

Can A Domain Name Trump Trademark Rights?

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Law360, New York (July 17, 2014, 12:24 PM ET) -- When trademark owners and Internet domain name registrants knock heads, the battle often takes the form of cybersquatting. The registrant holds a domain name incorporating a trademark, sometimes pointing that domain name to its website from which it derives revenue. Whether litigated in court or before an arbitration tribunal, the trademark owner usually wins.

Yet what happens when it is the domain name holder, not the trademark owner, who establishes rights first? Sometimes they co-exist. Has a domain name registrant ever prevailed, forcing the trademark owner to cease use of its mark? Cases shed little, if any, light on this question. Extrapolating from existing law, this article posits situations in which a domain name owner, as first user, may prevail.

The Evolution of Domain Name Rights

When Internet domain names first came on the scene, some courts were reluctant to recognize them as property rights. The case law on this issue is scant, but at least one court struggled with acknowledging rights in domain names. See *Network Solutions Inc. v. Umbro Intl. Inc.*, 529 S.E.2d 80, 82 (Sup. Ct. Va. 2000). Umbro considered whether Internet domain names of a judgment debtor could be garnished. The majority answered this question in the negative, holding that the domain name registrations were merely the result of a contract for services. *Id.* at 81, 86. A subsequent decision disagreed with Umbro, concluding that, under California law, a domain name was an intangible property right. *Kremen v. Cohen*, 337 F.3d 1024, 1030 (9th Cir. 2002).

Since then, dispute resolution mechanisms providing trademark owners with a remedy beyond traditional infringement actions have developed. The Anti-Cybersquatting Consumer Protection Act ("ACPA"), was enacted in 1999. This law, codified in the Lanham Act at 15 U.S.C. §1125(d), imposes liability on anyone who has a bad faith intent to profit from a mark and registers or uses a domain name that is identical or confusingly similar to a distinctive mark or dilutes a famous mark. It provides for a maximum recovery of \$100,000 per infringing domain name. This statutory section is a principal avenue for trademark holders to enjoin the use of domain names that infringe or dilute their marks. See, e.g., *Web-Aviso v. Trump*, 927 F.Supp.2d 32 (E.D.N.Y. 2013) (granting summary judgment to Donald Trump under the ACPA against defendant that had registered domain names including "trumpmumbai" and "trumpindia").

The Uniform Domain Name Dispute Resolution Policy (the "UDRP") is another useful tool for trademark owners who fall prey to cybersquatters. Adopted in 1999 by the governing body of the Internet, the Internet Corporation for Assigned Names and Numbers, the UDRP is administered by several tribunals.[1] The World Intellectual Property Organization ("WIPO") remains the most popular[2], with the National Arbitration Forum ("NAF") also a common venue. The UDRP establishes a three-part test that a complainant must satisfy: (i) the domain name at issue must be "identical or confusingly similar to a trademark or service mark in which the complainant has rights"; (ii) the domain name registrant must not have any rights or legitimate interests in the domain name; and (iii) the domain name must have been registered and is being used in bad faith.[3] Since its inception, more than 27,000 cases have been decided by WIPO[4] and by 2012, NAF filings topped 20,000.[5]

What Happens When the Domain Name Holder Has Priority?

The case law and UDRP decisions alike are virtually silent on this issue. Even when the question of priority arises, it is usually in a defensive context. The domain name holder contends that it should retain its right to use the name because it registered and used the name prior to the trademark owner's adoption of its mark, but it does not seek to enjoin the trademark owner's use.

➤ *Federal Case Law*

Section 43(d) of the Lanham Act addresses prior use by the domain name holder, but only in the context of a defense to an anti-cybersquatting claim. Specifically, the Act lists nine statutory factors to be considered in determining whether a domain name holder has engaged in bad faith in securing its name. Factor I is "the trademark or other intellectual property rights of the person, if any, in the domain name"; Factor III is "the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services." 15 U.S.C. § 1125 (d)(1)(B)(i)(I), (III).

In fact, at least one court has ruled that a domain name holder lacks standing to challenge a trademark owner's rights under the ACPA. See *America Online Latino v. America Online Inc.*, 250 F.Supp.2d 351 (S.D.N.Y.), clarified (S.D.N.Y. April 2, 2003). This court ruled that the registrant of "americaonlinelatino.com" could not state claim for relief against a competitor under ACPA regardless of whether the registrant adopted its name in good faith, where the registrant admitted that he did not own a trademark and was indisputably not the senior user. The court reasoned: "As a threshold matter, standing under this statute is limited to registrants of trademarks, as the statute explicitly authorizes a cause of action 'by the owner of a mark.'" [6]

So, too, suits for trademark infringement have raised the priority issue in a defensive context. In *Gateway 2000 Inc. v. Gateway.com Inc.* (E.D.N.C. Feb. 6, 1997), plaintiff Gateway 2000 Inc. brought an action for trademark infringement, unfair competition and trademark dilution under the Lanham Act against defendants who had registered "gateway.com". Discussing the plaintiff's trademark infringement claim under 15 U.S.C. §1114, the court concluded that, although the plaintiff could likely show distinctiveness of its mark, "questions arise as to the order of use" by the parties. [7] The court therefore denied Gateway 2000's motion for a preliminary injunction.

Although Gateway 2000 did not go so far as to enjoin the computer giant's use of its mark based on the defendants' "gateway.com" domain name, that was not the posture of the case. Yet, the order in which the trademark and domain name were adopted might matter in a different sort of dispute — one in which the domain name registrant challenged the trademark owner's rights. This was at least implicit in the Gateway decision.

➤ *UDRP Decisions*

UDRP cases have generally followed a similar pattern. Domain name holders defend by arguing that they adopted their names prior to the complainant's trademark registration. The decision-makers ("panelists") vary in treating these arguments.

For the most part, panelists dismiss these priority arguments as irrelevant. See, e.g., *Galvanize LLC, dba Galvanize v. Brett Blair/ChristianGlobe Network*, Claim Number: FA1405001557092 (June 26, 2014) (finding that the complainant met its burden under policy paragraph 4(a).) The respondent in *Galvanize* argued that its registration of "galvanize.com" "predated complainant's alleged rights in the mark." According to the panelist, however, such a priority determination is "not necessary" under policy

paragraph 4(a)(i), since that section of the UDRP considers only whether the complainant has rights in the mark(s) and whether the disputed domain name is identical to complainant's mark.

In some cases, however, the panelists weigh the registrant's priority — but only in determining whether the registrant may retain its domain name, not whether it may force a trademark owner to give up its mark. UDRP panels have occasionally ruled in a respondent's favor, denying a complaint, if the respondent establishes that it has common law rights to the mark at issue prior to the complainant's trademark registration or common law use. See, e.g., *Lyatiss SAS société par actions simplifiée v. AspiraCon* Claim Number: FA1404001553812 (May 21, 2014) (denying claim where complainant failed to provide enough information to show that it had developed common law rights in the CLOUDWEAVER mark predating respondent's business activities using the "cloudweaver.com" domain name).[8]

What Should Happen When the Domain Name Owner Asserts a Claim?

➤ *Developing Common Law Rights in Domain Names*

When appropriate, a domain name holder should be able to enjoin use of a subsequently adopted trademark. Mere registration of the domain name should not be sufficient. Indeed, that would be akin to awarding a trademark applicant priority over a common law user based simply on its intent-to-use application, which is not the law.[9]

Rather, a domain name in active use, which points to a website on which Internet visitors can engage in ecommerce or obtain information about the registrant's goods or services, should be sufficient to establish common law rights. The more prominent the use of the domain name, and the greater its media recognition, the better. By acquiring "secondary meaning" in the domain name (i.e., the public's association of the name uniquely with the registrant, its site, and/or its products), a registrant should be entitled to the same rights as a trademark owner.[10]

The treatment of trade names forms a useful analogy for recognizing common law rights in a domain name. See, e.g., *Attrezzi LLC v. Maytag Corp.*, 436 F.3d 32, 37-38 (1st Cir. 2006) ("A trade name is safeguarded by the Lanham Act" when "consumers associate it with a particular producer or source." (citations omitted)); *Nu Mark LLC v. Bui, Long*, WIPO Case No. D2013-1785 (Dec. 22, 2013). In *Nu Mark*, the UDRP panel concluded that the "Nu Mark" trade name had become a distinctive identifier of the company's products under paragraph 4 (a)(i) the policy, which requires a complainant to prove "rights in the trademark or service mark." The *Nu Mark* panel explained: "Relevant evidence is likely to include information on length of use, sales data, nature and extent of advertising, media recognition and other evidence tending to show consumer recognition."

➤ *Guidance for Domain Name Holders*

Obtaining a trademark or service mark registration with the U.S. Patent and Trademark Office[11] or other applicable trademark tribunal for the domain name is the best means toward establishing priority over one who subsequently adopts a trademark. A federal registration would provide prima facie evidence that that domain name serves as a valid mark and that the domain name holder has the exclusive rights to use mark in commerce in connection with the goods or services for which it is registered nationwide.[12] Short of a registration, to establish common law rights, a domain name holder should consider these steps:

- Register a portfolio of domain names incorporating the second level domain at issue[13];
- Set up an active website to which the domain name points;
- Use the domain name prominently and repeatedly on the site;
- If offering goods or services for sale, brand or co-brand them with the domain name creating a classic example of trademark use[14], advertising the sale on the website and in print media;
- Collect evidence showing the nature and extent of advertising using the name;
- To the extent lawful[15], sell products through the website to which the domain name points;
- Garner media attention for the domain name by issuing press releases and circulating new stories;
- Conduct consumer surveys and focus groups designed to establish consumer recognition in the domain name; and
- Purchase keywords incorporating the domain name so that the domain name will be ranked high in organic search engine results.

See, e.g., *Nu Mark LLC v. Bui, Long*, supra (citing Nu Mark’s use of its name on its website “www.nu-mark.com”, the use of the trade name “Nu Mark” to denote Nu Mark in news sources, and the portfolio of “numark” domain names owned by Numark’s corporate group). By taking these measures even prior to filing a trademark application, a domain name holder should maximize its enforcement efforts against third parties.

Conclusion

Courts seemingly have not faced a domain name registrant’s claims to enjoin use of a subsequently adopted trademark. Yet, there is hope for the registrant. By using the name prominently to distinguish goods and services, and seeking federal registration, the domain name holder should make a good case for prevailing in a dispute with a junior trademark user.

[1] See <http://www.icann.org/en/help/dndr/udrp/providers> for a list of providers.

[2] Bouchoux, Deborah, *Intellectual Property: The Law of Trademarks, Copyrights, Patents, and Trade Secrets* (4th ed. 2013) at 150.

[3] The UDRP is set forth in full at <http://www.icann.org/en/help/dndr/udrp/policy>.

[4] <http://www.wipo.int/amc/en/domains/>

[5] National Arbitration Forum release, National Arbitration Forum Prepares for Uniform Rapid Suspension System as 2012 UDRP Filings Hold Steady (Apr. 23, 2013).

[6] But see *Fryer v. Brown*, 2005 WL 1677940 W.D. Wash. (July 15, 2005) (denying defendant’s motion for summary judgment on plaintiff domain name holder’s ACPA claim).

[7] The Gateway court noted that the plaintiff elected not to rely on claimed confusion with its federally registered mark, but on its alleged common law rights, a showing it had not made. *Gateway 2000, Inc.*, at *3-4.

[8] See also *Khan Academy, Inc. v. Zineb Guessous / Data Analytics*, Claim Number: FA1404001553472 (May 22, 2014) (where respondent registered domain prior to complainant’s trademark filing, panel must look to whether complainant established common law trademark rights in its mark before domain name was registered).

[9] See *Market Corner Realty Associates LLC v. CGM-GH LLC*, No. 04 CV 2447RO., 2004 WL 1077918, , at *1

(S.D.N.Y. May 13, 2004) (“[A] pending intent to use application, not a registration, cannot invoke the Lanham Act right of priority as a basis for an injunction. 3 McCarthy, § 19:26 at 19-68” (citation omitted)).

[10] See *Austin Rare Coins, Inc. v. ACOINS.COM*, 2012 WL 6803519 (E.D. Va. Nov. 29, 2012) at *3 (ownership, maintenance and use of website and high number of visitors to site demonstrated secondary meaning of domain names).

[11] See <http://www.uspto.gov/trademarks/teas/index.jsp> for the basic steps involved in filing a trademark application with the USPTO.

[12] See 15 U.S.C. §1057(b).

[13] The “second level domain “ is the name to the left of the dot, e.g., “microsoft” in “microsoft.com”.

[14] See *Allard Enterprises, Inc. v. Advanced Programming Resources, Inc.*, 146 F.3d 350, 359 (6th Cir.1998) (Finding that prior use of a trademark may result in priority over a federal registration of a trademark “[a]s long as there is a genuine use of the trademark in commerce”); see also 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 16:8 (4th ed. 2014).

[15] For example, the sale of some products into U.S. commerce through the Internet, such as cigarettes, is presently unlawful. See Prevent All Cigarette Trafficking (“PACT”) Act, 15 U.S.C. §§ 375 et seq.

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