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## Internet Infrastructure and Online Alternative Dispute Resolution, 25 J. Marshall J. Computer & Info. L. 217 (2008)

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# ARTICLES

## INTERNET INFRASTRUCTURE AND ONLINE ALTERNATIVE DISPUTE RESOLUTION

HAITHAM A. HALOUSH<sup>1</sup>

### I. INTRODUCTION

Alternative dispute resolution (“ADR”) and the Internet are two very topical issues. Online alternative dispute resolution (“OADR”), or ADR online, refers to the use of Internet technology, wholly or partially, as a medium for conducting alternative dispute resolution proceedings to resolve commercial disputes arising from Internet use.<sup>2</sup> Those proceedings are operated by neutral private bodies under published rules of procedure.<sup>3</sup>

In the current phase of relative ambiguity in cyberspace, questions of who, where and when may not be implicitly and immediately clear. A proper OADR system should ensure that both the special operation aspects of the system and the particular features of cyberspace are taken into account. In essence, OADR should examine the e-conflict as well as the cyberspace community involved in the dispute in order to produce answers that incorporate the needs of each party as much as possible.<sup>4</sup>

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2. Colin Rule, *Online Dispute Resolution for Business: B2B, E-Commerce, Consumer, Employment, Insurance, and other Commercial Conflicts*, 1 (Jossey-Bass, San Francisco, 2002).

3. Henry Brown & Arthur Marriott, *ADR Principles and Practice*, 1 (Sweet & Maxwell, London, 2d ed. 1999).

4. Joel Reidenberg, *Lex Informatica: The Formulation of Information Policy Rules Through Technology*, 76 Tex. L. Rev. 553 (1998); Lawrence Lessig, *Reading the Constitution in Cyberspace*, 45 EMORY L.J. 869, 895 (1996).

The context, in particular, is an important factor in any dispute settlement. Context influences the approach of the neutral and shapes the expectations of the parties. Context also affects the timing of the settlement, the perceived urgency of the resolution, the consequences of and available alternatives to failure, and even the form of dispute resolution. Moreover, context implicitly feeds neutrals information about the extent or nature of the injury, as well as how the dispute is perceived, by those involved. Indeed, disputes and dispute resolution do not occur in a vacuum. In most disputes, the value of contextual information is derived by knowing where a dispute occurred, when it occurred, and who was involved. Virtually any dispute, if examined closely, will reveal fruitful tactics for facilitating a resolution.<sup>5</sup>

From a contextual perspective, this article will study the regulatory structure of the Internet, the regulatory structure of ADR, the regulatory structure of OADR, and the special technical-legal needs in electronic disputes, in order to analyze why the Internet, as a medium to conduct business, creates disputes. This article will also explain why the Internet, as a medium to conduct ADR in the form of OADR, can be utilized to efficiently resolve such disputes, resulting in a major boost to electronic commerce.

## II. THE REGULATORY STRUCTURE OF THE INTERNET

The issue of the governance of the Internet is beyond the limits of this paper and will not be examined here; however, a summary is provided.<sup>6</sup> Governments may allocate rule-making functions to those who best understand a complex phenomenon and who have an interest in assuring its growth.<sup>7</sup> This can be achieved by self-regulation. Self-regulation refers to standards, codes of conduct, procedures, and rules that are implemented by groups or individuals, on a voluntary basis. The principles and rules of self-regulation function on the basis of equity, or other rules agreed by the parties. This also ensures desired behavior within a specific group, under specific circumstances.<sup>8</sup>

The Internet's infrastructure allows many aspects of self-regulation, and the nature of this infrastructure is one of the most predominant features of the Internet. While the Internet is conducive to certain forms of self-regulation as discussed above, state lawmakers struggle to extend

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5. Frank Sander & Steven Goldberg, *Fitting the Forum to the Fuss: A User Friendly Guide to Selecting an ADR Procedure*, 10 NEGOTIATION J. 49 (1994).

6. See S. Saxby, *The Roles of Government in National/International Internet Administration*, (discussing governance of the internet) in Y. Akdeniz, C. Walker, & D. Wall, *The Internet, Law and Society*, 27 (Pearson Education Limited, London, 2000).

7. *Id.*

8. David Johnson, & David Post, *Law and Borders: The Rise of Law in Cyberspace*, 48 STAN. L. REV. 1367 (1996).

state jurisdiction over conduct occurring on the Internet even when that conduct has effects within their territory. The Internet is viewed as a private activity, which inevitably crosses borders, and sovereign states' efforts to control cyberspace have become increasingly irrelevant.<sup>9</sup> As a result, governments are cooperating with self-regulatory bodies in order to accommodate cyberspace and e-commerce.<sup>10</sup>

In its Global Action Plan for Electronic Commerce, the International Chamber of Commerce ("ICC") stressed the importance of establishing self-regulatory schemes.<sup>11</sup> Whenever a private regulatory regime is constituted, its scope and relationship with state-based institutions must be defined. More specifically, how much local authorities should defer to a self-regulating activity that reaches beyond the physical boundaries of their sovereignty must be defined. These definitions should give precedence to effective self-regulation by governments wherever possible, and avoid any problems of regulatory overlap.<sup>12</sup> Consequently, governments need a negotiated rulemaking process in the online context to encourage the private sector to incorporate self-regulatory initiatives in their infrastructure, commit to the support of such initiatives, and increase the visibility of self regulatory schemes while not actually prescribing what online businesses ought to do.<sup>13</sup>

One of the facets of a self regulatory structure is the need to persuade governments to keep a respectful distance, though being supportive, in order to ensure its credibility. Governmental interference in Internet dispute settlement must contemplate that governments should not run the Internet. Instead, the government's role is to facilitate the coordination and management of Internet policy making, which in turn should be vested in self regulatory bodies. This approach is reasonable because governmental regulation of Internet disputes is feared to be too constraining for the development of electronic commerce. Also, governmental regulation of internet disputes should not create uncertainties in developing future Internet policies.<sup>14</sup>

The administration of Internet commercial dispute resolution requires a determination of the appropriate balance between government intervention and self-regulation. A balance of this kind will help develop a diminished role for traditional sovereign bodies in resolving disputes in

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9. *Id.* at 1370; Todd Leitstein, A Solution for Personal Jurisdiction on the Internet, 59 LA. L. REV. 565 (1999)

10. *See* Johnson & Post, *supra* note 7 at 1367

11. ICC, Global Action Plan for Electronic Commerce: Prepared by Business with Recommendations for Governments, (1999) <http://www.giic.org/focus/ecommerce/agbecplan.pdf> (last visited Oct. 1, 2007).

12. *Id.*

13. *See* Johnson & Post, *supra* note 7 at 1367.

14. *Id.*

cyberspace on the one hand, and capitalize on the potential that the Internet and e-commerce are capable of offering to those sovereigns on the other hand. Any uncoordinated regulation of the Internet endangers the continued growth and usefulness of this medium. There are difficulties, but not deadlocks, in determining this relationship when the subject matter of self-regulation involves diverse interests and a broad geographic scope such as the Internet and the highly dynamic nature of e-commerce.<sup>15</sup>

Finally, online businesses, Internet users, and governments have different interests in building trust in the online environment. Reconciling these different interests and motivations is an important first step in providing trust in the online sphere. Online businesses want to generate more profits by making Internet users feel safe online, and by preserving the e-business reputation. Internet users want trustworthy, cheap, and effective redress options when dealing with businesses. Governments are challenged to obtain the right balance between the desirability of economic growth based on emerging network technologies and the necessity to provide citizens with effective and consistent protection. Governments need to ensure: (1) emerging e-businesses are not imposed with undue burdens; (2) disputes do not damage overall confidence in e-commerce; and (3) businesses engaging in deceptive activity on the web can be separated from those businesses which are merely disorganized and inefficient. Governments also want relief from, on the one hand, the financial burden of effectively handling a mass of small disputes, and, on the other hand, the political burden of failing to resolve disputes.<sup>16</sup> Moreover, the jurisdictional dilemmas on the Internet are caused by both over-inclusiveness and under-inclusiveness of the Internet. Over-inclusiveness exposes Internet users to unpredictable liability in different jurisdictions, while under-inclusiveness presents political problems because countries' laws cannot be enforced effectively through the Internet, thus allowing activities on the Internet to escape control.<sup>17</sup>

### III. THE REGULATORY STRUCTURE OF ALTERNATIVE DISPUTE RESOLUTION

ADR is a process that is designed to meet the needs and interests of the persons who participate. ADR is a commercially oriented process that flourishes on the basis of market forces.<sup>18</sup> The popularity of this

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15. *Id.*

16. Henry Perritt, *Jurisdiction and the Internet: Basic Anglo/American Perspectives*, available at <http://www.kentlaw.edu/perritt/montreal.rev.htm> (last visited Oct. 1, 2007).

17. *Id.*

18. Hong Lin Yu, *Five Years on: A Review of the English Arbitration Act 1996*, 19 *J. INT'L ARB.* 224 (2002).

process depends on whether each parties' demands are satisfied.<sup>19</sup> In arbitration, the parties consent to resolution of their dispute through arbitration. The jurisdiction of an arbitral tribunal must arise from the consent of the parties, manifested in terms that make it clear the process constitutes arbitration. Therefore, without the agreement of the parties to resolve their dispute through arbitration, there is no valid arbitration as a result.<sup>20</sup>

Although the arbitrator's award is separated from the parties' consent, the choice of the arbitrator is based on their consent. Parties generally select arbitration for its privacy, cost, finality, and the ability to have adjudication by a person of their choice. The source of the arbitrator's authority lies in the parties' consent. This dynamic gives rise to two important aspects of commercial arbitration, which have been important in international commercial arbitration as well.<sup>21</sup> First, the fundamental nature of arbitration is that it is an extension of a contractual agreement whereby parties agree to leave the determination of their rights and obligations to an arbitrator. Second, because arbitration is a private, non-governmental, process, the state does not compel parties to participate nor does it confer jurisdiction to arbitrators without the parties' consent.<sup>22</sup>

The absence of any risk of liability increases the likelihood of an irresponsible third party neutral. Accordingly, there is the perceived need for some form of judicial control of the arbitral system to ensure that proceedings are conducted fairly.<sup>23</sup>

As international arbitration grows in popularity, arbitral regimes must deal with the inevitable consequences of arbitrator misconduct. The parties must have legal rights to dispute the arbitrator's liability, either during the dispute or even after settlement. Situations that bring about these legal rights include: the condition of arbitrator's impartiality is breached, by acting partially or even in a bad faith; the arbitrator revealed confidential information and thus violated a privacy policy; or the parties agreed on a particular amount of settlement, but the money was not received.<sup>24</sup>

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19. *Id.*

20. Alan Redfern & M. Hunter, *Law and Practice of International Commercial Arbitration*, 6 (Sweet & Maxwell, London 3d ed.1999).

21. Roy Goode, *Commercial Law*, 1196 (Penguin Books Ltd. London, 2d ed. 1995).

22. Martin Domke, *Domke on Commercial Arbitration*, 578 (Wilmette Ill, Callaghan, 1999).

23. E. Leahy & C. Bianchi, *The Changing Face of International Arbitration*, 17 J. INT'L. ARB. 56 (2000); H. Wade & C. Forsyth, *Administrative Law*, 540 (Oxford University Press, 8th ed. 2000); Goode, *supra* note 20 at 1196.

24. E. Leahy & C. Bianchi, *The Changing Face of International Arbitration*, 17 J. INT'L. ARB. 56 (2000).

In regards to situations such as those discussed above, Paolo Contini, a leading author on the New York Convention, stated, “[i]t will be admitted that the increase of arbitration might endanger state jurisdiction and the high ideals of impartial justice, if legislative and judicial measures for the remedy of abuses were not provided.”<sup>25</sup>

#### IV. THE REGULATORY STRUCTURE OF OADR

OADR requires judicial control because accountability in cyberspace is important to establish confidence among Internet users that a remedy is available when they have been misled or deceived regarding OADR mechanisms. As the field of OADR grows, it is important that Internet users are not offered substandard OADR services due to because poor OADR service will effect the credibility of all OADR systems. Currently, Internet users are not offered any guarantees regarding OADR services. Instead, there is an obvious trend to regulate the legal aspects of OADR agreements to the advantage of the OADR providers by releasing them from any potential liability from a breach of their duty.<sup>26</sup> Two such examples of release from potential liability from a breach of duty by OADR providers lies working provided by both *Virtual Magistrate* and Article 3 of the Rules for Uniform Domain Name Dispute Resolution Policy. Participants in the *Virtual Magistrate*, an OADR provider, agreed by virtue of their participation, to waive any claim against the *Virtual Magistrate* arbitration program for any liability resulting from the proceedings.<sup>27</sup> Equally, Article 3 (b) (xiv) of the Rules for Uniform Domain Name Dispute Resolution Policy (“Rules”) reads:

Complainant agrees that its claims and remedies concerning the registration of the domain name, the dispute, the dispute’s resolution shall be solely against the domain-name holder and waives all such claims and remedies against (a) the dispute resolution provider and panellists, except in the case of deliberate wrongdoing, (b) the registrar, (c) the registry administrator, and (d) the Internet Corporation for Assigned Names and Numbers, as well as their directors, officers, employees, and agents.<sup>28</sup> The governmental interference in OADR schemes is an important factor of the success for these schemes, but also provides not only opportunities, but constraints as well.

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25. Paolo Contini, *International Commercial Arbitration: The United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, 8 AM. J. COMP. L. 283, 284 (1959).

26. Gibbons, L., *Private Law, Public Justice: Another Look at Privacy, Arbitration, and Global E-Commerce*, 15 OHIO ST. J. ON DISP. RESOL. 785 (2000).

27. Chicago-Kent College of Law, *Basic Rules of the Virtual Magistrate Arbitration Program*, <http://www.vmag.org/docs/rules.html> (last visited Oct. 1, 2007).

28. Internet Corp. for Assigned Names and Numbers [ICANN], *Rules for Uniform Domain Name Dispute Resolution Policy*, at Art. 3(b)(xiv) Oct. 24, 1999, available at <http://www.icann.org/udrp/udrp-rules-24oct99.htm>.

Governments can accredit, supervise, and encourage the development of private OADR mechanisms, by eliminating legal obstacles that prevent the effective use of OADR mechanisms. Governments will also achieve this by being a channel for all information that is required to support the development of OADR without regulating such systems. More importantly, governments can ensure the elimination of any unfair or deceptive OADR practices by functioning as supervisory bodies. As supervisory bodies, the governments will be able to provide the parties, neutrals, and OADR providers with somewhere to refer complaints, disputes, and outcomes about fraudulent or deceptive OADR practices. Moreover, recourse to national courts may be helpful in OADR to solve a difficulty, if, for example, there is a serious violation of the principles of OADR impartiality and independence.<sup>29</sup> In short, the self-regulatory structure in OADR offers the advantages of great flexibility, cost-effectiveness, quick, and decentralization, while tying OADR schemes to governmental backup tools in order to enhance legitimacy and political acceptability.

#### A. SPECIAL TECHNICAL-LEGAL NEEDS IN ELECTRONIC DISPUTES AND OADR

Electronic disputes involve technical issues that require an expert in the field who is equipped to adapt to the diverse evolving technological and social nature of cyberspace and its evolving commercial practice. Frequently, the legal issues require the development of an understanding of the underlying technology involved. This requirement is reasonable since there is always an interconnection between conflict creation and conflict resolution. For example, in Internet disputes, it is very difficult to examine legal issues on the Internet without some understanding of the basic technology. Persons unfamiliar with the technology may be incapable of perceiving the nuances of the claim which are essential to an appropriate resolution of the dispute. Indeed, understanding the origins of the problem, i.e. the technical complexity of the internet, helps ensure proposed solutions match such problem.<sup>30</sup>

There are different environments in both the physical world and in cyberspace. In the physical world, ADR is deeply contextual and, when situated in different environments, performs different tasks. If the third party in an ADR belongs to the same institution or culture as those in-

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29. See Goldsmith, J., *Against Cyber-Anarchy*, 65 U. CHI. L. REV. 1199 (1998); Bick, J., *Why Should the Internet Be Any Different*, 19 PACE LAW REVIEW 41 (1998); Lessig, L., *The Zones of Cyberspace*, 48 STAN. L. REV. 1402 (1996); Trachtman, J., *Cyberspace, Sovereignty, Jurisdiction, and Modernism*, 5 IND. J. OF GLOBAL LEGAL STUDIES 561 (1998).

30. Lars Davies & Chris Reed, *The Trouble with Bits -First Steps in Internet Law*, 1996 J. BUS. L. 416, 421 (1996).



volved in the dispute, then all those involved in the ADR may begin the process with a common understanding of the context in which the dispute arose. As a result, the background would already be grounded in shared assumptions and perceptions, thus there would be no need to rearticulate.<sup>31</sup> In cyberspace, environments are created by software and hardware architectures. Neutrals to the dispute, who lack a sense of context and sensitivity to the environment surrounding the dispute, might make unfair dispute resolutions. In situations where the context is familiar, the neutral will feel quite familiar with the context and therefore assume a role that largely parallels the role of a traditional alternative dispute resolution neutral. A specialist like this can be invaluable in keeping the dispute resolution process on-track, and maximizing the potential for an enforceable determination.<sup>32</sup>

It is not always possible or feasible to request an expert's opinion in court litigation due to the following four main reasons. First, a flexible and evolving structure, such as OADR, will accommodate new schemes and make use of new technological methods supporting redress mechanisms on the Internet. This structure is evident in OADR schemes because it is more consistent with the technical nature of the Internet. This structure conforms with the notion that in the online context, where technologies and processes are still in their development stages, flexibility may be a great asset. OADR fits well with cyberspace values of flexibility and innovation and thus seems an appropriate choice for dealing with online disputes.

Secondly, while ADR systems are flexible and creative in finding solutions for e-disputes, there is a lack of such characteristics when finding solutions that satisfy the parties in court systems.<sup>33</sup> In other words, while the courts may offer only limited remedies in resolving disputes, settlements using OADR can often be created that are more individualistic and flexible than legal doctrine may allow.<sup>34</sup> The individualistic and flexible nature of OADR remedies is particularly important in a technical-legal setting such as Internet disputes.

Another reason why it is not always feasible to request an expert's opinion in court litigation is that given OADR is regarded as a mechanism that can resolve questions that are not always legal, parties can

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31. Ethan Katsh, Janet Rifkin & Alan Gaitenby, *E-Commerce, E-Disputes, and E-Dispute Resolution: In the Shadow of "eBay Law,"* 15 OHIO ST. J. ON DISP. RESOL. 705, 706 (2000).

32. Gibson, C., *Arbitration in Intellectual Property Disputes* 8 CAL. INT'L PRACTITIONER 1 (1997).

33. Ethan Katsh, Janet Rifkin & Alan Gaitenby, *E-Commerce, E-Disputes, and E-Dispute Resolution: In the Shadow of "eBay Law,"* 15 OHIO ST. J. ON DISP. RESOL. 705, 707 (2000).

34. *Id.*

select from a large number of third party neutrals who have extensive legal and practical experience in the specific legal and factual issues in electronic dispute. Often times such experts are better-equipped than judges to resolve technical and legal aspects of Internet disputes. A major attraction of arbitration procedure is the ability to nominate people not familiar with legal issues, to adjudicate in areas within their specialist knowledge or skill. An added benefit is that using a panel of diverse arbitrators can provide a better balance of expertise and may provide an additional advantage in technical cases by covering many of the issues likely to arise in formulating appropriate resolution of the case.<sup>35</sup>

A final reason why it is not always possible to request an expert's opinion in court litigation, is because the costs of those opinions are extremely high in Internet disputes because of the complexity of modern technologies. However, ADR mechanisms often develop as a response to the particular requirements and characteristics of an individual sector. As a result, an ADR tribunal may be composed of people with specialized knowledge and skills related to the dispute. This comprisal of specialize knowledge and skills may reduce the need for expert opinion on complex matters and may help to streamline the dispute resolution process by affording the parties greater control over expenditures of time, effort, and money.<sup>36</sup>

A person must be careful when studying domain name disputes and their relationship with OADR because they present a number of special characteristics, both legal and technical. Thus, the analysis of domain name characteristics is important in order to demonstrate that OADR protects Internet users' interests while not harming the interest of the information technology ("IT") industry and, most importantly, allowing electronic commerce to flourish.

There may also be special technical-legal needs in Business to Consumer ("B-to-C") Internet transaction disputes. The Internet has an impact on "B-to-C" transaction disputes through the globalization of individual consumer transactions across borders. However, the special technical-legal needs in B-to-C Internet transaction disputes are not as evident as the special technical-legal needs in domain name disputes. The domain name system itself, and its implication to trademark laws, would not have been possible without the advent of the Internet.

## B. THE RELATIONSHIP BETWEEN TRADEMARKS AND DOMAIN NAMES

Given the increasing commercialization of the Internet, organizations frequently register a domain name to create a useful link with their

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35. Scott H. Blackmand & Rebecca M. McNeill, *Alternative Dispute Resolution in Commercial Intellectual Property Disputes*, 47 AM. U. L. REV. 1709, 1717 (1998).

36. *Id.* at 1730.

trademarks. However, the interoperability between trademarks and domain names is a complex issue. This complexity is based mainly on the assumption that domain name space is and should be an extension of trademark space. This assumption is both unwarranted and unwise. To show the weakness of the above-mentioned assumption that domain name space is and should be an extension of trademark space, it is useful to define both trademarks and domain names.

In the United States, a trademark is a word or symbol which acts to identify a product so as to distinguish it from other products provided by others.<sup>37</sup> Trademark law was developed to resolve disputes between competing businesses where one business adopts and uses a trademark that is identical or confusingly similar to the trademark of its competitor. Trademark law is found both in statutes and in common law.

In trademark law, there are two types of infringements: (1) infringements that creates a likelihood of confusion; and (2) infringements that dilute the value of a trademark. With regard to the former, the issue is not whether the marks themselves would be confused with each other, but, rather, whether the use of the complained of mark on goods would cause consumers to be confused as to the source of the goods. To find a likelihood of confusion, courts look to a set of factors which include: (1) the similarity of products for which the name is used, (2) the strength of the complainant's mark, and (3) actual confusion.

Trademark dilution is defined as the lessening of the capacity of a famous mark to identify and distinguish goods, impairing the value of the trademark even if the use of a mark does not produce a likelihood of confusion.<sup>38</sup> In other words, trademark dilution permits the owner of a distinct and famous trademark to enjoin someone's use regardless of whether the owner and other party are in competition with each other or whether the use gives rise to confusion or not.<sup>39</sup> Rather, the purpose of the United States' dilution statute is to protect a famous trademark from damage caused by the use of the mark in non-competing endeavours. The trademark owners need not show that the dilution actually caused marketplace confusion.<sup>40</sup> In general, when deciding whether a mark is

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37. Andrew D. Murray, *A Distinct Lack of Goodwill*, 7 EUR. INTELL. PROP. REV. 345 (1997); Hazel Carty, *Passing off at the Crossroads: Harrods Ltd. V. Horrodian School Ltd.*, 11 EUR. INTELL. PROP. REV. 629 (1996); Hazel Carty, *Dilution and Passing off: Cause for Concern*, 112 L. Q. REV. 632, 636 (1996); David J Loundy, *Domain Name Symposium: A Primer on Trademark Law and Internet Addresses*, 15 J. MARSHALL J. COMPUTER & INFO. L. 465, 475 (1997).

38. Hazel Carty, *Dilution and Passing off: Cause for Concern*, 112 LAW Q. REV. 632, 636 (1996); see Frederick W. Mostert, *Famous and Well-Known Marks* (Butterworths, London 1997) 276.

39. Andrew D. Murray, *A Distinct Lack of Goodwill*, 7 EUR. INTELL. PROP. REV. 345 (1997).

40. *Id.*

distinctive or famous, there are non-exclusive factors that should be taken into account, such as: (1) the duration and extent of use of the mark in connection with the goods; (2) the duration and extent of advertising and publicity of the mark; (3) the degree of the recognition of the mark in the trading areas and channels of trade; and (4) the nature and extent of use of the same or similar marks by third parties.<sup>41</sup>

Dilution may take one of two forms called blurring or "tarnishing." Dilution by blurring involves using a strong mark for unrelated purposes, thereby weakening the mark and making it less distinctive when associating the goods to their source.<sup>42</sup> Dilution by blurring takes away from any established trademark's selling power. Dilution by tarnishment is a more direct attack on an existing mark, because it is using the mark in a derogatory manner. "Dilution by tarnishment occurs when a famous mark is linked to poor quality. . . products, or otherwise displayed in a derogatory manner," which harms the reputation of the owner of the trademark.<sup>43</sup>

Before continuing on to a discussion about the relationship between domain names and trademarks, there must be a discussion of the definition of domain names within the context of the World Wide Web, the Internet, and the Internet Protocol (IP). From a technical standpoint, the Web, the Internet, the IP, and domain names are separate but related concepts. The Web is a multimedia portion of the Internet.<sup>44</sup> The Web is not a component network of the Internet at all, but, rather, the Web may be described as a collection of accessible computers that provide information and services. The pages of a Web are most often written in a format such as a word processing format, that can be read by browsers such as *Netscape* or *Internet Explorer*.<sup>45</sup> The most common format is called Hypertext Mark-up Language (HTML), which includes the ability to build in links to other pages or services within a page.<sup>46</sup> The Web uses a specific protocol, the hypertext transfer protocol (HTTP), to transfer documents written in HTML.<sup>47</sup> The Web is made up of individual "sites," or Internet accessible computers, each of which may contain text, graphics, etc. Internet Protocol (IP) addresses are represented as strings of digits divided into parts or fields, e.g. 124.33.45.112. Using these numerical strings is inconvenient for human users; consequently, the IP address

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41. *Id.*

42. David J. Loundy, *Domain Name Symposium: A Primer on Trademark Law and Internet Addresses*, 15 J. MARSHALL J. COMPUTER & INFO. L. 465, 475-76 (1997).

43. *Id.*

44. Lars Davies & Chris Reed, *The Trouble with Bits: First Steps in Internet Law*, 1996 J. BUS. L 416, 421 (1996).

45. *Id.*

46. *Id.*

47. *Id.*

system is overlaid with a more user friendly system of domain names which serve as identifiers of the Web sites.<sup>48</sup>

From the above-mentioned discussion, one can notice that both trademarks and domain names share the same legitimacy of existence, i.e., to allow merchants to establish reputations, protect their goodwill from fraud and confusion, and ensure that consumers can identify the actual source of the merchants' products. However, the delivery of such tasks leads to substantial differences between a trademark and a domain name. Since trademarks are names designated to identify the source and affiliation of goods, they are not used to locate goods. Domain names, due to the technical nature of the Internet, are inherently used to both identify and locate goods. Domain names are partly functional and partly an indication of the origins of goods. Therefore, the application of trademark law to domain names, with their dual nature, could be problematic. A possibility of confusion, or more precisely, the standard of confusion, between trademarks and domain names is much higher on the Internet than traditional trademark confusion. As a result, the criterion of confusion, which is applied in trademark disputes, cannot be applied effectively in domain name disputes. For instance, the interoperability of the dilution and likelihood of confusion of trademarks on the internet should be underlined clearly. In *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*,<sup>49</sup> the operator of an adult entertainment Web site registered the domain name "candyland.com". The court granted a preliminary injunction claiming that the adult-oriented Web site was likely to dilute the value of the trademark which is owned by Hasbro, the maker of the "Candy Land" children's board game. By the adult Web site choosing to use this domain name, it diluted the wholesome nature of the name of the game and caused irreparable harm to Hasbro. This situation was notwithstanding the fact that an average consumer would not be confused into thinking that he or she was buying a child's board game from a cyber-sex Web site, and therefore would leave the Web site as soon as they realized that it was not the proper Web site.<sup>50</sup>

There are some limitations on the resolution of domain name disputes. In *Pitman Training Ltd. v. Nominet United Kingdom*,<sup>51</sup> the Pitman publishing company was established in 1849 and in 1985, the various divisions of the business were sold. In this sale one party acquired the publishing business, and one party acquired the training business. An agreement was reached at that time, providing for the continued use of the *Pitman* name by the new users. In 1996, a request

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48. *Id.*

49. *Hasbro, Inc. v. Internet Entm't Group, Ltd.*, No. C96-130WD, 1996 U.S. Dist. LEXIS 11626 (W. Dist. Wash. Feb. 9, 1996).

50. *Id.*

51. *Pitman Training Ltd. v. Nominet UK*, [1997] F.S.R. 797 (Ch.) (U.K.).

was submitted by the defendant to "Nominet UK," the organization which administers the "UK" domain name system, seeking the registration of the "pitman.co.uk." The plaintiff made a totally independent request for the allocation of the same domain name. Applying the "first come, first served" rule, "Nominet UK" allocated the domain name to the defendant. The High Court held that the plaintiff had not demonstrated a reasonable prospect of succeeding in its action because relief in such action can only be granted in support of some viable cause of action, however convenient the grant of that relief might appear to be.

Clearly, this happens when the "first-come, first-served" Internet domain name registration policy collides with trademark law. More simply, the domain registrant does not own the disputed trademark, but he or she requested it first.<sup>52</sup> Furthermore, domain name disputes are not only viewed as an infringement of an existing registered trademark, they could also exist where two or more companies, each with legitimate claims to the name, want to both use a name as their domain name. The same name may have been allocated to a number of persons because of the different categories of goods in the trademark register. The existence of many national trademark regimes is likely to result in further duplication. However, due to technical constraint on the domain name system, only one trademark owner can own a domain name which corresponds to his or her trademark. The Internet is a large marketplace where geographical boundaries are blurred and different lines of business are combined together in one marketplace. Consequently, companies in different lines of business (non-competing class of products) and different geographical locations whose trademarks did not formerly conflict, now have to fight over a single domain name.<sup>53</sup>

In theory, a person who owns an identical trademark in one country can hold a domain name registration, while there is another party with an identical trademark registered in another country. Each of the parties could bring a successful action in their own jurisdiction. This problem arises because the Domain Name System ("DNS") creates a globally recognized registration, whereas trademark rights traditionally give rise to rights that are exercisable only within the territory concerned. There is an intersection between a global medium, such as the Internet, and a historical, territorially based system that emanates from the sovereign authority of the territory, such as the trademark system.<sup>54</sup>

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52. Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. Small & Emerging Bus. L. 149, 150-53 (2000).

53. Deborah Howitt, *War.com: Why the Battle Over Domain Names Will Never Cease*, 19 HASTINGS COMM. & ENT. L.J. 719, 733 (1997); see also Lars Davies & Chris Reed, *The Trouble with Bits - First Steps in Internet Law*, 1996 J. Bus. L. 416, 424.

54. WIPO, *The Management of Internet Domain Names and Addresses: Intellectual Property Issues, Final Report of the WIPO Internet Domain Name Process*, April 30, 1999,

Even in the same jurisdiction, solutions for domain name disputes could be difficult. For example, if there is a *Leeds* lock company and *Leeds* computer store, under the current Internet naming system, neither company will be able to block the other from using the word "Leeds" as a web domain name in the commercial top level domain name "com." At the same time, one of them will not be able to include its trademark in its domain name, since there can be only one "Leeds.com." The same applies to well-known trademarks, such as "Thrifty." It is permissible to use the name Thrifty for a car rental company, a drug store, and a gasoline station all at the same time, because the three businesses are so different that consumers are not likely to be confused by the same name. However, in this example, the car rental company is presently using the domain name "Thrifty.com," prohibiting the drug store and the gasoline station from using it. And finally, there might be a domain name consisting of the initials of the name of a corporation that is well-known in one country, while there is another corporation with the same initials to its name that is well-known in another country. In some cases, domain names were registered to other companies who shared an acronym or a name with a more well-known counterpart, and therefore shared a legitimate claim to the name.<sup>55</sup>

The following example might illustrate this point. The domain name "aba.com" is registered to the *American Bankers Association*, "aba.org" to the *American Birding Association*, and "aba.net" to a company called *An-saback* which provides electronic mail services. All appear *bona fide* organizations, but there becomes a problem when the better known *Americawn Bar Association* wants to use the less intuitive domain name "abanet.net."

It becomes clear that the numerous instances of abusive domain name registration will result in Internet users' confusion and an undermining of public trust in the Internet. However, given that there are widely divergent levels of technical comprehension of domain names, the complexity of the technical nature of domain name disputes can be handled and controlled through OADR because third party neutrals' expertise could be useful in dealing with certain aspects of the legal-technical setting of domain name disputes.

Third party neutrals in domain name disputes should understand that one of their primary tasks is to carefully analyze the relationship between trademarks and domain names. Many arbitrators, for example,

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<http://www.wipo.int/export/sites/www/amc/en/docs/report-final1.pdf>. ; see Deborah Howitt, *War.com: Why the Battle Over Domain Names Will Never Cease*, 19 HASTINGS COMM. & ENT. L.J. 719, 733 (1997); see also Lars Davies & Chris Reed, *The Trouble with Bits -First Steps in Internet Law*, 1996 J. BUS. L. 416, 424.

55. Gayle Weiswasser, *Domain Names, the Internet, and Trademarks: Infringement in Cyberspace*, 13 SANTA CLARA COMPUTER & HIGH TECH. L.J. 137, 151 (1997).

are intimately familiar with domain name disputes, bringing a greater level of expertise than would be evident in a court of law. This expertise will enhance a deep understanding of the peculiarities and particularities of domain name disputes, and will ultimately result in fairer decisions. OADR and e-mediation would be great tools to use in resolving domain name disputes because those disputes require some creativity in finding solutions and OADR and e-mediation can provide just that for disputing parties.<sup>56</sup>

The European Commission believes that it is beyond doubt that a fair resolution of domain name disputes requires some creativity.<sup>57</sup> Similarly, *WIPO* in its final report on the Management of Internet Domain Names and Addresses suggests, that a gateway Internet page shared by the disputants could be an agreed solution in certain domain name disputes which involve intractable legal issues, provided that there are serious interests on each side to resolve the dispute in such a way.<sup>58</sup> It is not irrational by any means, to think of measures which allow domain names to coexist, while providing Internet users with the information to distinguish between the owners of the similar names on the Internet. This represents a viable and useful way of reducing conflicts on the Internet. For example, <http://www.scrabble.com> is a Web site which provides a gateway to the "Milton Bradley Scrabble" home page if the Internet user indicates that he or she is a resident of the United States, or to the "Spear's Games/ Mattel Scrabble" home page if she or he indicates that she or he resides somewhere else.<sup>59</sup>

### C. THE CONCEPTUALIZATION OF THE TERM "USE" OF A DOMAIN NAME

The idea of what constitutes "use" of a domain name on the Internet is a perplexing issue. Mere registration of a domain name as an Internet address, without further promoting or advertising, is not infringement. As a result, many uses of a domain name on the Internet would not give rise to trademark rights. However, this contradicts one of the primary purposes of trademark laws. This purpose is to eliminate deceitful practices in commerce that involve the misuse of trademarks. On the other hand, the purpose sought to eliminate other forms of misrepresentations which do not involve any use of what technically be called a trademark.

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56. Scott H. Blackman & Rebecca M. McNeill, *Alternative Dispute Resolution in Commercial Intellectual Property Disputes*, 47 AM. U. L. REV. 1709, 1720 (1998).

57. *Commision Working Document on the Creation of a Wuropean Extra Judicial Network (EEJ-NET)*, (2000), available at [http://europa.eu.int/comm/consumers/policy/developments/acce\\_just/acce\\_just06\\_en.pdf](http://europa.eu.int/comm/consumers/policy/developments/acce_just/acce_just06_en.pdf) (last visted Mar. 11, 2008).

58. *WIPO, The Management of Internet Domain Names and Addresses: Intellectual Property Issues, Final Report of the WIPO Internet Domain Name Process*, (April 30, 1999), available at <http://www.wipo.int/export/sites/www/amc/en/docs/report-final1.pdf>.

59. Scrabble, Home Page, <http://www.scrabble.com>.



In *Marks & Spencer Plc. v. One in a Million Ltd.*,<sup>60</sup> commonly known as "one in a million" case, a slew of domain names were registered with the U.S. registry (NSI), such as "marksandspencer.com," "bt.org," "virgin.org," and "britishtelecom.net." The Court in this case, discussed that registration of a domain name was not, in itself, passing off or infringement of a trademark, rather it was a pattern of activity that amounted to a threat of passing off, because it was a deliberate practice, with a clear intent, to deceive people as to the origin of the domain.

In an ICANN case, *Telstra Corporation Limited v. Nuclear Marshmallows*,<sup>61</sup> a company called "Nuclear Marshmallows" registered the domain name "telstra.org," but did not use it for any purpose. Another company called "Telstra" already had a registered trademark for "Telstra." It was stated that Nuclear Marshmallows had used the name in bad faith because the company did not even use the name. In this case, it has been emphasized that, "The concept of domain name being used in bad faith is not limited to positive action; inaction is within the concept."<sup>62</sup> A similar conclusion was reached in *Maritz, Inc., v. CyberGold, Inc.*<sup>63</sup> The court held that although the defendant's Web site was not operational yet, the plaintiff's claim was not necessarily premature. In the court's opinion, the defendant was doing business by merely giving information about the upcoming services.

An analysis of the above cases suggests a need to differentiate between domain name warehousing and domain name speculation to clarify what constitutes "use" of a domain name on the Internet. Domain name speculation is registering domain names similar to trade names and domain names that are currently in use, most likely, for sale to others at a higher price. On the other hand, domain name warehousing is a firm using its own valuable domain name until the domain name is purchased.<sup>64</sup> Domain name warehousing takes place when firms acquire domains with the same name as a trademark they have registered for some valid reasons, even though they have no intention of using the domain. Firms may do so in order to prevent someone else from using it and causing customer confusion. Sometimes, a firm may register a domain name before registering a trademark as part of a process of preparing a new campaign. Actually, some retailers began their online

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60. [1998] F.S.R. 265 (Ch.) (U.K.).

61. No. D2000-0003, (A.P.D. 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0003.html>.

62. *Id.*

63. 947 F. Supp. 1328 (E.D. Mo. 1996).

64. Deborah Howitt, *War.com: Why the Battle Over Domain Names Will Never Cease*, 19 HASTINGS COMM. & ENT. L.J. 733 (1997); Lars Davies & Chris Reed, *The Trouble with Bits—First Steps in Internet Law*, 1996 J. BUS. L. 424 (1996); C. Gibson, *Arbitration in Intellectual Property Disputes*, 8 CAL. INT'L. PRACTITIONER 1 (1997).

operation by putting up non-transactional sites to provide company and product information and possibly to generate interest. Domain name warehousing is not necessarily a misuse.<sup>65</sup> As a result, any decision by an OADR provider on what constitutes a “use” of a domain name should consider the following factors collectively: (a) the existence of registration of both a trademark and a domain name; (b) the existence of factors which lead to confusion; (c) an interchangeable analysis of the existence of registration, and the existence of factors which lead to confusion.

### C. THE EXISTENCE OF BAD FAITH IN DOMAIN NAME DISPUTES.

“Bad faith” in a trademark dispute is the intention to create confusion in order to exploit the goodwill connected with a trademark. In *British Telecommunications Plc., v. One in a Million*,<sup>66</sup> the court, in deciding what constitutes “bad faith” in a trademark dispute indicated that it should consider the intention of the defendant to appropriate the goodwill of another. Articulating what constitutes bad faith in domain name disputes is a difficult task. For example, in *Sporty’s Farm LLC v. Sportsman’s Market, Inc.*,<sup>67</sup> the United States’ District Court found the defendant’s operation of the “sportys.com” Web site was unlikely to cause confusion. The court held that the defendant’s dilution was not wilful. Surprisingly however, on appeal, the Second Circuit held that the defendant’s actions showed bad faith intent to profit and the conceptualization of the bad faith in domain name disputes could prove to be problematic as a result

Similarly, WIPO’s Final Report on the Management of Internet Domain Names and Addresses proposes that every registrant should be required to make:

A representation that, to the best of the applicant’s knowledge and belief, neither the registration of the domain name nor the manner in which it is to be directly or indirectly used infringes the intellectual property rights of another party.<sup>68</sup>

Equally, the UDRP provides that a complainant must assert that the domain name has been registered and used in bad faith.<sup>69</sup> Paragraph 4(b) of the UDRP, provides for evidence of the registration and use of a domain name in bad faith. For example, circumstances indicating that

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65. *Id.*

66. [1999] F.S.R. 1, [1999] E.T.M.R. 61 (C.A.) (U.K.).

67. 202 F. 3d 489, 497-98 (2d Cir. 2000).

68. The World Intellectual Property Organization, *Final Report of the WIPO Internet Domain Name Process*, (April 30, 1999), available at <http://www.wipo.int/export/sites/www/amc/en/docs/report-final1.pdf>.

69. ICANN, Uniform Domain Name Dispute Resolution Policy, par. 4 (a) (as approved by ICANN on Oct. 24, 1999) (1999) <http://www.icann.org/dndr/udrp/policy.htm> (last visited Oct. 1, 2007).

the registration or acquisition of the domain name was primarily for the purpose of selling or renting the domain name registration to the complainant, or to a competitor of the complainant for value. Another example of bad faith is when the registration of the domain name was to prevent the complainant from reflecting the mark in a corresponding domain name, or to disrupt the business of a competitor. Finally, bad faith can be seen in a situation where registration of the domain name was for the intention of attracting Internet users to a particular Web site by creating confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of goods or services.<sup>70</sup>

These examples of bad faith do not provide structural criteria to what might suffice to rebut that showing by the defendant. For example, if a plaintiff submits evidence that the registrant offers to sell a disputed domain name for a particular consideration; this is sufficient evidence to a case of abusive registration. The defendant, however, may show that the offer was in response to a request from the plaintiff. In fact, it is hard to see how it could be bad faith to respond to a solicitation of a bid, especially, if there is a dispute between the parties and the offer was part of a settlement. In *Gordon Sumner v. Michael Urvan*,<sup>71</sup> the panel noted the complainant's evidence that the respondent had offered to sell the domain name to him. The respondent countered that such offer was only made in response to a solicitation from the complainant. Accordingly, the panel concluded that merely responding to an offer of sale did not constitute evidence of bad faith as required by section 4(b)(i) of the UDRP.<sup>72</sup>

The decision in *Sumner v. Urvan* is duplicated because dealing with a multitude of registrations of a well-known trademark, with the availability of variations and deceptively similar marks, makes detection and monitoring of bad faith in the infringement of a well-known trademark a challenge. The variations on domain names in such cases, are virtually endless. Also, there are cases where an extremely minor variation or a misspelling can cause a huge damage to a well-known trademark. This also makes detection and monitoring of bad faith in the infringement of a well-known trademark a challenge. For example, the [www.intel.com](http://www.intel.com) Web site, where the (I) and (E) are transposed, could become [www.entil.com](http://www.entil.com). This might cause a huge damage to Intel Corp., owners of the well known trademark in the field of technology and computers.

Finally, a domain name could be a logical choice for the domain name holder, but it coincidentally could be very similar to someone else's

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70. *Id.* at Paragraph 4 (b).

71. *Gordon Sumner, p/k/a Sting v. Michael Urvan*, World Intellectual Property Organization Administrative Panel Decision Case No.2000-0596, available at <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0596.html> (last visited Oct. 1, 2007).

72. *Id.*

existing trademark. This situation could cause an unintentional overlap of names. For example, in *French Connection Ltd. v. Sutton*,<sup>73</sup> the plaintiff could not establish passing off against a defendant who had registered the domain "fcuk.co.uk". The defendant established that "fcuk" is a well-known term in Internet circles (as a term used to avoid censors) and had this meaning long before the plaintiff adopted it. The court found that the defendant's argument was a creditable defense to the charge of intentional passing off. In conclusion, OADR providers should understand that one of their primary tasks in domain name disputes is to determine accurately, the good faith of a registrant because, although bad faith clauses are designed to give the parties flexibility, bad faith clauses often cause problems due to its uncertainty.

### C. NON-COMMERCIAL USES OF DOMAIN NAMES

In any commercial dispute setting, a definition of the boundary between unfair and unjustified misappropriation of another's property is very important. This holds true regarding tangible, intangible, or intellectual property, on the one hand, as well as fair use or justified non-commercial use, on the other hand. As a result, consideration needs to be distributed so the distinction between commercial and non-commercial use of a domain name is conceptualized. This distinction must accommodate the diverse nature of the Internet users. One must not lose sight of traditional non-commercial Internet uses because the Internet is not exclusively a medium of commerce.<sup>74</sup> Any overzealous implementation of measures proposed for the protection of intellectual property may result in significant limitations on other important rights and interests on the Internet.<sup>75</sup>

Conflicts can arise between trademark holders, and persons with indisputably legitimate interest in a domain name, although this legitimacy is not deriving from a trademark right in a commercial sense. In the ICANN case, *Bruce Springsteen v. Jeff Burgar and Bruce Springsteen Club*,<sup>76</sup> the panel observed that "[th]e Internet is an instrument for purveying information, comment, and opinion on a wide range of issues

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73. *French Connection Ltd. v. Sutton*, 2000 E.T.M.R. 341 (2000); see also John Lambert, *Case Note: French Connection Ltd. v. Antony Toolseeram Sutton*, INTELLECTUAL PROPERTY AND INFORMATION TECHNOLOGY UPDATE, (Dec. 3, 1999), available at <http://www.ipit-update.com/oldnipclaw/nipclaw/nipclaw/domname/fcuk.htm>.

74. G. Peter Albert, *Right on the Mark: Defining the Nexus Between Trademarks and Internet Domain Names*, 15 J. MARSHALL J. COMPUTER & INFO. L. 277, 313-14 (1997).

75. World Intellectual Property Organization, *supra* note 67.

76. *Bruce Springsteen v. Jeff Burgar & Bruce Springsteen Club*, World Intellectual Property Organization Administrative Panel Decision Case No. D2000-1532, available at <http://arbitr.wipo.int/domains/decisions/html/2000/d2000-1532.html> (last visited Oct. 1, 2007).

and topics. It is a valuable source of information in many fields, and any attempt to curtail its use should be strongly discouraged."<sup>77</sup> There are domain name registrations which are justified by legitimate free speech rights. Although fundamental free speech interests, including parody and criticism of famous corporations, are stated in WIPO's Final Report on the Management of Internet Domain Names and Addresses,<sup>78</sup> UDRP in Article 4(c)(iii), states that a legitimate non-commercial use of a domain name will be denied protection if the registrant has an intent to tarnish the complainant's trademark.<sup>79</sup> UDRP does not give adequate weight to free speech interests.<sup>80</sup>

The conception of tarnishment raises concerns regarding non-commercial users' right to freedom of speech. A Web site designed to attack a company's labor practices or its environment record might be considered to show intent to tarnish a mark. Moreover, there are various meanings of tarnishment. Sometimes even mild criticism of corporations such as comparative price and quality advertisement has been held to be tarnishment. Furthermore, the articulation of a concept such as "international tarnishment" seems to be broad enough to reach parody sites such as the "RoadKills-R-Us",<sup>81</sup> and criticism sites such as the "Mcspotlight."

Suppose that an online company called "(trademark).com" registered the domain name called "(trademark)sucks.com" as a precautionary tactic. Then suppose a hacker registered "(trademark)reallysucks.com." Because the intent of the registrant of the latter domain name is to ridicule the newly formed company and not for profitable business uses, one can argue that the bad faith intent to profit has not been formed.

Accordingly, it might be said that (trademarksucks.com) domain names, for example, may be protected as free speech because of their communicative content, while (trademark.com) domain names, which

77. *Id.*

78. World Intellectual Property Organization, *supra* note 67.

79. ICANN Uniform Domain Name Dispute Resolution Policy, art. 4 (c) (iii) (as approved by ICANN on the Oct. 24, 1999), available at <http://www.icann.org/dndr/udrp/policy.htm>.

80. See *Bandon Dunes L.P. v. DefaultData.com*, World Intellectual Property Organization Administrative Panel Decision Case No. D2000-0431, available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0431.html> (last visited Oct. 1 2007); *Wal-Mart Stores, Inc. v. Walsucks & Walmarket Puerto Rico*, World Intellectual Property Organization Administrative Panel Decision Case No. D2000-0477, available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0477.html> (last visited Oct. 1 2007); *Hunton & Williams v. Am. Distribut. Sys., Inc.*, World Intellectual Property Organization Administrative Panel Decision Case No. D2000-0501, available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0501.html> (last visited Oct. 1, 2007) (addressing the problem of freedom of speech and trademark ownership rights).

81. *RoadKills-R-Us*, <http://www.rru.com/> (last visited Oct. 1, 2007).

serve merely as source identifiers, are unprotected as free speech platforms. In view of the interrelationship between domain names as commercial indicators and domain names as freedom of speech platforms, it is imperative that OADR providers expand their field of vision to understand the human rights implications of the domain naming system and, in particular, freedom of speech and expression. From this perspective, OADR providers presumably would understand that one of their primary tasks in domain name disputes is to determine adequately whether disputants are: (1) interested in free expression; or (2) in the business of acquiring domain names which might prove valuable to business enterprises, and selling such domain names to the business for a profit.

#### D. THE CONTENT OF THE WEB SITE

There are many ways in which HTTP protocol and HTML language operate to allow a user to construct pages, which can refer to or include material from other sites. There are many cases where a Web site has an image as a trademark from another Web site and that image is incorporated into its own Web page. If a Web page author includes a link to materials protected by a trademark and allows access to these materials, then there may be trademark infringement.<sup>82</sup> In fact, the effect is the same regardless of whether the author incorporates the materials directly into his Web page, or whether he configures his Web page so that whenever it is accessed, the page automatically downloads the infringed materials.<sup>83</sup> The practice of configuration can be even more complicated by "inlining," which is a form of hypertext mark-up language in which the creator of a Web page can embed other content by using a textual reference describing where on the network the infringed material is located. The "inlining" practice creates an extension to trademark problems and can be a major source of confusion on the Internet because if there is a disputed domain name, the trademark holder cannot sue all Web sites that have a hyperlink, deliberately or not, to lead customers to the disputed domain name.<sup>84</sup> For example, in *Playboy Enters v. Frena*, the defendant's computer bulletin board service distributed unauthorized copies of Playboy's copyrighted photographs bearing its registered trademark.<sup>85</sup> After analyzing the distinctiveness of Playboy's mark and the likelihood of confusion created by the defendant's use of the mark, the court found that the defendant infringed Playboy's registered trademark.<sup>86</sup>

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82. Lars Davies & Chris Reed, *The Trouble with Bits: First Steps in Internet Law*, 1996 J. BUS. LAW 421.

83. *Id.*

84. *Id.*

85. 839 F. Supp. 1552, 1559 (M.D. Fla. 1993).

86. *Id.*

A strong argument in favor of infringement could be made if the infringed mark is being used prominently in the Internet homepage content, rather than just in the Internet address. One of OADR's primary tasks in domain name disputes is to determine whether or not there is a likelihood of trademark confusion concerning the actual contents of the Web site, rather than the domain name itself. In this context, a homepage's content can create actual confusion while domain names can create initial, interest confusion. These are both valid types of infringing confusion.

#### G. DOMAIN NAMES AND SEARCH ENGINES ON THE INTERNET

Creating a Web site does not mean that many people will visit it, but various Internet search engines will ensure that even the most obscure Web sites can be found by viewers. For example, when an Internet user searches for the word "delta," the famous "Delta Airlines" Web site may not appear on the first page on an "Alta Vista" search report.<sup>87</sup>

The problem of search engines on the Internet was not resolved by the addition of Top Level Domains ("TLDs") extension to domain names, such as (.com) or (.uk), because these TLDs do not avoid Internet users' confusion. A trademark infringement occurred when search engines on the Internet pointed to a particular Web site, notwithstanding the existence of TLDs. For example, the Web site <http://www.nissan.com> is owned by Nissan Computer Corporation.<sup>88</sup> In theory, Nissan Motors could register <http://www.nissan.net>, but they have not.<sup>89</sup> Instead, they have registered <http://www.nissanUSA.com>.<sup>90</sup> Using upper case letters and periods separating a domain name into two parts is insufficient to avoid viewer confusion, because a search engine would treat the two domain names indifferently, therefore, there would be no confusion created by similar domain names. Disclaimers on Web sites do not reduce the likelihood that Internet users become confused and deceived because of similar domain names. These disclaimers might actually confuse the search engine and cause the Web site to be shown as a "hit" for a search that a viewer might then visit.<sup>91</sup>

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87. *Delta Airlines*, <http://www.delta.com/home/index.jsp> (last visited Oct. 1, 2007).

88. *Nissan Computer Corp.*, <http://www.nissan.com/> (last visited Oct. 1, 2007).

89. *Nissan Computer Corp.*, <http://www.nissan.net/> (last visited Oct. 1, 2007).

90. *Nissan Motors*, <http://www.nissanUSA.com/> (last visited Oct. 1, 2007).

91. Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149, 164 (2000); Gary. Hamilton, *Trademarks on the Internet: Confusion, Collusion or Dilution*, 4 TEX. INTELL. PROP. L.J. 1, 4 (1996).

#### H. REVERSE DOMAIN NAME HIJACKING

Domain name disputes are not only related to the appropriation of a well-known trademark from real space, but also to the appropriation of a cyber trademark with or without formal mark registration. This practice is called "reverse domain name hijacking."<sup>92</sup> In reverse domain name hijacking, the owner of a trademark intimidates the legitimate holder of a domain name to surrender his or her domain name after the investing a considerable amount of time, money, and human creativity into his or her Internet-related businesses.

Unfortunately, UDRP wording did not eliminate the practice of reverse domain name hijacking. For example, Article 4(c)(ii) has indicated by implication that trademark owner is always called "complainant," notwithstanding the fact that domain name holder could be a complainant for a reverse domain name hijacking.<sup>93</sup> Moreover, UDRP stated in Article 6 that the domain name holder shall not name ICANN as a party in any domain name dispute proceeding, but Article 6 does not mention a situation where the same action is done by the trademark holder.<sup>94</sup> Instead of defining a balanced public policy, the UDRP increases the rights of trademark holders at the expense of domain name holders. A fairness issue is created because this preferable treatment of the trademark owners at the expense of domain name holders on the assumption that all domain name holders are cyber-squatters. However, the UDRP should be more cautious and more balanced as it might unfairly expose domain name holders, acting in good faith, to unforeseen costs by causing them to respond to legal disputes as a result. Such costs may be so burdensome that Internet users will give up domains, rather than defend themselves. There is a need to provide more justice in this context by balancing the interests of both disputants: trademark owners and domain name holders. Indeed the broader view of doing business on the Internet implies the protection of all stakeholders.<sup>95</sup>

#### III. CONCLUSION

The advent of the Internet has created challenges and opportunities for ADR. These challenges and opportunities are interconnected inexorably with each other and with Internet infrastructure. Only the prudent

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92. Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 *YALE L.J.* 1717, 1722 (1999).

93. ICANN Uniform Domain Name Dispute Resolution Policy, <http://www.icann.org/ndnr/udrp/policy.htm> (last visited Oct. 1, 2007).

94. *Id.* at art. 6.

95. Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 *YALE L. J.* 1717, 1721-22 (1999); Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 *J. OF SMALL & EMERGING BUS. L.* 149, 164 (2000).



deployment of OADR can build trust and create confidence in the online marketplace, and, therefore, encourage the growth of electronic commerce. Such deployment of OADR must contemplate the relationship between Internet infrastructure and ADR mechanisms since they are interconnected with each other and with Internet disputes to a large extent. Indeed, the interoperability of both technical and legal issues in OADR should not be underestimated. Both technical and legal issues come with its own conception of analyzing OADR, each is useful in unravelling the complexities encountered, and each should be kept in mind when evaluating OADR schemes.

Given the international, decentralized, and technical nature of the Internet, the online ADR model must be international, decentralized, and technical in nature. Consequently, it is natural that alternative dispute resolution mechanisms are experiencing a renaissance on the Internet, in the form of online alternative dispute resolution. This is because ADR recognizes the value of the establishment of self-regulatory standards on the Internet which itself invites many aspects of self-regulation. Equally, ADR is attentive to the cyberspace that it tries not only to regulate, but also to render more efficient. The main similarities between ADR and cyberspace are informality, openness, and high degree of innovation. Therefore, the growth of ADR mechanisms on the Internet must be viewed as an expression of the need for swifter justice in cyberspace.