

Memorandum to Client

Date: September 18, 2002

Re: Domain Name Dispute Options

This memorandum is to provide a summary of the options available at law for the resolution of domain name disputes.

I. Options Available

In order to obtain the transfer of a domain name, the options include:

- A. Seeking an administrative transfer of the domain name under the Uniform Dispute Resolution Procedure ("UDRP") of the Internet Corporation for Assigned Names and Numbers ("ICANN");
- B. Filing a lawsuit for violation of the Anti-Cybersquatting Consumer Protection Act, 15 USCS § 1125(d) ("ACCPA");
- C. Filing a lawsuit for trademark infringement;
- D. Arbitration;
- E. Negotiating a transfer; and/or
- F. Monitoring the registrar for the expiration of the domain name.

These are discussed in detail below.

A. UDRP

The UDRP sets forth the terms and conditions for resolving a dispute between parties over the registration and use of an Internet domain name. The UDRP route is attractive because it is relatively quick and inexpensive. The entire dispute resolution proceeding is designed to cost approximately \$1,000 to \$2,000, excluding attorneys' fees, and panelists are committed to render a decision within forty-five (45) days of submission of a dispute.

However, this proceeding does not provide for money damages. In order to recover money damages one must file suit in a court of law, which is significantly more expensive and time consuming than a UDRP filing.

Under the UDRP, a complainant may assert a cause of action against a domain name holder if it can prove *all three* of the following elements:

- (1) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
- (2) the domain name holder has no rights or legitimate interest with respect to the domain name; and
- (3) the domain name has been registered and is being used in bad faith.

B. ACCPA

The ACCPA, a relatively new law that went into effect in 1999, is a specific provision of federal law that allows one to sue in federal court for trademark infringement involving the use of domain names. Under the ACCPA, a plaintiff must show:

- (1) that the defendant registers, traffics in, or uses the domain name in question,
- (2) in bad faith,
- (3) with the intent to profit from the plaintiff's trademark.

Such an action can give rise to a claim for damages and attorneys' fees.

C. Trademark Infringement Action

Another option would be to file a trademark infringement claim under 15 U.S.C.S. § 1125. In order to have a successful claim for trademark infringement, one must show that:

- (1) the plaintiff has valid rights in a trademark,
- (2) that the defendant has used a similar mark in commerce which may be regulated by Congress,
- (3) in such a manner as is likely to cause confusion, mistake, or deception as to the association of such person with another, or as

to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another.

The core element of trademark infringement is likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products. As with other court actions, money damages, and attorneys fees where appropriate, can be sought.

D. Arbitration

Absent a contractual provision requiring arbitration, it cannot be compelled. Arbitration is an option only if the parties reach an agreement to arbitrate. However, if such an agreement could be reached, it could be carefully crafted to afford the advantages under the various causes of action in a federal law suit, such as the availability of money damages and attorneys' fees to the prevailing party, while keeping the parties to a strict time schedule, keeping discovery costs to a minimum, and setting out the exact issues to be determined. This should be expected to keep the costs of an arbitration well under the usual costs associated with litigation.

E. Negotiating a Transfer

The negotiated transfer of a domain name can take many forms. It can be as simple as payment of an agreed amount of money in exchange for the transfer of the domain name, or can include other terms, such as a transfer of ownership with a license back so that the transferee may continue to use the domain name.

Other negotiated resolutions can include a link to the complainant's home page, disclaimer language to make it clear that there is no affiliation between the parties, an option to acquire the domain name in the future, right of first refusal to the domain name, or a transfer in return for exclusive rights to Internet sales, or other consideration.

F. Monitoring the Registrar

There are services available, which allow a third party to, in effect, "back-order" a domain name. While the services will not take a domain name away from the current registrant, it does allow one to be "next in line" to own the domain name if it is allowed to lapse. In the event that the domain name is not renewed or becomes cancelled during that year, then the service will automatically attempt to register the domain name. There is not a guarantee that the third party would receive the domain name, as another third party may attempt to register the domain name at the same time. However, the services do electronically monitor the domain, and immediately upon its

becoming available, make repeated electronic attempts to register, until it is either successful, or the domain is no longer available. It is an inexpensive back-up to any of the other courses of action discussed. The out of pocket cost of the services are generally under \$100.00 per year.