution Policy

ICANN implemented the UDRP specifically to resolve disputes involving the abusive registration of domain names, such as cybersquatting.⁸³ Disputes arising between two legitimate holders are generally filtered out; however, UDRP proceedings must occasionally determine whether both parties are legitimate users of a mark.⁸⁴ The elements of abusive registration under the UDRP are nearly identical to the requirements of cybersquatting under the ACPA.⁸⁵ Also, adoption of the UDRP is mandatory for ICANN-accredited registrars of all gTLD’s; thus, all disputes involving gTLD’s, e.g. ‘.com’ or ‘.net,’ must abide by the policies set out by ICANN.⁸⁶ A statistical analysis of UDRP decisions demonstrates its utility: disputed domain names were successfully transferred in 80% of all cases, 54% of which came by way of default judgment.⁸⁷

As the scope of the UDRP is limited in its application and reserved for clear cases of infringement, it acts as a cost-effective, efficient method of arbitration.⁸⁸ Nevertheless, the UDRP lacks significant adjudicative functions as a result.⁸⁹ Dissatisfied complainants may, for example, file an action in federal district court.⁹⁰ In addition, the trier of

81. See Lanham Act § 43(d), 15 U.S.C.A. § 1225(d); *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005) (reversing the district court’s holding because “the ACPA does not contain a commercial use requirement.”). See also *Panavision Int’l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996), *aff’d*, 141 F.3d 1316 (9th Cir. 1998) (holding that mere registration of a domain name is insufficient to satisfy the commercial use requirement of § 43(c) of the Lanham Act).

82. Lanham Act § 43(d), 15 U.S.C.A. § 1125(d)(1)(A)(ii) (emphasis added).

83. ICANN, *supra* note 72.

84. *Id.* § 4(a)(i)-(iii). See MCCARTHY, *supra* note 4.

85. Compare ICANN, *supra* note 72, at § 4(a)(i)-(iii) with 15 U.S.C.A. § 1125(d)(1)(A).

86. ICANN, *supra* note 72, at n.1 (requiring all accredited domain name registrars to adopt the UDRP).

87. MCCARTHY, *supra* note 4, at § 25:74.75.

88. *Id.*

89. See *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 624 (4th Cir. 2003) (describing the procedural requirements of the UDRP as “adjudication lite [because] of its streamlined nature and its loose rules regarding applicable law.”).

90. See *Storey v. Cello Holdings, L.L.C.* 347 F.3d 370, 381 (2d Cir. 2003).

fact is permitted to conduct independent research beyond what was presented in the record.⁹¹

3. ICANN's Right Protection Mechanisms

In 2009, ICANN approached the Generic Names Supporting Organization⁹² to assemble an international team of IP experts to analyze issues of trademark protection in preparation for the launch of ICANN's new program.⁹³ After thorough investigation, the Implementation Recommendation Team (IRT) submitted five suggestions to improve and supplement ICANN's RPMs.⁹⁴ The protective measures serve primarily to protect trademark rights through effective detection and enforcement of potential disputes.⁹⁵ Nevertheless, mark holders must police submitted applications to apprise themselves of whether another entity is seeking an identical or confusingly similar gTLD.⁹⁶

Prospective registrants must first complete a rigid application process.⁹⁷ Applicants are required to demonstrate sound technical knowledge of registry startup and operation.⁹⁸ In addition, ICANN mandates that each applicant is financially capable of maintaining DNS stability and security.⁹⁹ In the event a cybersquatter is able to satisfy ICANN's high technical and financial standards, the \$185,000

91. *WIPO Overview of WIPO Panel Visions of Selected UDRP Questions*, WIPO, § 4.5 (2011), <http://www.wipo.int/amc/en/domains/search/overview2.0/>.

92. LISA M. BROWNLEE, *Overview - Anatomy of Domain Names - TopLevel Domains and Second-Level Domains*, IP DUE DILIGENCE IN CORP. TRANSACTIONS § 7:2 (2011) (stating the Generic Names Supporting Agency is ICANN's policy making body for gTLD's). See *GENERIC NAMES SUPPORTING ORGANIZATION* (2012), <http://gnso.icann.org/>.

93. ICANN, *Adopted Board Resolutions, Mexico* (2009), available at <http://www.icann.org/en/minutes/resolutions-06mar09.htm#07>.

94. ICANN, *supra* note 73, at 7 (defining the five RPM's: (1) Trademark Clearinghouse – a database compiling registered trademarks to facilitate mandatory sunrise and trademark claim services; (2) Uniform Rapid Suspension System – fast, easy way to resolve obvious cases of trademark infringement; (3) Post-Delegation Dispute Resolution Procedure – specifically addresses the bad-faith intent of registry operators; (4) “Thick” WHOIS Model – provides more detailed, publicly available information of a domain holder's identification to ease the burden of locating potential infringers; and (5) String Confusion Algorithm – initial evaluation is not based solely on visual similarity, but also “aural and commercial expression”).

95. ICANN, *NEW gTLDs: IMPROVING RIGHTS PROTECTION MECHANISMS* (2011), available at icann.org/en/topics/new-gtlds/trademark-factsheet-insert-02sep11-en.pdf.

96. *Id.*

97. ICANN, *gTLD APPLICANT GUIDEBOOK* (2012), available at <http://newgtlds.icann.org/en/applicants/agb>.

98. *Id.* § 1.1.2.5.

99. *Id.*

application fee and \$25,000 per year maintenance fee further deter domain name abuse at the top level.¹⁰⁰

The most noteworthy pre-launch RPM is the Trademark Clearinghouse. Whereas traditional avenues of redressing harm caused by trademark infringement involved the task of either litigation in federal court or arbitration under the UDRP, the Trademark Clearinghouse aims to preclude trademark infringement altogether.¹⁰¹ The Trademark Clearinghouse is a database comprised of approved marks that provide rights-protection services.¹⁰² Its repository is unique because it contains not only registered trademarks, but also marks validated through judicial court proceedings or statute, and even those that constitute 'intellectual property.'¹⁰³

The two key features of the Trademark Clearinghouse are the Sunrise Period and Trademark Claims Service.¹⁰⁴ During the Sunrise Period, trademark holders may register their respective domain names in a TLD at least thirty days before it is open to the general public.¹⁰⁵ The Trademark Claims Service is of particular importance because it notifies in real time interested parties that a domain name, which matches a trademark in the Trademark Clearinghouse, is attempting to be registered.¹⁰⁶

Two post-launch RPM's enhance the Trademark Clearinghouse's impact in the disruption of infringement.¹⁰⁷ The introduction of the Uniform Rapid Suspension System (URS) further streamlines trademark claims.¹⁰⁸ Once a legitimate trademark holder successfully reports infringing use of his or her mark,¹⁰⁹ the allegedly infringing domain name is immediately locked¹¹⁰ and submitted to a URS review panel.¹¹¹

In addition, the Post-Delegation Dispute Resolution Procedure (PDDRP) provides a forum for mark holders to seek redress against

100. *Id.* §§ 1.5, 5.4.1.

101. *Id.* at 301.

102. *Id.*

103. ICANN, *supra* note 97, § 3.2.

104. *Id.* at 301.

105. *Id.* § 6.2.

106. *Id.* § 6.1.

107. ICANN, *supra* note 73, at 38, 45 (Post-Delegation Dispute Resolution Procedure and Thick WHOIS Model).

108. *Id.* at 25-26.

109. ICANN, UNIFORM RAPID SUSPENSION SYSTEM (URS), § 1 (2011), available at <http://www.icann.org/en/topics/new-gtlds/urs-clean-19sep11-en.pdf>.

110. *Id.* § 4.1 (defining "locking" as inhibiting changes, transfer, and deletion of the domain until the dispute is resolved).

111. *Id.* § 7.

gTLD registry operators.¹¹² When the DNS was first introduced, courts refused to impute knowledge on Network Solutions, Inc. (NSI), the sole registrar at the time, for registering infringing domain names.¹¹³ NSI did not have an affirmative duty to monitor potentially infringing uses of registered domain names on the Internet.¹¹⁴ The Lanham Act further provides a safe harbor for registrants by way of limited liability and damages.¹¹⁵ The PDDRP, however, places affirmative duties on registrars at the top level and second level, thus creating another barrier to trademark infringement.¹¹⁶ Overall, the RPMs, on their face, appear to function as an adequate anticipatory restraint against cybersquatting. Nevertheless, the vast domain name market to be produced by the gTLD Policy¹¹⁷ exposes several inadequacies in its scheme.¹¹⁸

III. ANALYSIS

The inherent value of domain names continues to consume the availability of unique, creative second-level domains.¹¹⁹ An increase in the number of TLD's is a natural progression in the evolution of the Internet to release the pressure caused by the rapidly evaporating pool of domain names.¹²⁰ ICANN's policy undoubtedly addresses a legitimate concern by effectively replenishing the starving domain name market

112. ICANN, *supra* note 97, § 5.4.1.

113. *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 966 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980, (9th Cir. 1999).

114. *Id.* (holding NSI's business of registering domain names does not fall under the Lanham Act because the infringing use came from the registrants abusive conduct and not from NSI's publication of the domain name); *Bird v. Parsons*, 289 F.3d 865, 879-81 (6th Cir. 2002) (holding defendant registrar not liable for trademark infringement, trademark dilution, and violation of the ACPA).

115. Lanham Act § 32(2)(D), 15 U.S.C.A. § 1114(2)(D) (West 2006) (providing a safe harbor for registrars who register an infringing domain name or refuse to register, cancel, or transfer a domain name in compliance with a dispute resolution policy).

116. ICANN, *supra* note 97, at 314-15.

117. *Id.* at A-1.

118. *Id.*

119. Andrew Pollack, *What's in a Cybername? \$7.5 Million for the Right Address*, N.Y. TIMES, Dec. 1, 1999, at C8 (stating the domain name 'business.com' sold for \$7.5 million and 'wine.com' for \$3 million). *See also* *MTV Networks, Inc. v. Curry*, 867 F. Supp. 202, 203-04 n.2 (S.D.N.Y. 1994) (stating a domain name that mirrors a corporate entity is a valuable asset because it "facilitates communication with a customer base").

120. GEORGE B. DELTA & JEFFREY H. MATSUURA, *LAW OF THE INTERNET* § 8.02, *4 (2012) (claiming additional TLDs ease the burden for new internet users to enter the market, "[t]hese initiatives make it easier and less expensive for Internet users to develop and expand their on-line presence and operations.").

with an infinite reservoir of possibilities.¹²¹ Nevertheless, the gTLD Policy faces two potential inadequacies.

First, the gTLD Policy may frustrate existing Internet users. Individuals are accustomed to locating a domain name by searching a brand followed by '.com,' e.g., www.BRAND.com.¹²² Akin to learning phone numbers and other rote memorization tasks, Internet users will have to relearn themselves desired domain name destinations.¹²³ Although the learning curve may be short-lived for advanced users, segments of the population may be either resistant to change or incapable of developing into competent users. Ultimately, unsettled users will bypass using new gTLDs, and instead locate information using either the traditional '.com' domain name or default search engines.

Second, the seemingly 'blank-check' reform of the new gTLD Policy leaves the door wide open for individuals to take advantage of legitimate trademark users.¹²⁴ The increasing availability for individuals to access the Internet created a lucrative source for exploitation on a global scale.¹²⁵ One can only assume that the gTLD Policy's dramatic, unprecedented increase in available domain names will have a corresponding increase in the volume of disputes. ICANN has made tremendous strides in researching and enacting preventive measures against cybersquatters in anticipation of the gTLD Policy. The question remains, however, whether opening the floodgates for top-level domain name registration is the best policy to serve the needs of the Internet community ICANN has so fervently fought to protect.

A. The Need for Generic Top-Level Domain Name Expansion

The gTLD Policy seeks to resolve a genuine concern in the realm of the World Wide Web. With over 2 billion users, the Internet reigns

121. *See id.*

122. *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998) (expressing the simplest method to find a desired website is to use its brand name or trademark).

123. Howitt, *supra* note 2, at 740 (stating that new TLDs are less convenient to Internet users).

124. Letter from Jon Leibowitz, Chairman, FTC, to Dr. Stephen D. Crocker, Chairman, ICANN, and Rod Beckstrom, President and Chief Exec. Officer, ICANN 1, 6 (Dec. 16, 2011), available at <http://www.ftc.gov/os/closings/publicltrs/111216letter-to-icann.pdf> (emphasizing a genuine concern regarding an unprecedented release of gTLD's on consumer protection and trademark infringement).

125. *See MCCARTHY, supra* note 4; *Parfums de Coeur, Ltd. v. Lory Lazarus*, 83 U.S.P.Q. 2d 1012, *10 (T.T.A.B. 2007) (demonstrating the ubiquitous nature of the Internet because practically all goods and services are capable of being advertised and sold through its use).

supreme as the largest public forum in the world.¹²⁶ Since its inception, people have viewed '.com' as the primary source of domain names.¹²⁷ It is not surprising that registrants have sought to solidify their presence on the Internet using the most desired gTLD on the planet. Currently, there are nearly 100 million domain names registered under '.com,' which is almost half of the total number of domain names registered across all TLDs (220 million).¹²⁸ '.Com' not only trumps all ccTLDs combined (86.9 million), but its next closest gTLD competitor is '.net' (14.5 million).¹²⁹

If not for TLD expansion, the scarcity of '.com' domain names would continue to pose a significant barrier to enter the Internet marketplace.¹³⁰ Those seeking to establish a foothold in their respective niche would be left to select a domain name that may not be directly related to their identity or purpose. This would lead to either greater source confusion among Internet users or less-than-clever marketing tactics on behalf of companies.

For instance, a pizza restaurant called 'Pizza House' may be disappointed to learn that the domain name www.pizzahouse.com¹³¹ is already registered. Reluctantly, the owner may still register a similar, yet less memorable, website such as www.pizzahousecolumbus.com¹³² or www.pizzahouseokc.com.¹³³ Although the selected domain names might describe the location of the restaurant, customers who instinctively assume that the website is the company name followed by '.com' will have difficulty locating the web page without prior knowledge.¹³⁴

126. *World Internet Usage and Population Statistics*, INTERNET WORLD STATS, <http://www.internetworldstats.com/stats.htm> (last visited Oct. 1, 2012) (finding that the number of Internet users worldwide as of March 31, 2011 is 2,095,006,005, based on information provided by Nielsen Online, the International Telecommunications Union, the GfK Group, and other reliable sources).

127. *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999) (generalizing that Internet users assume that a company's website is its brand name followed by '.com').

128. VERISIGN, *THE DOMAIN NAME INDUSTRY BRIEF*, 2 (2011), available at <http://verisigninc.com/assets/domain-name-brief-december2011.pdf>.

129. *Id.*

130. DELTA & MATSUURA, *supra* note 120.

131. PIZZA HOUSE, INC., www.pizzahouse.com (last visited Oct. 1, 2012) (operating a pizzeria, bar, and grill in Ann Arbor, MI and East Lansing, MI).

132. PIZZA HOUSE OF COLUMBUS OHIO, www.pizzahousecolumbus.com (last visited Oct. 1, 2012).

133. PIZZA HOUSE, www.pizzahouseokc.com (last visited Oct. 1, 2012).

134. *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997) (illustrating that the lack of a domain name phone book reinforces the presumption a domain is a company's name followed by '.com').

B. Policy Concerns Surrounding the gTLD Policy

The Department of Commerce, whose recommendation built the platform on which ICANN was founded, has expressed serious apprehension against the gTLD Policy stating that unanticipated results of increased gTLDs may jeopardize its success.¹³⁵ ICANN's front-loaded approach for the release of new domain names contradicts the traditional notions of trademark law.¹³⁶ The origin of trademark law is firmly rooted in protecting a business's goodwill through the psychological connections consumers make with its products.¹³⁷ Any influx in gTLDs a web user must become familiar with in order to effectively navigate the Internet may increase source confusion, or, at the very least, a mild learning curve to adapt to the new unit of domain names. A full-on avalanche of first-level domain names places online consumers in a sensory overload, requiring them to relearn the digital marketplace they have learned to master.

The International Trademark Association shared similar skepticism when the U.S. government contemplated the addition of five top-level domains in 1998.¹³⁸ In fact, Congress passed The Next Generation Internet Research Act of 1998 in an effort to become more informed on the matter, summoning the National Academy of Sciences to analyze the short-term and long-term impact additional gTLD's have on trademark rights.¹³⁹ A primary concern revolved around the complexity multiple gTLD's would have on routine searches.¹⁴⁰ Where, for instance, would

135. Letter from Lawrence E. Strickling, Admin., Nat'l Telecomm. & Info. Admin., U.S. Dept. of Commerce, to Dr. Stephen Crocker, Chairman, ICANN (Jan. 3, 2012), available at http://www.ntia.doc.gov/files/ntia/publications/ntia_letter_on_gtld_program_jan_3_2012.pdf (warning ICANN: (1) to address the concern over defensive registrations; (2) to continue its obligations to enforce and protect consumers; and (3) to better inform stakeholders).

136. Letter from Robert D. Liodice, President and Chief Executive Officer, Ass'n of Nat'l Advertisers, to Rod Beckstrom, President and Chief Executive Officer, ICANN (Aug. 4, 2011), <http://www.ana.net/content/show/id/21790> (arguing "[the gTLD Policy] diminishes the power of trademarks to serve as strong, accurate and reliable symbols of source and quality in the marketplace.").

137. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 190 (1985) (stating that the dual purpose of the ACPA is: (1) to protect the mark's owner goodwill; and (2) to protect consumers' ability to accurately distinguish competing products).

138. INT'L TRADEMARK ASS'N, INTA RESPONSE TO THE U.S. GOVERNMENT PAPER ON THE IMPROVEMENT OF TECHNICAL MANAGEMENT OF INTERNET NAMES AND ADDRESSES (1998), available at <http://www.inta.org/Advocacy/Documents/INTA%20Comments%20on%20Green%20Paper.pdf>.

139. Next Generation Internet Act of 1998, Pub. L. No. 105-305, § 103, 112 Stat. 2919, § 6(a)-(b) (Oct. 28, 1998).

140. INTA, *supra* note 138.

one find information on Apple Computers: www.apple.com, www.apple.biz or www.apple.info?¹⁴¹

Consumer confusion may also become more likely because businesses are able to independently craft unique TLD's.¹⁴² Previously, ICANN carefully selected TLD's based on generic categories of industry.¹⁴³ For instance, 'travel' may only be used by the travel industry, 'museum' is limited to museum use, and most recently, '.xxx' is restricted to use by the adult entertainment business.¹⁴⁴ There are two projected audiences for new TLD registration: companies who wish to promote a particular brand and those who seek to discover the next '.com.' Apple Computers may very well register '.apple,' '.ipad,' or even '.computer' as a TLD. Although the source of each TLD is obvious in the eyes of the corporation, registration of a generic term such as '.computer' does very little to inform the consumer of the precise source of the web page's content.

1. Education is Critical for Companies, Consumers, and ICANN to Succeed Under the gTLD Policy

Generating new TLD's runs the risk of producing a nominal benefit to society unless ICANN and corporations make a concerted effort to educate consumers about new domain names.¹⁴⁵ Absent direct knowledge, there is no clear solution for novel Internet users to determine the correct domain name other than trial-and-error. Assuming someone were to correctly guess Apple Computer's TLD is '.apple,' they have only won half the battle; they do not know the second-level domain and Apple is probably too creative to register www.apple.apple. In a fast-paced digital age, individuals will grow impatient after numerous unsuccessful attempts at locating a website.

There are several straightforward and inexpensive ways for interested parties to inform their consumer base of a new domain name. First, companies can embark on advertisement campaigns in all sources of media: print, television and radio. Most importantly, corporations can directly display an announcement on their website expressing their plans

141. *Id.*

142. Joshua Sibble, *Recent Developments in Internet Law*, 4 INTELL. PROP. & TECH. L.J. 12, 14 (2011).

143. ICANN, *supra* note 20.

144. *Id.*

145. ICANN, ECONOMIC CONSIDERATIONS IN THE EXPANSION OF GENERIC TOP-LEVEL DOMAIN NAMES, PHASE II REPORT: CASE STUDIES, 36 (2010), available at <http://www.icann.org/en/topics/new-gtlds/phase-two-economic-considerations-03dec10-en.pdf>.

to launch a new domain in the future. A second option is to automatically direct all users who search the previous domain name to the new website. Although this technique acts as a foolproof plan of last resort, it is meaningless unless the rerouting is brought to the Internet user's attention. In order to reinforce the new domain name, users should be prompted of the redirection and its intended purpose. Failure to do so will result in users surfing the Internet by way of default search engines, such as Google, Bing, or Yahoo.

2. Additional gTLDs May Actually Lead to Increased Source Certainty

On the other hand, generic top-level domains may serve as valuable reference tools to second-level domains. For example, a person may not know that Alfa Romeo (or www.alfaromeo.com) is an Italian automobile manufacturer.¹⁴⁶ If the second-level domain 'alfaromeo' is paired with the top-level domain '.auto' or '.car,' the same person may understand Alfa Romeo to be related to the automobile industry.

Additional factors suggest consumers may not be significantly impacted by additional TLD's. The cost of redirecting a domain name from one TLD to another is minimal.¹⁴⁷ If Apple Computers registers the TLD '.apple,' it can effortlessly direct all second-level traffic to Apple's homepage regardless of whether an accurate domain name is entered.

However, businesses hoping to create gTLDs that rival the '.com' domain risk opening a Pandora's Box to cybersquatting at the second level.¹⁴⁸ It is undeniable that ICANN's arduous evaluation process and RPMs make trademark infringement unlikely at the top level. The real danger lies in gTLDs that are subject to open registration and little oversight.

C. The gTLD Policy Will Lead to an Increased Risk of Trademark Infringement

Cybersquatting has become a virtual nightmare to trademark holders with only twenty-two currently active gTLDs.¹⁴⁹ ICANN expects to receive between hundreds or thousands of applications during the initial application round.¹⁵⁰ A single additional gTLD, let alone tens or

146. ALFA ROMEO, <https://www.alfaromeo.com> (last visited Oct. 10, 2012).

147. ICANN, *supra* at 35, n.109.

148. Prahll & Null, *supra* note 6, at 1760.

149. H.R. REP. NO. 106-412, at 5-7 (1999).

150. ICANN, NEW gTLD PROGRAM, (2009), *available at* <http://archive.icann.org/en/topics/new-gtlds/factsheet-new-gtld-program-oct09-en.pdf>.

hundreds, represents a new territory for cybersquatters to harvest unregistered SLDs.¹⁵¹ Moreover, the door is left wide open for trademark disputes arising at the top-level for the first time in history.¹⁵² Under the gTLD Policy, individuals might register TLDs that conflict with a pre-existing mark; whereas, the UDRP and ACPA were initially implemented to resolve cybersquatting disputes at the second level.¹⁵³

1. Initial Evaluation Renders Cybersquatting at the First Level Nearly Obsolete

ICANN's application process leaves little room for cybersquatters to slip through the cracks. There are two primary subjects of review during the initial evaluation process.¹⁵⁴ Each applicant and proposed gTLD undergo rigid examination to determine whether they are fit to operate in the DNS.¹⁵⁵ Once ICANN's review is complete, third parties are provided an opportunity to formally object to applications on four grounds: (1) string confusion; (2) legal rights; (3) community interest; and (4) limited public interest.¹⁵⁶

The objection period performs an important gatekeeping role not only to expose potential cybersquatters, but also to prevent trademark disputes. Proposed gTLDs are posted on ICANN's website for sixty days to allow interested parties a forum to raise objections.¹⁵⁷ Generally, trademark disputes over a contested domain name arise only after registration.¹⁵⁸

A competitive TLD market presents federal courts with genuine issues of first impression. The language of the ACPA does not specifically apply to domain names at the first level.¹⁵⁹ Historically,

151. T. Earl Levere & Amy R. Tulk, *New Generic Top-Level Domains Will Bring New Threats to Trademark Owners*, 58 FED. LAW 16, 16 (2011).

152. Currently, each gTLD either pre-dated ICANN or was carefully selected by ICANN once its foundation. See MCCARTHY, *supra* note 4, § 25:73.20.

153. 15 U.S.C.A. § 1125(d)(1)(A)(ii) (West 2006); ICANN, *supra* note 72.

154. ICANN, *supra* note 97, at § 1.1.2.5.

155. *Id.*

156. *Id.* §§ 1.1.2.6., 3.2.1.

157. *Id.* § 1.1.2.3.

158. 15 U.S.C.A. § 1125(d)(1)(A)(ii) (guarding trademarks in which a cybersquatter "registers, traffics in, or uses" as a domain name); ICANN, *supra* note 72, at § 4(a)(iii) (requiring complainants allege, "your domain name has been registered and is being used in bad faith.").

159. H.R. REP. NO. 106-412, at 10 (1999) (stating that the definition of a domain name for purposes of the ACPA covers second-level domain names, and the Act is willing to cover third and fourth-level domain name dispute should they arise); 15 U.S.C.A. § 1125(d).

courts have only applied the ACPA to infringement arising at the second level.¹⁶⁰ Under the gTLD Policy, judges will apply the elements of cybersquatting and trademark infringement to TLDs for the first time, reaching precedential decisions.

Pursuant to the gTLD Policy, registration of a disputed TLD is preempted, leaving no opportunity for traditional trademark dispute resolutions such as the ACPA and UDRP.¹⁶¹ An outright prohibition on the registration of potentially conflicting gTLDs will practically eradicate trademark infringement at the first level. Thus, federal court and UDRP dockets might not feel the residual effects of TLD disputes because they should have already been resolved prior to registration.

2. Despite Adequate RPMs, the gTLD Policy Poses a Threat to Cybersquatting and Trademark Infringement at the Second Level

The initial application review essentially inhibits trademark infringement from occurring at the top level, thereby rendering “everything to the left of the gTLD” subject to attack.¹⁶² ICANN has taken great care to confront cybersquatters by implementing a variety of defensive mechanisms that detect and deter bad faith behavior.¹⁶³

An individual gTLD is equivalent to a separate environment for cybersquatters to prey on the marks of unsuspecting holders. Despite the relatively low amount of SLDs registered to gTLDs such as ‘.biz,’ and ‘.net.,” they each represent an opportunity for a cybersquatter to take advantage of internet users that accidentally access a domain name in search of its ‘.com’ counterpart. Each gTLD approved by the gTLD Policy represents an additional, undiscovered frontier for cybersquatters to exploit.

Companies may hope to take advantage of the gTLD Policy as a prosperous marketing mechanism to increase product sales.¹⁶⁴ For instance, eBay may be interested in registering ‘.ebay’ as a gTLD; however, eBay would probably be reluctant to allow others to register

160. *See, e.g., Coca-Cola Co. v. Purdy*, 382 F.3d 774, 783-84 (8th Cir. 2004) (finding a strong likelihood of success that defendant’s use of plaintiff’s trademark as a second level domain name—www.drinkcoke.org—violates the ACPA).

161. ICANN, *supra* note 97, at § 1.1.2.6.

162. *Levere & Tulk*, *supra* note 151, at 17.

163. *See Chicoine et al.*, *supra* note 5, at 22.

164. *But see Strickling*, *supra* note 134 (stating corporations feel the need to register defensive application of their trademark in order to preclude others, which will have two significant effects). First, registries will be operated by select corporations who have no interest in doing so. *Id.* Second, such corporations further bear the extreme cost of maintaining a registry. *Id.*

SLDs ending with ‘eBay.’ On the other hand, there are certainly entities that are hoping to discover the next ‘.com.’ Imagine eBay is granted approval to operate the registry ‘.sale.’ There is no doubt that such a simple, yet alluring term will draw legitimate businesses to register their brand as a SLD in hopes that it becomes a popular attraction for consumers. In fact, companies may feel as if they will lose out on profits if they do not seek such a domain name. The only uncertainty that remains is whether the RPMs will effectively counteract domain name abuse.

In the wake of the ‘.com’ boom, a predictable number of domain name disputes surfaced among companies with the same mark.¹⁶⁵ Businesses select a brand name primarily for their customers to identify with their products, and select a domain name that furthers such purpose. Unlike cybersquatting, the registration of a trademark by its legitimate holder eliminates all indicia of bad faith intent.¹⁶⁶ Where a single mark is used to identify products in separate industries, such items are presumed sufficiently distinct and negate any likelihood of confusion.¹⁶⁷

There is no bright-line test to determine which legitimate mark holder is the rightful heir to a particular domain name.¹⁶⁸ The only equitable solution is to implement a first-come-first-served registration policy that secures each business at least the opportunity to legally possess their own ‘.brand’ domain name.¹⁶⁹ The gTLD Policy adheres to this initiative to a certain extent; applications are accepted and reviewed subject to an Application Submission Period.¹⁷⁰ The priority-based approach achieves equitable results under the gTLD Policy assuming two

165. *See* Hartog & Co. AS v. SWIX.com, 136 F. Supp. 2d 531 (E.D. Va. 2001), *disagreed with by*, Harrods, Ltd. v. Sixty Internet Domain Names, 302 F.3d 214 (4th Cir. 2002); Hasbro, Inc. v. Clue Computing, Inc., 66 F. Supp. 2d 117 (D. Mass. 1999), *aff’d*, 232 F.3d 1 (1st Cir. 2000).

166. MCCARTHY, *supra* note 4, at § 25:78.

167. *Id. Compare* Ford Motor Co. v. Greatdomains.com, Inc., 177 F. Supp. 2d 635, 642 n.3 (E.D. Mich. 2001) (finding that the domain names fordtrucks.com and fordstheatre.org are not confusingly similar because they convey different meanings), *with* Omega S.A. v. Omega Eng’g, Inc., 228 F. Supp. 2d 112, 128 (D. Conn. 2002) (holding that the domain names omegatime.com and omegawatch.com are confusingly similar to plaintiff’s trademark on watches).

168. Chatam Int’l, Inc. v. Bodum, Inc., 157 F. Supp. 2d 549, 556 (E.D. Pa. 2001), *aff’d*, 40 F. App’x 685 (3d Cir. 2002) (claiming that the likelihood of confusion factors should be given less weight where both parties have legally protectable trademarks). *See* 15 U.S.C.A. § 1114 (West 2006).

169. H.R. REP. NO. 106-412, at 5 (1999). *See also* Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc., 202 F.3d 489, 493 (2d Cir. 2000) (concluding that registrars approve domain names on a first-come-first-serve basis).

170. ICANN, *supra* note 97, § 1.1.2.1.

or more legitimate trademark holders do not apply for identical TLDs within the same submission period.

1. Pre-Launch RPMs: The Trademark Clearinghouse Acts as an Adequate Detection Mechanism for Identical Uses of Trademarks as Domain Names, But Fails at its Gatekeeping Role

The Sunrise Service ensures legitimate mark holders are reserved priority registration.¹⁷¹ It is a thirty-day minimum window offered by an approved gTLD registry solely to mark holders to register their trademark(s) as a SLD.¹⁷² This service offers a powerful preventative measure because only legitimate trademark holders and other qualified registrants may register their mark.¹⁷³ The Sunrise Service and parties interested in protecting their trademark effectively lock out cybersquatters. Nonetheless, mark holders may not take advantage of the Sunrise Service either because they are not aware of the service to begin with or do not believe it is in the company's best interest to pursue a domain name for whatever reason.

Accordingly, mark holders not educated on the gTLD Policy benefit greatly from the Trademark Claims Service (Claims Service).¹⁷⁴ The Claims Service is triggered when an applicant attempts to register a domain name that is identical to a mark located in the Trademark Clearinghouse.¹⁷⁵ Subsequently, an alert is sent to both the registrant and trademark holder.¹⁷⁶ The notification informs each party that a registered trademark is attempting to be registered as a domain name and includes a statement outlining each party's rights.¹⁷⁷

On the other hand, the Claims Service is not an impenetrable safeguard against cybersquatters for two important reasons. First, only registration of a domain name 'identical' to a trademark deposited in the Trademark Clearinghouse triggers the Claims Service.¹⁷⁸ Hence, a cybersquatter could avoid detection by misspelling or pluralizing a mark, e.g., 'www.google.example' or 'www.googles.example.'¹⁷⁹ Second, initiation of the Claims Service does not absolutely bar a cybersquatter

171. *Id.* at 5-12.

172. *Id.* § 6.2, at 306.

173. *Id.* § 6.2.3, at 307.

174. *Id.* § 5.4.1.

175. *Id.* § 6, at 306.

176. ICANN, *supra* note 97, § 6, at 306.

177. *Id.* §§ 6.1.1-1.5, at 307-08.

178. *Id.* § 6, at 306.

179. *See* Prah & Null, *supra* note 6.

from registration.¹⁸⁰ The primary purpose of the Claims Service is to serve notice to registrants in order reduce any chilling effect to them.¹⁸¹ Thus, a trademark holder who elects not to exercise his rights under the Claims Service will forfeit the opportunity to register the mark at its earliest stage.

2. Post-Launch RPMs: The Uniform Rapid Suspension System and Post-Delegation Dispute Resolution Procedure Will Not Perform as Efficiently as Expected

Because it is possible for cybersquatters to slip through the cracks of the Trademark Clearinghouse, ICANN's next line of defense rests with the URS and the PDDRP.¹⁸² Registry operators are obligated to implement and enforce each post-launch RPM.¹⁸³ Although the URS and PDDRP do not preclude cybersquatters from entering the DNS, they offer auxiliary avenues to redress harm when infringement occurs.

Application of the URS is reserved for clear-cut cases of infringement.¹⁸⁴ The URS is a tool designed to remove infringing domain names in a quick and efficient manner.¹⁸⁵ A standard URS proceeding, without extension or appeal, is resolved within twenty-one days.¹⁸⁶ The expedited process is favorable because parties do not need to go through the time or expense of discovery or hearing preparation; only those materials submitted to the Examiner are considered.¹⁸⁷ In the event that a complainant satisfies his burden,¹⁸⁸ the domain name is locked and the website displays a default informational message.¹⁸⁹

However, a successful complainant's remedies are rather limited. Under the UDRP¹⁹⁰ and ACPA,¹⁹¹ in addition to cancellation of the domain name, prevailing parties may also transfer control of the domain

180. *Id.*

181. ICANN, *supra* note 97, § 6 at 306.

182. *Id.* § 5.4.1.

183. *Id.* (stating operators may introduce other defensive mechanisms if they so choose).

184. *Id.* § 8.1, at 316.

185. *Id.*

186. *Id.* § 9.6, at 317.

187. ICANN, *supra* note 97, § 9.1, at 317.

188. *Id.*

189. *Id.* §§ 10.1-4, at 317-18.

190. ICANN, *supra* note 72, at § i (limiting plaintiff's remedies to either cancellation or transfer of the domain name in dispute).

191. 15 U.S.C.A. §§ 1117, 1125(d)(1)(C) (West 2006) (providing courts with the discretion to forfeit or transfer a domain name in addition to allowing plaintiffs to elect either statutory or actual damages).

name to the mark holder or elect statutory or actual damages. Legitimate mark holders seeking possession of their 'brand.gTLD' domain must then go through the task of filing a complaint under the UDRP or ACPA.

Although a successful URS proceeding has no binding effect on other adjudicatory bodies, its heightened evidentiary standard is helpful to gauge the strength of a mark holder's case. A valid mark holder bears the burden of proving, by clear and convincing evidence, the registrant: (1) does not have a legitimate interest in the domain name; and (2) registered and used the domain name in bad faith.¹⁹² The clear and convincing evidence standard is heightened compared to the preponderance of the evidence burden of proof borne by plaintiffs under the UDRP¹⁹³ and ACPA.¹⁹⁴ Mark holders in successful URS proceedings should have little difficulty prevailing at the next stage of adjudication. Therefore, the URS is advantageous for its swift resolution of services notwithstanding its limited relief and high evidentiary burden.

The PDDRP also carries a heightened clear and convincing evidence standard in proceedings against registry operators.¹⁹⁵ Generally, registries are absolved from liability "absent a showing of bad faith intent to profit from such registration or maintenance of the domain name."¹⁹⁶ Pursuant to the PDDRP, registries are liable for infringement arising at both TLDs¹⁹⁷ and SLDs.¹⁹⁸

It is extremely unlikely that a registrar will be found liable for infringing on a trademark at the top level. The entire purpose of the Initial Evaluation process is to verify both the character of the company and gTLD seeking approval.¹⁹⁹ A specialized panel whose sole responsibility is to disapprove TLDs that are identical or confusingly

192. ICANN, *supra* note 97, § 9.1, at 317.

193. MCCARTHY, *supra* note 4; Toyota Motor Sales U.S.A., Inc. v. Car Openers, Inc., No. FA0811001233077, 2008 WL 5460322, at *4 (UDRP-NAF Dec. 31, 2008) (stating plaintiff's burden to demonstrate that defendant does not have a legitimate interest in the domain name is "light").

194. MCCARTHY, *supra* note 4; *Harrods Ltd.*, 302 F.3d at 225-26 (applying the preponderance of evidence burden of proof because courts have historically applied the lower evidentiary standard to claims of bad faith under 15 U.S.C.A. § 1125 and the court did not find a convincing reason to deviate from precedent).

195. ICANN, *supra* note 97, § 17, at 329.

196. Lanham Act § 32(2)(D)(iii), 15 U.S.C.A. § 1114(2)(D)(iii) (West 2006). *But see* Inwood Labs., Inc. v. Ives Labs., 456 U.S. 844, 853-54 (1982) (holding a company may be liable for the infringing activities of others if it induces or knowingly supplies the infringing activities of another).

197. ICANN, *supra* note 97, § 6.1, at 322.

198. *Id.* § 6.2, at 322-23.

199. *Id.* § 1.1.2.5 (stating the initial evaluation includes an applicant and string review).

similar to existing TLDs, applied-for gTLDs, and ccTLDs governs the string review process.²⁰⁰

On the other hand, there is a greater likelihood for registrar liability at the second level. SLDs registered by a novice operator do not go through the same rigid string review as gTLDs. Operators are well positioned to yield enormous profits from bad faith registrations. For instance, Dennis Toeppen registered about 240 domain names as an individual, risking detection with each additional registration.²⁰¹ Under the gTLD Policy, registrars can carry out bad faith registrations undetected. The gTLD Policy places a great deal of trust and faith in companies with little experience in the domain name industry. ICANN hopes that employing an added layer of pressure on registries to operate in good faith counteracts any incentive to take advantage of the system.

IV. CONCLUSION

There is a strong need for gTLD expansion in order to replenish the DNS and promote business innovation. ICANN, with the aid of the IRT, delivered an outstanding product in the RPMs, and there is no doubt that RPM performance will impact the level of trademark infringement produced pursuant to the gTLD Policy. However, ICANN genuinely underestimates the gTLD Policy's reach over Internet users and cybersquatters.

It is unclear how Internet users will respond to an increase in gTLDs. New and innovative gTLDs may provide consumers with an important reference to the character of a domain's source. On the other hand, without adequately spending the time and expense to educate the public about accepted gTLDs and their underlying creative purpose, the gTLD Policy will fail to accomplish its goal. Internet users will default to searching for information by using either the universally familiar, and always faithful, '.com' TLD, or a search engine such as Google, Bing, or Yahoo.

Similarly, the RPMs set forth a robust scheme to counteract trademark infringement. Unfortunately, registries operate with imperfect information, limiting RPM effectiveness. Cybersquatters can easily bypass the Trademark Clearinghouse by registering a domain name with a typographical error or variation of a trademark. As a result, trademark holders suffer the expense of either filing defensive applications or personally policing the Internet to uncover infringing domain names.

200. *Id.* § 2.2.1 (stating the confusing similarity standard is treated as the "probability" that the domain will create user confusion).

201. *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996).

ICANN's aspirations of enhancing brand opportunity and innovation, while restricting the threat of trademark infringement, will likely falter under the gTLD Policy.

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