

December 2006

## U.S. Jurisdictional Monopolization of International Cybersquatting Disputes: A Review of Current Inequities and Future Consequences

Aaron Jay Horowitz

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U.S. JURISDICTIONAL MONOPOLIZATION OF  
INTERNATIONAL CYBERSQUATTING DISPUTES: A REVIEW  
OF CURRENT INEQUITIES AND FUTURE CONSEQUENCES

*Aaron Jay Horowitz\**

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\* Mr. Horowitz is currently a third-year law student at the University of Florida Levin College of Law. He is a member of the University of Florida's *Journal of Technology Law & Policy*, the *Florida Journal of International Law*, and the *Entertainment Law Review*, as well as Phi Delta Phi International Legal Fraternity. He has received academic recognition from the Dean, distinction for the highest course grade in Criminal Procedure and was the Winner of the *Florida Journal of International Law* Outstanding Note Writing Competition. Mr. Horowitz is currently President and Founder of the Corporate and Securities Litigation Group, an organization that engages law students through competitions and educational seminars.

During his undergraduate career at the University of Florida, Mr. Horowitz majored in Decision and Information Sciences, a Business Administration degree with a mix of computer-related courses, and graduated *summa cum laude*. He was awarded a scholarship by the University Scholars Program for original economic research and authored *Prosperity or Predicament: The Prospective Future of Miami International Airport*, an economic research study presented through the University of Florida *Journal of Undergraduate Research*.

Growing up during the Internet boom, Mr. Horowitz gained considerable expertise in information technology, quickly learning to program and design computer software and build computer hardware. Using this expertise, he created LogicLeap Technologies, Inc., an information technology corporation specializing in web site design, network design, and network security consultation. Currently, one of the main focuses of his corporation's business is domain-name acquisition, a practice that helped generate this Article.

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## I. INTRODUCTION

Cybersquatting, an issue the Internet has faced for almost a decade, has recently gained more attention as international domain disputes are becoming much more prevalent. "Essentially, a cybersquatter registers a domain name containing a trademark, for example 'panavision.com,' and then ransoms the domain name to the trademark holder."<sup>1</sup> Cybersquatters "attempt to profit on the Internet [from] . . . companies that spent millions of dollars developing the good will of the trademark."<sup>2</sup>

In the increasingly eventful environment of international trademark disputes, federal judicial decisions have progressively made the U.S. court system a home for these international quarrels. American businesses reap the benefits of such a system in that it provides a forum for their international trademark disputes without having to leave the comfort of their own country. However, for businesses located outside the United States, it creates the pains of expensive travel and the fear of succumbing to a potentially biased body of law.

It is uncertain how countries and internationally located businesses will react to this jurisdictional monopolization of domain disputes in the near future. As Internet development grows exponentially around the globe, the potential for nations and businesses alike to reject the U.S. controlled

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1. Katherine Meyers, *Domain Name Dispute Resolution in U.S. Courts: Should ICANN Be Given Deference?*, 43 B.C. L. REV. 1177, 1179 (2002).

2. *Intermatic, Inc. v. Toppen*, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996). The Court explained:

This case involves one party, Intermatic, with a long history of trademark use, and a second, Toeppen, who has effectively enjoined Intermatic from using its trademark by the payment of \$100 to register the "intermatic.com" domain name. This activity clearly violates the Congressional intent of encouraging the registration and development of trademarks to assist the public in differentiating products.

*Id.* at 1240.

Internet and construct their own private Internets becomes an increasingly real possibility.<sup>3</sup>

This Article will explore the current cybersquatting law in the United States, the history of U.S. domain control, the presence of nongovernmental venues for fighting cybersquatting, and the federal court reviews of the outcomes. Next, this Article will analyze the World Intellectual Property Organization, as well as the current status of international cybersquatting procedures. This Article will then focus on the recently created U.S. safe harbor for international domain disputes, as well as the potential international reaction which may disrupt the flow of international communication and commerce.

## II. CURRENT U.S. CYBERSQUATTING LAW

As one author simplified the domain system,

[m]ost web addresses use the following format: “http://www.cnn.com.” The domain name is only the latter half of the address: “cnn.com.” Most domain names end in “.com,” which is called the top-level domain and is used for most online businesses. The second-level domain is often the name of the company, here the cable news network, CNN.<sup>4</sup>

“Domain names . . . are considered prized possessions,” and “[o]nly one business can own a domain name, just as there can only be one house with a particular address.”<sup>5</sup> Cybersquatting occurs when a party without a trademark registers a domain name in which the second-level division of the domain (the “CNN” in “CNN.com”) contains another party’s trademark, usually “with the intent to extort payment from the actual trademark holder.”<sup>6</sup>

The Anticybersquatting Consumer Protection Act (ACPA) embodies the entire U.S. law of cybersquatting.<sup>7</sup> This 1999 act amends the 1946

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3. Christopher Rhoads, *In Threat to Internet’s Clout, Some are Starting Alternatives*, WALL ST. J. ONLINE, (Jan. 31, 2006), <http://yaleglobal.yale.edu/display.article?id=6906> (last visited Dec. 1, 2006).

4. Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 170 (2005) (footnote omitted).

5. *Id.*

6. *Id.* at 172.

7. See 15 U.S.C. § 1125(d) (1999).

Lanham (trademark) Act<sup>8</sup> by adding a new segment, in addition to the “dilution” element of 1996, entitled 43(d), which provides that

[a] person shall be liable in a civil action by the owner of a mark . . . if, without regard to the goods or services of the parties, that person has a bad faith intent to profit from that mark . . . and registers, traffics in, or uses a domain name that . . . is identical or confusingly similar to that mark [for a distinctive mark, or] . . . is identical or confusingly similar to or dilutive of [a famous] mark . . . .<sup>9</sup>

A domain registrant deemed a cybersquatter under the ACPA is liable for statutory damages up to \$100,000 per domain name, as well as actual damages, profits, court costs, and attorney fees.<sup>10</sup>

The ACPA was created to “provide trademark owners with stronger remedies against cybersquatters” than previously available.<sup>11</sup> Before the ACPA, the Lanham Act only permitted trademark infringement complaints for domain name disputes if the trademark owner could prove that the infringer used the trademark in commerce.<sup>12</sup> Unfortunately for complainants, the commerce requirement was infrequently established.<sup>13</sup>

The ACPA significantly reduces the degree of complexity required to maintain an action for cybersquatting by removing the commerce requirement altogether.<sup>14</sup> This 1999 change has proven to be successful; case law since the ACPA’s passage demonstrates its effectiveness in both conquering cybersquatting in the United States and in transferring the infringing domain back to the trademark owner.<sup>15</sup> Trademark holders have

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8. See 15 U.S.C. § 1117 (1946).

9. 15 U.S.C. § 1125(d) (1999).

10. Caslon Analytics, *Domains Profile: Disputes*, <http://www.caslon.com.au/domains/profile10.htm> (last visited Dec. 1, 2006).

11. Elizabeth D. Lauzon, Annotation, *Validity, Construction, and Application of Anticybersquatting Consumer Protection Act, 15 U.S.C.A. § 1125(d)*, 177 A.L.R. Fed. 1 (2003).

12. 15 U.S.C. § 1114(1)(a) (1946).

13. See *HQM, Ltd. v. Hatfield*, 71 F. Supp. 2d 500, 507 (D. Md. 1999) (stating, “the Court holds that . . . the .com designation does not by itself constitute commercial use.”); see also *Acad. of Motion Picture Arts & Scis. v. Network Solutions Inc.*, 989 F. Supp. 1276, 1280 (C.D. Cal. 1997) (stating that Network Solutions, by registering domains, does not engage in commerce as is needed under the Lanham Act).

14. See 15 U.S.C. § 1125(d) (1999).

15. *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 271 (4th Cir. 2001). The circuit court stated:

The remedy that Volkswagen sought in district court was the right to use vw.net for itself. The ACPA allows a court to order “the transfer of the domain name to

seen increased protection of their trademarks as the ACPA has “largely solved the cybersquatting problem,” while at the same time “adequately protecting the First Amendment rights of consumers and competitors.”<sup>16</sup>

Additionally, prior to the ACPA’s passage, personal jurisdiction was necessary to take a cybersquatter to court.<sup>17</sup> This was often difficult because specific jurisdiction over the cybersquatter was only exercised if the defendant purposefully availed themselves with “substantial” or “continuous and systematic” activities (with use of the domain name) in the forum state.<sup>18</sup> While some courts were willing to stretch the law and find jurisdiction,<sup>19</sup> many were not.<sup>20</sup> However, the trend prior to the passage of the ACPA was to relax the personal jurisdiction requirements and hale defendants into courts in other states.<sup>21</sup>

Offering extreme benefits to potential plaintiffs, the ACPA removes the personal jurisdiction requirement altogether and permits “*in rem* jurisdiction [over the domain name] where the plaintiff cannot obtain personal jurisdiction over a defendant and where the plaintiff, ‘through due diligence,’ cannot find the defendant.”<sup>22</sup> In addition, recent federal case law has augmented the already lenient provisions of the ACPA by decreasing the standard of evidence for the complainant to be at the preponderance level, as opposed to the prior clear and convincing level.<sup>23</sup>

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the owner of the mark” if the Act is violated. Because Virtual Works’ violation of the ACPA supports the remedy Volkswagen seeks, we need not address Volkswagen’s claims of trademark infringement or dilution.

*Id.* (quoting 15 U.S.C. § 1125(d)(2)(D)(i)).

16. Rothman, *supra* note 4, at 173.

17. See Donna L. Howard, *Trademarks and Service Marks and Internet Domain Names: Giving ICANN Deference*, 33 ARIZ. ST. L.J. 637, 650 (2001).

18. *Helicopteros Nacionales de Columbia, S.A. v. Hall*, 466 U.S. 408, 414-16 (1984).

19. See *Bochan v. LaFontaine*, 68 F. Supp. 2d 692 (E.D. Va. 1999) (jurisdiction found); *CompuServe, Inc. v. Patterson*, 89 F.3d 1257 (6th Cir. 1996) (jurisdiction found).

20. See *Cybercell, Inc. v. Cybercell, Inc.*, 130 F.3d 414 (9th Cir. 1997) (jurisdiction not found); *Porsche Cars v. Porsche.com*, 51 F. Supp. 2d 707 (E.D. Va. 1999) (holding that the Federal Trademark Dilution Act did not permit *in rem* jurisdiction over domain names without considering the personal jurisdiction of the registrants).

21. See *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1161 (C.D. Cal. 2000). In *Nissan*, the federal court in California held that it could exercise specific personal jurisdiction over a North Carolina computer company whose domain name infringed on a California car-maker company’s trademark because the company had purposefully interjected itself into California. *Id.* In addition, California had a strong interest in protecting its citizens from confusion and trademark infringement. *Id.*

22. Howard, *supra* note 17, at 654 (quoting 15 U.S.C. § 1125(d)(2)(a) (1999)).

23. See *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 225 (4th Cir. 2002). The circuit court stated:

Therefore, the ACPA certainly achieves more "success" at attacking cybersquatters than existed prior.<sup>24</sup>

### III. HISTORY OF DOMAIN CONTROL AND CURRENT NONGOVERNMENTAL CYBERSQUATTING PROCEDURES

In 1993 the U.S. government surrendered exclusive power over the future development of the Internet and permitted a private entity, Network Solutions, Inc. (NSI), to manage the assignment of domain names for top level domains such as ".com," ".org," ".net" and ".edu."<sup>25</sup> In 1998, the U.S. government, through the Department of Commerce, ended NSI's exclusive position as the only domain registrar and permitted other independent registrars to enter the domain name registration business.<sup>26</sup> It appeared that the decision to open up the registration of domain names to other registrars was a move toward international public control of the Internet.

Soon after, however, the Department of Commerce appointed the Internet Corporation for Assigned Names and Numbers (ICANN), a private, California based nonprofit corporation, as manager and developer

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The Domain Names argue that proving bad faith under § 1125(d)(1) requires proof by clear and convincing evidence rather than by a preponderance of the evidence, the usual standard. The district court concluded that the preponderance of the evidence standard applies, and we agree. We can find no other cases discussing the proper standard of proof under the ACPA, so we are the first to take a direct crack at the question. We note, however, that none of the courts applying the ACPA have mentioned a heightened burden of proof.

*Id.*

24. See *Gateway 2000, Inc. v. Gateway.com, Inc.*, 1997 WL 33165847, at \*4 (E.D.N.C. 1997). The *Gateway* court in a pre-ACPA dispute held for the defendant and stated that:

Although plaintiff has offered considerable evidence on several of the requirements in each trademark provision, it has not provided sufficient information to infer a likelihood of success on the merits. Uncertainty surrounding the temporal issues discussed above complicates plaintiff's case at this stage of the proceedings and precludes the issuance of a preliminary injunction. While the court is aware of several recent cases enjoining a defendant's use of a domain name that is confusingly similar to a plaintiff's corporate identity or product. . . . the facts as developed at this time do not justify the same result.

*Id.*

25. Jeffrey A. Maine & Xuan-Thao N. Nguyen, *Tax Considerations of Domain Name Acquisitions and Web Site Development*, 20 No. 2 PRAC. TAX LAW. 25 (2006).

26. *Id.*

for the allocation of Internet protocol numbers and the domain name system.<sup>27</sup> This task included the development and maintenance of the previously mentioned top level domains.<sup>28</sup> ICANN gained its control by succeeding to a contract that the Internet Assigned Numbers Authority (IANA) had with the U.S. Department of Commerce.<sup>29</sup> ICANN gained wide publicity by creating the standard for initiating and completing a cybersquatting action through their widely known Uniform Domain Name Dispute Resolution Policy (UDRP).<sup>30</sup>

#### IV. THE UNIFORM DISPUTE RESOLUTION POLICY

The UDRP has been adopted by virtually all domain name dispute resolution service providers; mainly because it offers a private solution with more speed, more economy, and the benefit of international scope when compared to the technically inexperienced court system applying the ACPA.<sup>31</sup> The UDRP, adopted by ICANN in 1999, mandates an administrative proceeding, essentially arbitration, in which the domain complainant must offer evidence of cybersquatting to the arbitration panel to aid in resolving the domain dispute.<sup>32</sup>

Since the introduction of UDRP, ICANN has authorized and accredited only five independent service providers to neutrally decide UDRP cases.<sup>33</sup> All early UDRP disputes were handled exclusively by the National Arbitration Forum (NAF) and the World Intellectual Property Organization (WIPO), the first to be accredited.<sup>34</sup> However, between January 2000 and February 2002, ICANN also accredited the Asian

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27. *Id.*

28. *Id.*; see also Internet Corporation for Assigned Names and Numbers [hereinafter ICANN], <http://www.icann.org/tr/english.html> (last visited Dec. 1, 2006).

29. ICANN, *supra* note 28; see also Internet Assigned Numbers Authority—Wikipedia, The Free Encyclopedia, [http://en.wikipedia.org/wiki/Internet\\_Assigned\\_Numbers\\_Authority](http://en.wikipedia.org/wiki/Internet_Assigned_Numbers_Authority) (last visited Dec. 1, 2006).

30. World Intellectual Property Organization, Frequently Asked Questions: Internet Domain Names [hereinafter WIPO, Questions], <http://arbiter.wipo.int/center/faq/domains.html> (last visited Dec. 1, 2006).

31. J.R. Hildenbrand, *John Marshall Journal of Computer and Information Law*, 22 J. MARSHALL J. COMPUTER & INFO. L. 625, 636-37 (2004); Jacqueline D. Lipton, *Beyond Cybersquatting: Taking Domain Name Disputes Past Trademark Policy*, 40 WAKE FOREST L. REV. 1361, 1372 (2005).

32. ICANN, Uniform Domain Name Dispute Resolution Policy, <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited Dec. 1, 2006).

33. ICANN, Approved Providers for Uniform Domain-Name Dispute-Resolution Policy, <http://www.icann.org/udrp/approved-providers.htm> (last visited Dec. 1, 2006).

34. *Id.*



Domain Name Dispute Resolution Centre (ADNDRC), eResolution (eRes), and the CPR Institute for Dispute Resolution (CPR).<sup>35</sup>

A complaint filed under UDRP must show, similar to the ACPA, that

the domain name sought to be transferred [is:] (i) identical or confusingly similar to a mark in which the complainant has rights; (ii) [the] domain name registrant has no rights or legitimate interests in respect of domain name; and (iii) the domain name has been registered and is being used in bad faith.<sup>36</sup>

This language is important; when any person registers a domain name, they agree to be subjected to a mandatory UDRP arbitration procedure for complaints arising over the domain name.<sup>37</sup> Unfortunately, there is little likelihood that a typical domain registrant that is digitally signing the online agreement to own and pay for their domain name understands their submission to boilerplate regarding the mandatory UDRP proceedings in the event of a conflict. Regardless, ICANN's UDRP procedure permits an effective and neutral means for remedying domain disputes.

It should be noted, however, that the neutrality of these five independent arbiters have been recently questioned.<sup>38</sup> Specifically, Dr. Milton Mueller of Syracuse University has commented that some of these arbitration panels are complainant friendly and some are defendant friendly, leading to potentially skewed outcomes.<sup>39</sup> Dr. Mueller stated that this "bias" of each arbiter likely promotes forum-shopping between the individual arbitrators.<sup>40</sup>

#### V. FEDERAL COURT REVIEW OF NEUTRAL UDRP PROCEEDINGS WITHIN THE UNITED STATES

When disagreement arises over a decision by the neutral arbitration panel employing the UDRP standard, more and more parties are turning to judicial review in federal court to actually vacate the prior judgment of

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35. *Id.*

36. Jeffery Campbell, *Conning the IADC Newsletters*, 73 DEF. COUNS. J. 91, 94 (2006).

37. *Id.*

38. Zohar Efroni, *The Anticybersquatting Consumer Protection Act and the Uniform Dispute Resolution Policy: New Opportunities for International Forum Shopping?*, 26 COLUM. J.L. & ARTS 335, 354 (2003).

39. *Id.*

40. *Id.*

domain disputes within the United States.<sup>41</sup> In the past, this level of review was only permitted with a showing of fraud, corruption, undue influence, or arbitrator misconduct.<sup>42</sup> Most surprisingly, recent federal circuits have held that they are not bound by any ICANN UDRP arbitration proceeding and its outcome in any way.<sup>43</sup> Furthermore, recent cases show that federal courts have great discretion in reviewing a UDRP proceeding.<sup>44</sup>

For the most part, this exercise of discretion has caused little controversy. Only recently, however, has there been some concern that there is a trend towards judicial deference to UDRP decisions, which “is problematic in part because of significant differences in the scope and substance of parallel UDRP and legal proceedings,”<sup>45</sup> and because it “invites serious substantive and procedural objections.”<sup>46</sup> This jurisdictional undertaking by the federal court in reviewing neutral UDRP proceedings seems to be legitimate when the domain in question is registered and owned by an American citizen.

When the dispute involves a registrant-defendant located in the United States, *in personam* jurisdiction over the registrant seems logical because the registrant is an American citizen. In addition, the domain was likely registered or hosted within the United States, and is considered to be American property for *in rem* jurisdiction. However, the logic in this type

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41. See David E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 SANTA CLARA COMPUTER & HIGH TECH. L.J. 35, 35-37 (2001).

42. *Id.*

43. See *Weber-Stephen Prods. Co. v. Armitage Hardware & Bldg. Supply, Inc.*, 2000 WL 562470, at \*2 (N.D. Ill. 2000). The court held:

We conclude that this Court is not bound by the outcome of the ICANN administrative proceedings. But at this time we decline to determine the precise standard by which we would review the panel’s decision, and what degree of deference (if any) we would give that decision. Neither the ICANN Policy nor its governing rules dictate to courts what weight should be given to a panel’s decision, and the WIPO e-mail message stating that “a court may give appropriate weight to the Administrative Panel’s decision” confirms the breadth of our discretion. Because both parties to this case have adequate avenues of recourse should they be unhappy with the administrative panel’s imminent decision, we find no need to stay the pending ICANN administrative action. Instead, we hereby stay this case pending the outcome of those proceedings. It is so ordered.

*Id.*

44. See *Parisi v. Netlearning, Inc.*, 139 F. Supp. 2d 745, 746 (E.D. Va. 2001) (stating that the Federal Arbitration Act restrictions on judicial review of arbitration awards do not apply to civil actions challenging UDRP panel decisions).

45. Sorkin, *supra* note 41, at 46-55 (raising the potential problems that may arise when federal court decisions favor UDRP decisions).

46. *Id.* at 55.

of jurisdictional undertaking breaks down when the registration has an international component to it.

## VI. THE WIPO AND CURRENT INTERNATIONAL CYBERSQUATTING LAW

“[T]he oldest and one of the most respected” international domain name dispute resolution providers is the WIPO.<sup>47</sup> The history leading up to the creation of WIPO and its specialization of international intellectual property is noteworthy and facilitates the understanding of why WIPO has rightful jurisdiction over international domain disputes.

In 1883, the Paris Convention for the Protection of Industrial Property, the first and most important international treaty in this area, was created to help international intellectual property creators obtain protection over their ideas in other countries.<sup>48</sup> Before the Paris Convention, foreign exhibitors refused to present their creations at exhibitions like the 1873 International Exhibition of Inventions in Vienna.<sup>49</sup> Exhibitors were fearful that their ideas and inventions would be duplicated and developed into commercial ventures in other countries.<sup>50</sup>

The Paris Convention protected international patent, trademark, and “industrial design” rights for member states.<sup>51</sup> In 1886, the Berne Convention for the Protection of Literary and Artistic Rights added international copyright protection for member states.<sup>52</sup> In 1893, the bureaus monitoring the various conventions’ international intellectual property protection merged into one: The United International Bureaux for the Protection of Intellectual Property (BIRPI).<sup>53</sup>

BIRPI then merged into what eventually became the WIPO, which was created by proclamation of the President of the United States in a 1967 convention (later coming under the control of the United Nations), to “promote the protection of intellectual property throughout the world through cooperation among States.”<sup>54</sup> After the 1967 convention, WIPO,

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47. Leonard D. DuBoff & Christy O. King, *Cyber Troubles; Resolving Domain Name Disputes*, 65 OR. ST. B. BULL. 33, 34 (2005).

48. World Intellectual Property Organization, General Information [hereinafter WIPO—General], <http://www.wipo.int/about-wipo/en/gib.htm> (last visited Dec. 1, 2006).

49. *Id.*

50. *Id.*

51. *Id.*

52. *Id.*

53. WIPO—General, *supra* note 48.

54. *Id.*; Jay P. Kesan & Andres A. Gallo, *The Market For Private Dispute Resolution Services—An Empirical Re-assessment of ICANN-UDRP Performance*, 11 MICH. TELECOMM. & TECH. L. REV. 285, 313 (2005); 21 U.S.T. 1749 (1970).

located in Geneva, was subsequently adopted by 171 member countries.<sup>55</sup>

In 1974, WIPO became a “specialized agency of the United Nations system of organizations,” and was granted a mandate to administer all intellectual property matters recognized by the Member States of the United Nations.<sup>56</sup> WIPO has become the “leading dispute resolution service provider,” handling questions of abusive registration and general use of domain names, specifically cybersquatting, involving parties from countries all over the world.<sup>57</sup> Ultimately, when there is an international domain dispute, WIPO is the rightful arbitrator.

In 1999, around the same time that the ACPA was adopted, WIPO published the *Final Report of the WIPO Internet Domain Name Process*, specifying that WIPO will not in any way create new rights for intellectual property and will not “accord greater protection to intellectual property in cyberspace than that which exists elsewhere.”<sup>58</sup> The report explained that the goal of WIPO is to “give proper and adequate expression to the existing, multilaterally agreed standards of intellectual property protection in the context of the new, multijurisdictional and vitally important medium of the Internet.”<sup>59</sup> Interestingly enough, the Final Report seems more like a mission statement than a set of suggested actions or research findings.

The report explained that under WIPO, cybersquatting is when “(i) the domain name is identical or misleadingly similar to a trade or service mark in which the complainant has rights; and (ii) the holder of the domain name has no rights or legitimate interests in respect of the domain name; and (iii) the domain name has been registered and is used in bad faith.”<sup>60</sup> WIPO’s definition of cybersquatting is extremely similar to the one under ACPA for American cybersquatting claims in federal court.

In addition, the WIPO definition of cybersquatting is nearly identical to ICANN’s definition of cybersquatting in the UDRP. This similarity is not mere coincidence—WIPO’s report on the creation of a domain name resolution system became the “blueprint” for the design of ICANN’s UDRP.<sup>61</sup> Once ICANN finished its official design of the UDRP, WIPO

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55. Final Report of the WIPO Internet Domain Name Process, Report No. 92-805-0779-6 (Apr. 30, 1999) [hereinafter Final Report], <http://www.icann.org/wipo/wipo-report.htm> (last visited Dec. 1, 2006) (located on ICANN Web Site).

56. WIPO—General, *supra* note 48.

57. *Id.*

58. Final Report of the WIPO Internet Domain Name Process, Report No. 92-805-0779-6 (Apr. 30, 1999), <http://arbiter.wipo.int/processes/process1/report/finalreport.html> (last visited Dec. 1, 2006) (located on WIPO Web Site).

59. *Id.*

60. *Id.*

61. Kesan & Gallo, *supra* note 54, at 313.

decided to handle all of its cybersquatting disputes by adopting the finished product of ICANN's UDRP.<sup>62</sup>

Presently, WIPO states that it handles sixty percent of all UDRP domain disputes that are sent to ICANN authorized dispute service providers around the world.<sup>63</sup> The percentage would be even higher, however many American-based UDRP disputes are sent to the other ICANN arbiters. The end result is, no matter where in the world the domain registrant or complainant is located, WIPO provides a neutral and effective forum for cybersquatting disputes without involving a potentially biased body of law, such as any particular nation's court system.

## VII. THE ISSUE: SAFE HARBOR FOR INTERNATIONAL DISPUTES IN THE U.S. FEDERAL COURT SYSTEM

International disputes over domain names are subject to the UDRP methodologies within either WIPO or another ICANN authorized international arbitration panel. Essentially, international domain disputes must be sent to an international arbitration panel, not the U.S. federal court system. However, as is evidenced by recent case law, a "second chance" appeal exists in U.S. federal court, even after a WIPO proceeding.

### A. *The Sallen Jurisdictional Expansion*

The ability to seek refuge in the federal court, no doubt benefiting American appellants over their international counterparts, first appeared in a 2001 U.S. Court of Appeals case, *Sallen v. Corinthians Licenciamentos LTDA*.<sup>64</sup> The circuit court in *Sallen* reversed a lower federal court decision, setting the precedent that federal courts have jurisdiction over international domain name disputes, even after WIPO has previously arbitrated the dispute.<sup>65</sup>

Jay Sallen, a resident of Brookline, Massachusetts, registered the domain "corinthians.com" with Network Solutions, Inc. in 1998.<sup>66</sup> However, the word "corinthiao," the Portuguese equivalent of the word "corinthians," was trademarked with the Brazilian Institute of Industrial Property by a Brazilian soccer team, the Corinthians Licenciamentos (CL).<sup>67</sup> Sallen, apparently cognizant of the trademark, sent an e-mail to the

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62. WIPO, Questions, *supra* note 30.

63. *Id.*

64. *See Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14 (1st Cir. 2001).

65. *Id.* at 16.

66. *Id.* at 16, 20.

67. *Id.* at 17, 21.

representatives of CL stating that he was “‘contacted recently, by several people in brazil [sic], regarding the purchase of [corinthians.com]’ and that it occurred to him that ‘it is in [Corinthians’s] interest to own it.’”<sup>68</sup>

CL responded to the e-mail by mailing Sallen a cease and desist letter for corinthians.com.<sup>69</sup> Sallen ignored the demand, and eventually posted biblical material on corinthians.com.<sup>70</sup> In May 2000, CL filed a complaint with WIPO claiming that Sallen was cybersquatting.<sup>71</sup> It is important to note that Sallen’s domain registration agreement with Network Solutions incorporated terms that mandated UDRP and required any domain dispute to be handled by an ICANN administrative dispute resolution provider such as WIPO.<sup>72</sup>

WIPO, using the UDRP procedures, determined that Sallen acted as a bad faith cybersquatter, infringing on the Brazilian trademark owned by CL.<sup>73</sup> The WIPO panel stated that “‘the domain name ‘corinthians.com’ is confusingly similar to the trademarks of [CL], and that [Sallen has] no rights to or legitimate interests in said domain name.’”<sup>74</sup> The panel explained that not only was the domain name “‘registered in bad faith, [but it was also] being used in bad faith.’”<sup>75</sup> Sallen’s bad faith was easily derived from his intent to sell the domain and profit from the trademark owner.<sup>76</sup>

The panel then ruled that Sallen had to transfer the domain to CL.<sup>77</sup> Sallen, no doubt upset about the loss of his domain name, essentially filed what can be considered a federal court appeal in the U.S. District Court for the District of Massachusetts, asking the district court to review his potential cybersquatting under ACPA standards.<sup>78</sup> The district court, however, dismissed his case and he appealed to the U.S. Court of Appeals for the First Circuit.<sup>79</sup>

68. *Id.* at 21.

69. *Sallen*, 273 F.3d at 21.

70. *Id.*

71. *Id.*

72. *Id.* at 20.

73. See WIPO Arbitration and Mediation Center, Administrative Panel Decision, *Corinthians Licenciamentos LTDA v. Sallen*, No. D2000-0461 (July 17, 2000) (Bianchi, Sole Panelist), <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0461.html> (last visited Dec. 1, 2006) [hereinafter WIPO, Administrative Panel Decision]; see also WIPO Arbitration and Mediation Center, Administrative Panel Decision, *Cruzeiro Licenciamentos LTDA v. Sallen*, No. D2000-0715 (Sept. 6, 2000) (Barker, Sorkin, and Tamassia Santos, Panelists), <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0715.html> (last visited Dec. 1, 2006).

74. WIPO, Administrative Panel Decision, *supra* note 73.

75. *Id.*

76. *Id.*

77. *Id.*

78. *Sallen*, 273 F.3d at 16.

79. *Id.*

Shaking the foundations of international arbitration, the Appeals court held that it had jurisdiction to hear Sallen's appeal.<sup>80</sup> The circuit court explained that "[t]he federal question jurisdiction statute, 28 U.S.C. § 1331, states that '[t]he district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws or treaties of the United States.'"<sup>81</sup> The circuit court stated that "Sallen's complaint allege[d] a cause of action under federal law, namely 15 U.S.C. § 1114(2)(D)(v), and [thus] his cause of action arises under federal law for purposes of § 1331."<sup>82</sup> Somewhat contrary to logic, the court granted jurisdiction despite the fact that CL's intellectual property was registered with the Brazilian Institute of Industrial Property and was in no way connected with the U.S. Patent and Trademark Office.<sup>83</sup>

In crafting its landmark holding, the circuit court also referred to the remedies section of the ACPA which states that "[a] domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter."<sup>84</sup> It is important to note that the standard the remedies section of the ACPA uses to determine if a domain being transferred away from its owner due to a finding of cybersquatting is indeed lawful is language within the ACPA itself. The ACPA self-references and does not distinguish if the order to transfer the domain was issued by a federal court or an international independent arbiter.

The *Sallen* court explained that the remedies section of the Lanham Act "grants domain name registrants who have lost domain names under administrative panel decisions applying the UDRP [such as WIPO] an affirmative cause of action in federal court for a declaration of nonviolation of the ACPA and for the return of the wrongfully transferred domain names."<sup>85</sup> However, the Brazilian trademark at issue in the instant case has nothing to do with the Lanham Act.

The *Sallen* court even discusses the pivotal question of "whether Congress has extended the federal courts' jurisdiction beyond Article III's [case or controversy] limits by providing a cause of action to individuals such as Sallen."<sup>86</sup> However, the circuit court found comfort in the words

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80. *Id.* at 23.

81. *Id.* (quoting, 28 U.S.C. § 1331 (1994)).

82. *Id.*

83. *Sallen*, 273 F.3d at 21.

84. *Id.* at 18 (citing, 15 U.S.C. § 1114(2)(D)(v)).

85. *Id.*

86. *Id.* at 25.

of Article III's general powers, namely that "[t]he judicial Power shall extend to all Cases . . . arising under this Constitution, the Laws of the United States, and Treaties made . . . under their Authority."<sup>87</sup> After its Article III diatribe, the circuit court then dismissed the question of jurisdiction, and reasoned that the "arising under" requirement is fulfilled by the seemingly crafty wording of the ACPA, which "itself authorizes declaratory relief."<sup>88</sup>

Although the *Sallen* court agreed with the WIPO panel, the *Sallen* court stated that "a [federal] court's § 1114(2)(D)(v) decision that a party is not a cybersquatter under the ACPA, and that a party has a right to use a domain name, necessarily negates a WIPO decision that a party is a cybersquatter under the UDRP."<sup>89</sup> This holding sets the startling precedent that an ACPA finding by the U.S. federal court "trumps" any WIPO cybersquatting decision brought by an international entity seeking to protect its (non-USPTO) trademark registered within their home country.<sup>90</sup>

It seems inconceivable that the drafters of Article III intended it to be used to trump international conventions. Simply because there is a federal statute that overlaps with a potential element in a cybersquatting dispute should not dictate whether or not someone can bring forward a federal claim that violates principles of jurisdiction. The *Sallen* dispute has arguably nothing to do with the U.S. Constitution, especially being that the trademark is not even a registered property within the United States, but is registered in Brazil. WIPO, the neutral organization authorized to arbitrate international trademark disputes, should have the final say.

### B. *The Harrods Jurisdictional Expansion*

Soon after the First Circuit ruled in *Sallen*, the Fourth Circuit ruled on an overlapping international cybersquatting issue.<sup>91</sup> In *Harrods Ltd. v. Sixty Internet Domain Names*, the circuit court was faced with two companies, both named Harrods, fighting over cybersquatting issues.<sup>92</sup> Harrods UK, the plaintiff, owned a very prominent department store based in London.<sup>93</sup> The defendant, Harrods Buenos Aires, was once a wholly owned subsidiary of Harrods UK, but became a separate entity.<sup>94</sup>

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87. *Id.* (quoting U.S. CONST. art. III, § 2, cl. 1.).

88. *Sallen*, 273 F.3d at 25 n.12.

89. *Id.* at 28.

90. *Id.* at 27.

91. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 219-20 (4th Cir. 2002).

92. *Id.* at 219.

93. *Id.*

94. *Id.*



Harrods Buenos Aires owned and operated sixty domain names such as: HarrodsBrasil.com, CyberHarrods.com, ShoppingHarrods.com.<sup>95</sup> Both companies had legitimate trademark rights to the “Harrods” name in different areas of the world.<sup>96</sup> Harrods UK argued that the sixty domain names, which were registered with the Virginia-based Network Solutions, Inc., “infringed and diluted its American ‘Harrods’ trademark and that Harrods [Buenos Aires] registered the Names in bad faith.”<sup>97</sup> Harrods UK’s trademark is bolstered with the fact that its retail catalog and Internet sales generated millions of dollars in revenue each year in the United States.<sup>98</sup> However, Harrods Buenos Aires had the right to use the name “Harrods” in Argentina and much of South America, and for the purposes of litigation, Harrods UK did not attempt to prove otherwise.<sup>99</sup>

Interestingly, Harrods UK did not seek independent arbitration by an ICANN authorized UDRP resolution provider. Network Solutions incorporated mandatory UDRP arbitration provisions in their domain agreements as early as 1998, which was prior to Harrods UK’s domain registration.<sup>100</sup> The domains in question were registered with Network Solutions in 1999, and there is no question as to whether or not the mandatory UDRP provisions were in the domain agreements with Harrods Buenos Aires.<sup>101</sup> Despite this, Harrods UK went straight to the U.S. federal court in an ACPA action.

Harrods UK filed the action in the Eastern District of Virginia, but could not obtain personal jurisdiction over Harrods Buenos Aires. Therefore, it instead filed an *in rem* action against the sixty domain names themselves, not Harrods Buenos Aires directly.<sup>102</sup> The district court held in favor of Harrods UK for fifty-four of the sixty domain names, but granted summary judgment in favor of Harrods Buenos Aires as to the six remaining domain names which had an Argentinean element in the name (such as Harrodsargentina.com and Harrodsbuenosaires.com).<sup>103</sup> The

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95. *Id.*

96. *Harrods*, 302 F.3d at 220-21.

97. *Id.* at 220.

98. *Id.* at 221.

99. *Id.*

100. *See Sallen*, 273 F.3d at 16, 20 (clarifying that a domain registered with Network Solutions is bound by its domain contract to first seek UDRP resolution in an ICANN authorized dispute resolution provider).

101. *Harrods*, 302 F.3d at 221. Harrods UK filed the action in the Eastern District of Virginia, but could not obtain personal jurisdiction over Harrods Buenos Aires. *Id.* at 223.

102. *Id.* at 223; *see also id.* at 223 n.6 (clarifying that 1125(d)(2) states that the *in rem* action is only available when the plaintiff cannot find or obtain personal jurisdiction over the civil action defendant).

103. *Id.* at 223.

district court reasoned that Harrods Buenos Aires had “legitimate trademark rights in Argentina and that these [n]ames on their face were clearly identified as Buenos Aires- and Argentina-related.”<sup>104</sup> The district court found that Harrods Buenos Aires had a bad faith intent to profit from the remaining fifty-four Domain Names and ordered that Harrods Buenos Aires transfer the domain names to Harrods UK.<sup>105</sup> The district court stressed that in order for an ACPA action to be successful, it must allege a bad faith registration aspect to the action.<sup>106</sup>

On appeal the Fourth Circuit held that the district court was correct in holding that Harrods Buenos Aires registered the fifty-four names in bad faith, however, the district court did err in granting summary judgment on the six domain names with Argentinean elements before Harrods UK had an adequate opportunity for discovery.<sup>107</sup> Although Harrods Buenos Aires argued that *in rem* jurisdiction over the domain names was not appropriate because the domains lacked minimum contacts with the forum state of Virginia, the court did not agree.<sup>108</sup> The circuit court quoted a 1977 Supreme Court case and maintained that *in rem* jurisdiction is appropriate in “‘suits for injury suffered on the land of an absentee owner, where the defendant’s ownership of the property is conceded but the cause of action is otherwise related to rights and duties growing out of that ownership,’ . . . Harrods UK has allegedly suffered injury by way of property, the Domain Names, owned by Harrods BA, an absentee owner.”<sup>109</sup>

The *Harrods* court also expressed “Virginia’s ‘interests in assuring the marketability of property within its borders and in providing a procedure for peaceful resolution of disputes about the possession of that property’” in support of their decision to grant *in rem* jurisdiction.<sup>110</sup> In addition, the court states that “Virginia’s interest in not permitting foreign companies to use rights emanating from, and facilities located in, its territory to infringe U.S. trademarks also supports the exercise of *in rem* jurisdiction.”<sup>111</sup>

The *Harrods* court’s jurisdictional analysis and subsequent conclusion that Virginia, the location of Harrods UK’s domain registration, could “constitutionally exercise *in rem* jurisdiction” over the domain names seems highly flawed.<sup>112</sup> It is difficult to conceptualize the registrant of a domain name as an absentee owner; the “property” in question is not

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104. *Id.*

105. *Id.*

106. *Harrods*, 302 F.3d at 223.

107. *Id.* at 223-24.

108. *Id.* at 224.

109. *Id.* at 225 (quoting *Shaffer v. Heitner*, 433 U.S. 186, 208 (1977)).

110. *Id.*

111. *Harrods*, 302 F.3d at 225.

112. *Id.*

actually located where the registration takes place. If anything, the physical location where the digital files used for the domain are hosted would be a more accurate "location" for the purposes of jurisdiction. For example, if a domain is registered with Network Solutions in Virginia, but the site's files are hosted on a server located in Texas, *in rem* jurisdiction over the site should only be permitted in a Texas court and not a Virginia one.

The *Harrods* court declined to address whether a domain registration constituted a form of property and stated that the problem was dealt with in *Porsche Cars N. Am., Inc. v. Porsche.net*, a case which offers little clarity.<sup>113</sup> It is difficult to envision a registered domain as a form of property; registering a domain only requires a registration company to change a few values on a domain name server.

Harrods Buenos Aires simply paid Network Solutions (which happens to be located in Virginia) to register the domain names, and Harrods Buenos Aires did little if anything to create minimum contacts with Virginia. In addition, there is nothing in the record that suggests that Harrods Buenos Aires purposefully availed itself through its domain usage in Virginia to establish jurisdiction.

Other, more recent federal cases have reached similar conclusions in expanding the jurisdictional restraints federal courts are typically bound by. In fact, the Fourth Circuit has held that UDRP arbitration does not at any time preclude a plaintiff from filing a civil suit in federal court.<sup>114</sup> The court held that "[b]ecause the administrative process prescribed by the UDRP [as used by WIPO] is 'adjudication lite' as a result of its streamlined nature and its loose rules regarding applicable law, the UDRP itself contemplates judicial intervention, which can occur before, during, or after the UDRP's dispute-resolution process is invoked."<sup>115</sup>

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113. *Id.* n.7. The *Harrods* court noted:

The Domain Names also argue that domain names do not constitute a form of property over which *in rem* jurisdiction can be exercised. The Domain Names have waived this objection to the district court's *in rem* jurisdiction by failing to raise it before the district court. Accordingly, we will not address the issue. We note that the issue of whether domain names constitute a form of property for the purpose of *in rem* jurisdiction is dealt with in *Porsche Cars North Am., Inc. v. Porsche.net*, 302 F.3d 248 (4th Cir. 2002).

*Id.* (citations omitted).

114. *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 624-25 (4th Cir. 2003); *see also Parisi*, 139 F. Supp. 2d at 751 (stating that "there is no reason to 'stay' litigation . . . because, quite simply, the UDRP contemplates parallel litigation.").

115. *Barcelona.com*, 330 F.3d at 624.

Additionally, the Second Circuit has previously held that a plaintiff is not restricted to requesting judicial intervention within the jurisdiction where the WIPO proceedings took place, as they can seek “[i]ndependent resolution’ of ‘the dispute’ in ‘a court of competent jurisdiction.’”<sup>116</sup>

### C. *The Recent NBC Universal Jurisdictional Expansion*

In a recent decision, the U.S. District Court for the Eastern District of Virginia expanded the holding in *Harrods*, and held that both the ACPA and Lanham Act permit a federal court to decide *in rem* actions (where personal jurisdiction is otherwise unavailable) for cybersquatting cases, even if the domain was registered in another country with a foreign domain registration company.<sup>117</sup> The case, *NBC Universal, Inc. v. NBC Universal.com*, involved such an international domain situation.<sup>118</sup> Defendant Junak Kwon registered the domain nbcuniversal.com through a Korean registrar and subsequently NBC Universal, Inc., a New York conglomerate owned predominately by General Electric, brought an *in rem* action against Kwon in the Eastern District of Virginia for violating ACPA provisions.<sup>119</sup>

The *NBC* court logically explained that it could exercise jurisdiction over Kwon because of the presence of NBC Universal Inc.’s U.S. trademark.<sup>120</sup> However, the *NBC* court also stated that it could exercise jurisdiction over Kwon simply because the worldwide registry for all “.com” domain names (now Verisign, Inc.) is located in Virginia, regardless of the fact that the domain itself was both registered and hosted in Korea and had no contacts whatsoever to the United States.<sup>121</sup> The *NBC*

116. *Storey v. Cello Holdings, L.L.C.*, 347 F.3d 370, 380 (2d Cir. 2003).

117. *NBC Universal, Inc. v. NBCUNIVERSAL.COM*, 378 F. Supp. 2d 715, 717-18 (E.D. Va. 2005).

118. *Id.*

119. *Id.* at 716; *see also* NBC Universal, Inc. Company Profile–Yahoo! Finance, <http://biz.yahoo.com/ic/128/128633.html> (last visited Dec. 1, 2006).

120. *NBC Universal, Inc.*, 378 F. Supp. 2d at 716.

121. *Id.*; *see also* *Globalsantafe Corp. v. Globalsantafe.com*, 250 F. Supp. 2d 610, 614 n.9 (E.D. Va. 2003).

VeriSign, the “.com” registry, is the single entity that maintains all official records worldwide for registrations in the “.com” top level domain, while Hangang [in the instant case it would be the Korean registrar], as the registrar for <globalsantafe.com>, is one of several entities that is authorized to register “.com” domain names for registrants.

*Globalsantafe Corp.*, 250 F. Supp. 2d at 614 n.9. Therefore, although there may be thousands of “.com” registrars across the world, Verisign, Inc. is the only entity that maintains the official

court explained that “[t]he ACPA confers jurisdiction ‘in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located.’”<sup>122</sup> This essentially means that any top level domain (.com, .net, .org), regardless of the location of the registration or owner, can be haled into the U.S. federal court for an alleged ACPA violation. This case, unlike *Harrods*, directly follows a WIPO decision on the domain dispute. Even though Kwon was, at the time, appealing the WIPO arbitration decision in favor of NBC Universal, Inc. in Korea, the federal court allowed the action to proceed in the United States.<sup>123</sup>

The *NBC* court justified its actions, stating that the “court need not abstain from exercising its proper jurisdiction over the domain name in deference to the action filed by Kwon in Korea. As a threshold matter, abstention by a federal court is only warranted in extremely rare circumstances.”<sup>124</sup> It seems the *NBC* court acknowledged that it was overstepping its own bounds, however, because Kwon’s concurrent Korean appeal was not of the somewhat ambiguously “rare” variety calling for abstention, the case proceeded under federal jurisdiction.

The *NBC* court suggested that abstention is warranted when “another court already has exercised jurisdiction over the res at issue in a federal action.”<sup>125</sup> It is very difficult to comprehend how the *NBC* court concluded that the Korean court did not have jurisdiction over the res at issue to warrant abstention. While holding that it could exercise jurisdiction, the *NBC* court defended its logical inconsistencies in the case by explaining that “Kwon filed in Korea an in personam action against plaintiffs, not an in rem action requesting that the Korean court exercise jurisdiction over the domain name.”<sup>126</sup> This aspect of the holding is not only perplexing, it contradicts both logic and law.

Kwon’s argument that the Lanham Act does not provide for in rem actions was deemed erroneous.<sup>127</sup> The court cited the Fourth Circuit which expanded the ACPA by stating that “the in rem provision [of the Lanham Act] not only covers bad faith claims under § 1125(d)(2), but also covers

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“com” records. The *Globalsantafe* court explains that since Verisign, Inc. is located in the United States, actions may be brought in Virginia that would otherwise have no other business there.

122. *NBC Universal, Inc.*, 378 F. Supp. 2d at 716 n.1 (quoting 15 U.S.C. § 1225(d)(2)(A)).

123. *Id.* at 716-17.

124. *Id.* at 717; see also *Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800, 813, 821 (1976).

125. *Id.*; see also *Princess Lida of Thurn & Taxis v. Thompson*, 305 U.S. 456, 466 (1939); see also *Al-Abood v. El-Shamari*, 217 F.3d 225, 231 (4th Cir. 2000).

126. *NBC Universal, Inc.*, 378 F. Supp. 2d at 717.

127. *Id.* at 717-18.

infringement claims under § 1114 and § 1125(a) and dilution claims under § 1125(c).”<sup>128</sup>

Although in this specific case there was an American element, the federal trademark, the rather unfortunate precedent established in *NBC Universal* is that an international entity’s Internet real estate is subject to seizure by the U.S. court system solely because the international entity possesses a top level domain, even if the domain is registered in a foreign country and has no ties to the United States. Oddly enough, until recently Kwon’s Korean version of nbcuniversal.com was still available online. The “whois” database showed that the domain was, until early 2006, still registered under a Korean registrar, indicating that the domain had not yet been transferred.<sup>129</sup> However, it appears as though the domain was finally transferred to NBC Universal, Inc. and the domain NBC Universal, Inc. formerly used for marketing, nbcuni.com, is still being used as well.<sup>130</sup>

#### VIII. POTENTIAL INTERNATIONAL REACTION TO THE JURISDICTIONAL STRETCH

In the near future, nations dissatisfied with the overstepping of jurisdictional bounds by the U.S. federal court system could potentially take action and revolt against the U.S. domain monopolization. One author has stated that “[u]nease with the U.S. government’s influence over a global resource, and in some cases antipathy toward the Bush administration,” could allow alternatives to the Internet to build “critical mass.”<sup>131</sup> Specifically, “[a]s the Internet’s role grows around the world, some are uneasy with the notion that a U.S.-based body overseen by the U.S. government [via ICANN] has sole power over what domain names are used and who controls each name.”<sup>132</sup>

Additionally, “[o]ther countries such as China also say Ican is too slow in forming domain names in non-Roman languages, hindering the development of an Internet culture in those countries.”<sup>133</sup> There are also

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128. *Id.* at 718 (quoting *Harrods*, 302 F.3d at 228).

129. See Whois—Wikipedia, The Free Encyclopedia, <http://en.wikipedia.org/wiki/Whois> (last visited Dec. 1, 2006) (stating whois “is a TCP-based query/response protocol which is widely used for querying a database in order to determine the owner of a domain name, an IP address, or an autonomous system number, on the Internet.”); see Whois Search, <http://www.networksolutions.com/whois/index.jsp> (last visited Dec. 1, 2006).

130. See Whois Search, <http://www.networksolutions.com/whois/index.jsp> (last visited Dec. 1, 2006).

131. Rhoads, *supra* note 3.

132. *Id.*

133. *Id.*

“fears that Washington could easily ‘turn off’ the domain name of a country it wanted to attack, crippling the Internet communications of that country’s military and government.”<sup>134</sup>

The situation escalated during the November 2005 U.N. summit in Tunis, when the U.S. Delegation fought off demands from more than 170 countries to give up unilateral oversight of ICANN.<sup>135</sup> The majority of Internet users are not actually located within the United States, and a U.S.-controlled Internet seems illogical and inequitable.<sup>136</sup> In defending itself, Department of Commerce officials justify their monopolization by claiming that the Internet is too important to be under the control of an international body, and furthermore, they fear that non-democratic nations will affect freedom of speech.<sup>137</sup> This argument lacks substance in that other governments *already* censor speech on the U.S. monopolized Internet, and there is no evidence to suggest that restriction on speech will further increase on an Internet not controlled by the United States.<sup>138</sup> However, it is important to note that U.S. officials at a meeting this July stated their intention to make ICANN a more independent organization in the future.<sup>139</sup> It is questionable if this will come into fruition anytime soon, especially if the United States maintains control of the root zone file, the official list which specifies which top-level domains are authorized.<sup>140</sup>

At present, private companies in other countries have begun implementing systems where businesses can register a domain with any suffix of their choosing, essentially creating a massive, private, U.S.-excluded Intranet.<sup>141</sup> UnifiedRoot, an Amsterdam based business, provides customers connected to one of their Root Servers the ability to rid themselves of the limitations of domains that end in one of the antiquated

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134. *Id.* (quoting Markus Grundmann, founder of the Open Root Server Network in Germany).

135. *Id.*

136. Rhoads, *supra* note 3.

137. *Id.*

138. *Id.*; see also Elinor Mills, *Google to Censor China Web Searches*, CNET News.com (Jan. 24, 2006), [http://news.com.com/Google+to+censor+China+Web+searches/2100-1028\\_3-6030784.html?tag=nefd.top](http://news.com.com/Google+to+censor+China+Web+searches/2100-1028_3-6030784.html?tag=nefd.top) (last visited Dec. 1, 2006) (explaining Google’s intention to “launch versions of its search and news Web sites in China that censor material deemed objectionable to authorities there, reasoning that people getting limited access to content is better than none.”).

139. See Kieren McCarthy, *United States Cedes Control of the Internet—But What Now?*, REGISTER, July 27, 2006, [http://www.theregister.co.uk/2006/07/27/ntia\\_icann\\_meeting/](http://www.theregister.co.uk/2006/07/27/ntia_icann_meeting/) (last visited Dec. 20, 2006).

140. See *id.* (In which John Kneuer, Assistant Secretary of Commerce for Communications and Information and Administrator of the National Telecommunications and Information Administration stated, “[t]he historic role that we announced that we [will] preserve is fairly clearly articulated: the technical verification and authorization of changes to the authoritative root.”).

141. Rhodes, *supra* note 3.

top level domains (such as “.com”) thereby allowing companies to own a domain suffix that ends in their business name (for example “.nike”).<sup>142</sup>

Users on these private networks can access data within their new domain suffix *as well as* ICANN based web sites throughout the world.<sup>143</sup> However, it appears as though ICANN users (effectively the remainder of the Internet) will not be able to access these new-age domains. In the upcoming future, the inaccessibility of ICANN based users (such as Internet users in the United States) to a growing number of worldwide private Internet fragmentations may become a real problem for international commerce.<sup>144</sup> However, and infinitely more important, it is a very real possibility that in the near future entire nations will adopt a model similar to the one used by UnifiedRoot, thereby rejecting ICANN, by creating their own massive, private, fragmented Intranets, likely with their own suffixes (and potentially with indecipherable non-roman letters) that are completely inaccessible to the rest of the world.<sup>145</sup>

## IX. CONCLUSION

As recent legal precedent demonstrates, neutral arbitration decisions of domain disputes have been upheld by the federal courts, and it has been stated that “[i]n time, as parties come to realize that ICANN’s [UDRP] decisions [as utilized by WIPO] will be upheld [by the courts], fewer parties will seek out the courts to review the decisions. . . .”<sup>146</sup> However, in the wake of *NBC Universal*, there has been a steady stream of appeals in federal court where domain complainants desire the same jurisdictional stretch and remedy that was awarded in favor of the American corporation in *NBC Universal*.<sup>147</sup> Unfortunately, this “[r]ecent federal case law is

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142. *Id.*; see also UnifiedRoot, The Product, [http://www.unifiedroot.com/dynroot/page\\_91/](http://www.unifiedroot.com/dynroot/page_91/) (last visited Dec. 1, 2006) (UnifiedRoot effectively permits a business, like CNN, to own home.cnn, instead of home.cnn.com or cnn.com/home).

143. See UnifiedRoot, <http://backoffice.unifiedroot.com/products> (last visited Dec. 1, 2006) (graphically demonstrating the UnifiedRoot system).

144. See UnifiedRoot, Server Status, *available at* <http://backoffice.unifiedroot.com/root/system/status> (last visited Dec. 1, 2006) (demonstrating how UnifiedRoot has already installed Root Servers around the globe, including the United States).

145. See Rhoads, *supra* note 3 (explaining “[s]ome countries with non-Roman alphabets are also taking matters into their own hands. China has created three domain names in Chinese characters—zhongguo, .gongsi and .wangluo—and made them available for public and commercial use inside China only.”).

146. Howard, *supra* note 17, at 664.

147. See *Am. Girl, LLC v. Nameview, Inc.*, 381 F. Supp. 2d 876, 882 (E.D. Wis. 2005) (holding, “[i]n the present case, VeriSign, Inc.—the registry for all ‘.com’ TLDs—is located in the Eastern District of Virginia, and thus plaintiff could file an in rem suit in such district and have the



poised to render many of the UDRP's benefits useless."<sup>148</sup>

International entities rely on WIPO and its UDRP proceedings to ensure that their intellectual property and Internet assets will be protected. However, the federal court system has empowered itself to alter the decisions of independent international arbitrators such as WIPO, creating, even in situations where federal trademark law has no involvement, an uncomfortable and seemingly federal monopolistic legal environment for foreign entities. This increasing problem appears to be a low priority for WIPO, as a recent publication suggests that WIPO considers the event of taking a previously arbitrated "dispute to a court of competent jurisdiction for independent resolution . . . a relatively rare occurrence."<sup>149</sup> However, recent case law would suggest otherwise.

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<www.amercangirl.com> domain name cancelled or transferred to plaintiff.").

148. Amanda Rohrer, *UDRP Arbitration Decisions Overridden: How Sallen Undermines the System*, 18 OHIO ST. J. ON DISP. RESOL. 563, 589 (2003).

149. WIPO, Questions, *supra* note 30.