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Trademark Owner's Strategy: Litigation Versus the UDRP

Jessica Sganga*

INTRODUCTION

The Internet has widened the gap between the producer and the consumer. Online consumers have no assurances as to whom they are dealing with or what they are actually buying, except for the domain name.¹ Domain names fulfill the same role that trademarks historically played in more traditional modes of business.² Accordingly, “the use of one’s trademark as a domain name has been increasingly important in securing a business’ Internet dominance”;³ likewise, precluding others from using one’s trademark in a domain name has become critical.⁴

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1. “Web users often assume, as a rule of thumb, that the domain name of a particular company will be the company name followed by ‘.com.’” *Brookfield Communications, Inc. v. World Wide Web. Co., Ltd.*, 174 F.3d 1036, 1045 (9th Cir. 1999).

2. *The Intersection of Trademarks and Domain Names*, International Trademark Association (Aug. 1997), <http://www.ntia.doc.gov/legacy/ntiahome/domainname/email/INTA-whitepaper.htm>.

3. *Yasaman Navai, Sporty’s Farm L.L.C., v. Sportsman Market Inc.-Protecting Against Cybersquatting or Extending the Allowable Reach of Trademark Law on the World Wide Web*, 11 DePaul-LCA J. Art & Ent. L. 191 (2001). The right domain name is an integral part of any marketing strategy, especially with the rise of search engines. See *Strategic Domain Name Marketing Company, Psyence.net*, <http://www.strategicdomainnamemarketing.com> (last visited Feb. 25, 2012). *WordTracker and Overture’s Inventory* provide information about which phrases are most popular in searches. *Id.*

4. In order to protect their trademarks, many companies register domain names that are similar to their name. For instance, Google owns at least one thousand domain names. See *Google Domain Names, pingdom* (Apr. 23, 2008), <http://royal.pingdom.com/2008/04/23/google-domain-names—the-funny-strange-and-surprising/>. This list includes many more than the obvious domain names like google.com, blogger.com, and gmail.com. *Id.* The list includes possible misspellings: gewgol.com, glougle.com, goolge.com, glugli.com, geggle.com, georgle.com, glogoo.co, and gmale.com. See *id.* The list also includes potential new services: google4kids.com, googlebackups.com, googleauction.com, googlebroadband.com, googlecasinogames.com, googlefamily.com, googlejokes.com, googlelovers.com, googlepersonals.com, googlereligion.com, googlegym.com, googledaycare.com, bankgoogle.com, and googlepaperproducts.com. *Id.*

Any individual can register an available domain name for a low price;⁵ consequently, domain names can impinge on the rights of trademark owners. A trademark owner may seek redress against a domain name registrant from the Lanham Act, the Federal Trademark Dilution Act (FTDA), the Anticybersquatting Consumer Protection Act (ACPA), and the Uniform Domain-Name Dispute-Resolution Policy (UDRP). Each avenue offers trademark owners a unique path; however, these avenues are not mutually exclusive. Part I of this paper outlines the domain name registration process. Additionally, Part I describes the history of the Lanham Act, including the enactment of the FTDA. Part II outlines the rise of the ACPA. Part III describes the UDRP, including some criticisms of it. Part IV exposes the strategic decisions a trademark owner can make—federal court versus the UDRP—by looking at Facebook’s recent enforcement campaign to control the prefix “face” and suffix “book” for social networking sites. Part V discusses the implications of the new generic top-level domains and Uniform Rapid Suspension System (URS) Procedure’s release. Part VI briefly concludes by discussing the implications of this study and suggesting avenues for future research.

I. THE LANHAM ACT

Since the 1990s, United States trademark owners have been bringing actions against domain name registrants under sections 32 and 43 of the Lanham Act.⁶ The Lanham Act prohibits uses of trademarks that are likely to cause confusion about the source of a product or service.⁷ Section 32 permits suits against any unauthorized “use in commerce . . . of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.”⁸ Section 43 allows suits against any person using:

in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or

5. For example, Dotster charges \$14.99 per year to register a .com, .net, or .org domain name. Domain Pricing, Dotster, <http://www.dotster.com/domreg/extension-popup.bml> (last visited Feb. 25, 2012). Dotster allows a user to type in a desired domain name, and the site instantaneously tells the user if the domain is already taken and suggests alternative variations to the domain name. *Id.*

6. Shiveh Roxana Reed, Sensible Agnosticism: An Updated Approach to Domain-Name Trademark Infringement, 61 *Duke L.J.* 211, 228–29 (2011).

7. Lanham Trade-Mark Act, 15 U.S.C. §§ 1051–1141n (1946); 15 U.S.C. §§ 1114, 1125(a) (2006).

8. 15 U.S.C. § 1114(1)(a).

misleading representation of fact, which—is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship,⁹ or approval of his or her goods, services, or commercial activities by another person.

The Lanham Act seeks to “prevent consumer confusion that enables a seller to pass ‘off his goods as the goods of another.’”¹⁰ To determine whether a likelihood of confusion exists under the Lanham Act, circuit courts have developed various multifactor tests.¹¹ In general, these tests include non-exhaustive lists of factors pertaining to the likelihood of consumer confusion.¹² A claimant need not prove that a domain name registrant acted with bad faith, although it is still a factor in these tests.¹³ Additionally, infringement claims are subject to a commercial use requirement.¹⁴ As a result, registration of a domain name with another’s trademark, but not using it in commerce, does not invoke protection of the Lanham Act.¹⁵

Section 35(a) of the Lanham Act governs what damages a successful claimant is entitled to recover: “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.”¹⁶ In exceptional

9. 15 U.S.C. § 1125(a)(1).

10. *Lang v. Ret. Living Publ’g’ Co., Inc.*, 949 F.2d 576, 582–83 (2d Cir. 1991) (quoting *Programmed Tax Sys., Inc. v. Raytheon Co.*, 439 F. Supp. 1128, 1132 (S.D.N.Y. 1977)); *see* *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (explaining that the main purpose of the Lanham Act is to prevent the use of identical or similar marks in a way that confuses the public about the actual source of goods and services).

11. *Reed*, *supra* note 6, at 229. For example, the Ninth Circuit applies an eight-factor test to determine whether confusion is likely: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant’s intent in selecting the mark; and (8) likelihood of expansion of the product lines. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979).

12. *Reed*, *supra* note 6, at 229. “These factors may apply differently, however, when the trademark is used to refer to the plaintiff trademark owner’s product or service, rather than to the defendant domain name registrant’s own product or service. In the Ninth Circuit, for example, a three-factor nominative-fair-use test replaces the traditional likelihood-of-confusion test in these cases.” *Id.*

13. *See Reed*, *supra* note 6, at 229.

14. 15 U.S.C. § 1114; *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924). Under the First Amendment, commercial speech may be regulated in ways that would be impermissible if the same regulation were applied to noncommercial expressions. *Florida Bar v. Went For It, Inc.*, 515 U.S. 618, 623 (1995).

15. *Brookfield Communications, Inc.*, 174 F.3d at 1052 (9th Cir. 1999) (holding that an intent to use it commercially does not invoke the protection of the Lanham Act either).

16. 15 U.S.C. § 1117(a) (2006).

cases, a district court may award reasonable attorney fees to the prevailing party.¹⁷ A claimant may also seek injunctive relief.¹⁸

In 1996, Congress codified existing common law by enacting the Federal Trademark Dilution Act (FTDA), which allows the owner of a famous mark to obtain an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or tarnishment.¹⁹ A claimant does not need to show a likelihood of confusion, competition, or actual economic injury.²⁰ Under the FTDA, where willful intent to dilute is demonstrated, the owner of the famous mark is also entitled to recover "(1) damages (2) the dilutor's profits, and (3) costs."²¹

II. ANTICYBERSQUATTING CONSUMER PROTECTION ACT

While the Lanham Act and FTDA provided recourse for conflict arising in the Domain Name System (DNS), the legal remedies for cybersquatting victims became "expensive and uncertain."²² Cybersquatters are defined as those who: "(1) register well-known brand names as Internet domain names in order to extract payment from the rightful owners of the marks; (2) register well-known marks as domain names and warehouse those marks with the hope of selling them to the highest bidder; (3) register well-known marks to prey on consumer confusion by misusing the domain name to divert customers from the mark owner's site to the cybersquatter's own site; (4) target distinctive marks to defraud consumers, including to engage in counterfeiting activities."²³ "Because the element of direct competition or

The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. *Id.*

Intentional use of a counterfeit mark provides different damages under Lanham Act, however. *See* 15 U.S.C. § 1117(b).

17. *See* 15 U.S.C. § 1117.

18. *See* 15 U.S.C. § 1125(c)(1) (2006).

19. 15 U.S.C. § 1125(c)(1) (2006).

20. *Id.*

21. *Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 500 (2d Cir. 2000).

22. *Id.* at 495 (quoting H.R.Rep. No. 106-412, at 6).

23. *Lucas Nursery & Landscaping, Inc. v. Grosse*, 359 F.3d 806, 809 (6th Cir. 2004) (internal quotations omitted (citing S.Rep. No. 106-140, at 56)).

consumer confusion is often absent in trademark suits against cybersquatters, [cybersquatting victims initially] relied on the FTDA for help.”²⁴ However, the FTDA did not expressly prohibit the act of cybersquatting, and cybersquatters began taking the necessary precautions to shield themselves from liability under the FTDA.²⁵ Specifically, “many cybersquatters [were] careful to no longer offer the domain name for sale in any manner that could implicate liability”²⁶

To remedy the perceived shortcomings of the FTDA in cybersquatting cases,²⁷ Congress enacted the Anticybersquatting Consumer Protection Act (ACPA) in 1999.²⁸ The ACPA, in effect, amended the Lanham Act by creating a particular federal remedy for cybersquatting.²⁹ Specifically, the ACPA prohibits a person from registering a domain name with bad faith intent to profit from a mark that is confusingly similar to a registered or unregistered mark, or dilutive of a famous mark.³⁰ The bad faith requirement of the ACPA creates a higher burden of proof than the Lanham Act, and the merit of an ACPA claim does not depend on whether trademark

24. Yasaman Navai, *Sporty's Farm L.L.C. v. Sportsman Market Inc.-Protecting Against Cybersquatting or Extending the Allowable Reach of Trademark Law on the World Wide Web*, 11 DEPAUL-LCA J. ART & ENT. L. & POL'Y 191, 199 (2001).

25. See *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 267 (4th Cir. 2001).

26. *Sporty's Farm L.L.C.*, 202 F.3d at 495 (quoting S.Rep. No. 106-140, at 7).

27. See *Sporty's Farm L.L.C.*, 202 F.3d at 496.

28. See 15 U.S.C. § 1125(d)(1)(A) (2006).

A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person--

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that--

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36. *Id.*

29. See 15 U.S.C. § 1125(d)(1)(A) (2006).

30. See 15 U.S.C. § 1125(d)(1)(A) (2006). “Bad faith intent to profit” are terms of art in the ACPA, and thus, courts should not equate them with “bad faith” in other contexts. *Sporty's Farm L.L.C.*, 202 F.3d at 499. Recall, “bad faith” was a factor in the Lanham Act likelihood of confusion tests but not necessary to a finding of infringement. *Id.*

infringement exists under the Lanham Act or whether trademark dilution exists under the FTDA.³¹

In determining whether a defendant acted with a bad faith intent to profit from the use of a mark, a court may look at the nine, non-exhaustive factors the ACPA provides to assist courts.³² Additionally, the ACPA exempts defendants who “believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”³³

As for remedies, the ACPA provides that “a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark”³⁴ for any “domain name registered before, on, or after the date of the enactment of [the] Act.”³⁵ The ACPA also provides an award of damages for violations of the Act, so long as the

31. See Reed, *supra* note 6, at 230-31.

32. See 15 U.S.C. § 1125(d)(1)(B)(i). These factors are:

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person’s bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person’s intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person’s offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person’s prior conduct indicating a pattern of such conduct;

(VII) the person’s provision of material and misleading false contact information when applying for the registration of the domain name, the person’s intentional failure to maintain accurate contact information, or the person’s prior conduct indicating a pattern of such conduct;

(VIII) the person’s registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection(c)(1) of section 43.

Id.

33. 15 U.S.C. § 1125 (d)(1)(B)(ii).

34. 15 U.S.C. § 1125(d)(1)(C).

35. 15 U.S.C. § 1117.

domain name was registered after the enactment of the ACPA.³⁶ Further, the ACPA does not preclude an award of damages under any pre-existing law.³⁷

The ACPA also protects against reverse domain name hijacking.³⁸ A reverse domain name hijacking claim exists when trademark owners “overreach” in exercising their ACPA rights.³⁹ In a reverse hijacking claim, “a plaintiff (registrant) must show that (1) the plaintiff’s name was “suspended, disabled, or transferred” under a registrar’s policy, (2) the trademark owner has notice of the action, and (3) plaintiff’s use or registration of the domain name is not unlawful.”⁴⁰ A plaintiff can seek declaratory and injunctive relief, in addition to damages.⁴¹

III. UNIFORM DISPUTE RESOLUTION POLICY

To deal with the rising litigation related to domain names, ICANN instituted the Uniform Dispute Resolution Policy (UDRP) on August 26, 1999.⁴² The UDRP is a non-binding, alternative dispute resolution (ADR) process designed to solve disputes between trademark⁴³ owners and domain name registrants.⁴⁴ More specifically, ICANN drafted the UDRP to fight

36. See 15 U.S.C. § 1125(d)(1)(C).

37. 15 U.S.C. § 1125(d)(3) (providing that any remedies created by the new act are “in addition to any other civil action or remedy otherwise applicable”).

38. See Eric Goldman, *District Court Denies Motion to Dismiss on Reverse Domain Name Hijacking Claim*, TECHNOLOGY & MARKETING BLOG (Oct. 31, 2011), http://blog.ericgoldman.org/archives/2011/10/district_court.htm (discussing a district court’s denial of a motion to dismiss on a reverse domain name hijacking claim). Reverse hijacking argument claims are rare. *Id.*

39. Goldman, *supra* note 38.

40. *Id.*

41. 15 U.S.C. § 1125. In order to obtain damages, however, the claimant must show that the person claiming rights to the domain name made “knowing and material” misrepresentations. *Id.*

42. *FAQs on the UDRP*, INTERNIC, <http://www.internic.net/faqs/udrp.html> (last visited Feb. 25, 2012). In 2011, 2,764 cases were submitted to the UDRP. *Total Number of Cases per Year*, WIPO, <http://www.wipo.int/amc/en/domains/statistics/cases.jsp> (last visited March 1, 2012).

43. “Unless personal names have achieved trademark status they are not protected under the UDRP In contrast, the Lanham Act provides a remedy for cyberpiracy of personal names that do not qualify for trademark protection” Gerald M. Levine, *Injunctive Relief Against Domain Name Registrants for Unauthorized Registration of Personal Name*, UDRP COMMENTARIES (Jan. 12, 2012), <http://www.udrpcommentaries.com/injunctive-relief-against-domain-name-registrants-for-unauthorized-registration-of-personal-name/>.

44. See *FAQs on the UDRP*, *supra* note 42. UDRP panel decisions, unlike arbitration, are not binding. See Elizabeth C. Woodard, *The UDRP, ADR, and Arbitration: Using Proven Solutions to Address Perceived Problems with the UDRP*, 19 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1169, 1179 (2009). “Using classic arbitration was considered [by WIPO] but dismissed on the grounds

cybersquatting.⁴⁵ As discussed above, cybersquatting is the practice of registering well-known brand names as Internet domain names in order to force the rightful owners of the marks to pay for the right to engage in electronic commerce under their own brand name.⁴⁶ Cybersquatting is profitable because it is inexpensive to register the mark of an established company as a domain name, and such companies often pay substantial sums of money to obtain the domain name with their mark.⁴⁷ ICANN also intended the UDRP to prevent typosquatting, which involves “identifying legitimate popular web sites and purposefully registering deceptively similar or deliberately misspelled domain names in order to lure visitors into visiting unrelated—and often pornographic—web sites.”⁴⁸ Typosquatters, like cybersquatters, profit “if owners of the legitimate domain name are willing to purchase the deceptive domain name to prevent further confusion” and lost profits.⁴⁹

The UDRP essentially is an expedited administrative proceeding that the owner of a trademark initiates “by filing a complaint with an approved

that it does not allow for judicial review of decisions, an element that WIPO considered crucial to ensure the fairness of the new process. WIPO therefore concluded that an entirely new system of ADR was required.” *Id.* Consequently, the UDRP is a unique blend of different forms of ADR. *Id.* Some argue, however, “the desire to treat the UDRP process as less than binding arbitration ultimately works against the UDRP’s goal of establishing a quick and inexpensive resolution mechanism,” because the domain name registrant can file a lawsuit at any time. Chad D. Emerson, *Wasting Time in Cyberspace: The Udrp’s Inefficient Approach Toward Arbitrating Internet Domain Name Disputes*, 34 U. BALT. L. REV. 161, 175–76 (2004).

45. “The UDRP was not the first attempt to solve the cybersquatting problem using ADR. A single registrar had previously created its own system of ADR for cybersquatting disputes, in an effort to avoid being brought into lawsuits between trademark owners and cybersquatters. Once more registrars were accredited, however, the U.S. government decided that cybersquatting was so pervasive that it was necessary to create a new ADR system dedicated to hearing cybersquatting claims.” Woodard, *supra* note 44, at 1178–79.

46. See Navai *supra* note 24.

47. Generally, cybersquatters do not sell the same type of product as the trademark holder does. See, e.g., *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 267 (4th Cir. 2001) (holding Internet service provider Virtual Works’s domain name “vw.net” was confusingly similar to the Volkswagen company’s famous “VW” mark and domain name owner was motivated by bad faith).

48. Christopher G. Clark, *The Truth In Domain Names Act of 2003 and A Preventative Measure to Combat Typosquatting*, 89 CORNELL L. REV. 1476, 1480 (2004). For example, “www.whitehouse.com” used to direct a viewer, such as an innocent child looking for the White House’s website, to an adult pornography website. See *In Re Parisi*, SERIAL 75291235, 2004 WL 2368410 (Trademark Tr. & App. Bd. May 28, 2004). Additionally, any person can register a Columbia top-level domain (.co). As such, it is easy to redirect a user who makes the mistake of typing “.co” instead of “.com.”

49. Clark, *supra* note 48, at 1481.

dispute-resolution service provider.”⁵⁰ The UDRP begins with the registration agreement that the domain name registrant signs with the registrar. All registration agreements include a clause that all claims allegedly arising from abusive registrations of domain names will be decided pursuant to the UDRP.⁵¹ Consequently, a domain name registrant (“Respondent”) is required to submit to a mandatory administrative proceeding if a third party (“Complainant”) asserts to the applicable Provider that:

- (i) The disputed domain names registered by the Respondent are identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (ii) The Respondent has no rights or legitimate interests with respect to the disputed domain names; and
- (iii) The disputed domain names have been registered and are being used in bad faith.⁵²

In order to force the transfer or cancellation of a domain name, the Complainant must prove the existence of all three elements by a preponderance of evidence.⁵³ The following scenarios demonstrate a Respondent’s rights or legitimate interests with respect to the disputed domain name:

- (i) before any notice . . . of the dispute, [the Respondent’s] use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
- (ii) [the Respondent] (as an individual, business, or other organization) [has] been commonly known by the domain name, even if [it has acquired] no trademark or service mark rights; or

50. *Uniform Domain-Name Dispute-Resolution Policy*, ICANN, <http://www.icann.org/en/udrp/udrp.htm> (last visited Feb. 25, 2012). “Around 60% of the UDRP disputes have been heard by the World Intellectual Property Organization’s [(WIPO)] Domain Name Dispute Resolution Service (DNDRS), arguably because plaintiffs are comfortable with WIPO’s aesthetic of the ‘sacredness’ of intellectual property. The others are the CPR Institute for Dispute Resolution (CPR), National Arbitration Forum (NAF) and the Asian Domain Name Dispute Resolution Centre (ADNDRC). The latter replaced Canada-based eResolution (eRes), which withdrew in late 2001.” *ICANN profile: UDRP*, CASLON ANALYTICS, <http://www.caslon.com.au/icannprofile7.htm> (last visited Feb. 25, 2012); see *List of Approved Dispute Resolution Service Providers*, ICANN, <http://www.icann.org/en/dndr/udrp/approved-providers.htm> (last visited Feb. 25, 2012) (providing a list of ICANN’s approved UDRP service providers).

51. See *Uniform Domain-Name Dispute-Resolution Policy*, *infra* note 52.

52. *Uniform Domain Name Dispute Resolution Policy*, ICANN, <http://www.icann.org/en/udrp/udrp-policy-24oct99.htm> (last visited Feb. 25, 2012).

53. See *id.*; Dennis S. Prah & Eric Null, *The New Generic Top-Level Domain Program: A New Era of Risk for Trademark Owners and the Internet*, 101 TRADEMARK REP. 1757, 1784 (2011).

(iii) [the Respondent] is making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.⁵⁴

The following non-exhaustive⁵⁵ list constitutes evidence of the registration and use⁵⁶ of a domain name in bad faith:

- (i) circumstances indicating that [the Respondent] registered or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
- (ii) [circumstances indicating that the Respondent] registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that respondent has engaged in a pattern of such conduct; or
- (iii) [circumstances indicating that the Respondent] registered the domain name primarily for the purpose of disrupting the business of a competitor;⁵⁷ or
- (iv) [circumstances indicating that the Respondent] is using the domain name [to] intentionally attempt to attract, for commercial gain, Internet users to its website or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of [the Respondent's] website or location or of a product or service on its website or location.⁵⁸

The Respondent must respond to a UDRP complaint within twenty days.⁵⁹ However, if the Respondent does not respond to the complaint

54. *Uniform Domain Name Dispute Resolution Policy*, *supra* note 52.

55. Because this list is non-exhaustive, panels have found bad faith in circumstances beyond those enumerated. *See, e.g.*, *Tourism and Corporate Automation Ltd. v. TSI Ltd.*, AF-0096, [2000] GENDND 66 Disputes.org/eResolution Consortium Admin. Panel March 16, 2000 (WorldLII) (finding an employee who left his job "more or less unhappily," then registered a domain name identical to the trademark of his former employer with no demonstrable plans to use the name acted in "bad faith").

56. Initially, the UDRP's bad faith use requirement concerned trademark attorneys because "use" under the Lanham Act means "used in commerce." *See supra* note 16. However, the "use" requirement has not been troublesome: "Three of the four factors outlining bad faith do not require any use per se . . . and many of the early decisions under the UDRP have similarly found bad faith in the absence of any traditional use of the domain, indeed even in the absence of an active website." *Analysis of Key UDRP Issues*, BERKMAN CENTER FOR INTERNET & SOC'Y AT HARV. U., <http://cyber.law.harvard.edu/udrp/analysis.html> (last visited Feb. 25, 2012).

57. "For example, in *Bragg v. Condon* (plasticdocshop.com, cosmeticdocshop.com) FA0092528, the respondent registered two domain names using a competitor's trademark soon after learning of the competitor's confidential business strategy; and in *Easyjet Airline Company Ltd v. Steggles* (easyjet.net) D2000-0024, the respondent's web site used the disputed domain name to link to two of the complainant's competitors." *Analysis of Key UDRP Issues*, *supra* note 56.

58. *Uniform Domain Name Dispute Resolution Policy*, *supra* note 52.

59. *Rules for Uniform Domain Name Dispute Resolution Policy*, ICANN, <http://www.icann.org/en/dndr/udrp/uniform-rules.htm> (last visited Feb. 25, 2012). Some commentators have argued

within the requisite twenty days, the UDRP requires adjudication based only on the complaint.⁶⁰ As a result, default judgments are frequently granted in the UDRP proceedings.⁶¹ In several cases, the UDRP panel has interpreted a respondent's default as an actual admission of the complaint's assertions.⁶² Assuming the respondent does respond, he or she can prevail by negating any one of the complaint's three required elements.⁶³

Under the UDRP, a "Panel shall decide a complaint on the basis of the statements and documents submitted and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable."⁶⁴ The Panel's decision may include transferring the domain name to the complainant or the respondent may keep the domain name.⁶⁵ A complainant may also seek cancellation of the domain name.⁶⁶ The UDRP does not award injunctive relief or monetary damages.⁶⁷ However, because UDRP proceedings are not binding, a dissatisfied complainant or respondent can

that UDRP is pro-claimant, and thus an unfair process, because of the twenty-day response time. See Woodard, *supra* note 464, at 1188–89. While the rules of most arbitration providers give respondents thirty days to answer a complaint, the Federal Rules of Civil Procedure only allow defendants twenty-one days to answer a complaint. *Id.* at 1190; Fed. R. Civ. P. 12.

60. *Rules for Uniform Domain Name Dispute Resolution Policy*, *supra* note 59.

61. One study found that 54% of UDRP claims result in default judgments, and that 96% of those default judgments favor the complainant. See Woodard, *supra* note 44, at 1192.

62. See *Alcoholics Anonymous World Servs., Inc. v. Raymond*, D2000-0007 (WIPO Arbitration and Mediation Ctr. Admin. Panel March 6, 2000) (holding that "Respondent's failure to respond to the Complaint allows the inference that the evidence would not have been favorable to Respondent").

63. See *Uniform Domain Name Dispute Resolution Policy*, *supra* note 52.

64. *Rules for Uniform Domain Name Dispute Resolution Policy*, *supra* note 59. This provision, Rule 15(a), was "promulgated to give the panel full discretion in deciding which law, if any, to apply to any particular dispute." *Analysis of Key UDRP Issues*, *supra* note 56. "Panelists in a UDRP proceeding are given significantly more freedom to select important aspects of the decision-making process than panelists in other types of ADR, most of which require the governing law of the proceeding to be mutually agreed upon by the parties in advance." Woodard, *supra* note 44, at 1195–96. Panels do rely on previous UDRP opinions as persuasive authority to help address procedural and substantive matters though. See, e.g., *Alcoholics Anonymous World Servs., Inc.*, D2000-0007.

65. *Frequently Asked Questions: Internet Domain Names*, WIPO, <http://www.wipo.int/amc/en/center/faq/domains.html#12> (last visited Feb. 25, 2012). "The panel decisions are mandatory in the sense that accredited registrars are bound to take the necessary steps to enforce a decision, such as transferring the name concerned." *Id.*

66. *Id.* Based on WIPO's statistical analysis of all cases decided, 1.57% end with cancellation of the domain name, 85.07% end with transfer of the domain name, and 13.36% end with denial of the complaint. *Case Outcome (Consolidated): All Years*, WIPO, http://www.wipo.int/amc/en/domains/statistics/decision_rate.jsp?year= (last visited Oct. 30, 2012).

67. *Frequently Asked Questions: Internet Domain Names*, *supra* note 65.

file a complaint in federal court.⁶⁸ WIPO claims that such appeals rarely occur.⁶⁹ While providing a form of recourse after a panel decision is necessary, some UDRP participants arguably do not feel like the costly process of litigation is much recourse.⁷⁰ Accordingly, “[c]ritics have argued that the UDRP would operate more effectively and fairly if it included an internal review board—essentially an appellate body—that could hear appeals.”⁷¹

IV. FACEBOOK’S STRATEGY: LITIGATION VERSUS THE UDRP

The previous sections briefly explain how conflict under the DNS may be resolved—through the Lanham Act, FTDA, ACPA, and the UDRP. A critical examination of Facebook’s recent enforcement campaign to control the prefix “face” and suffix “book” for social networking sites offers a deeper understanding of these options. Facebook currently owns seventy-nine active trademarks, including “Facebook,” “FB,” “Like,” “Face,” and “Wall.”⁷² To date, Facebook has filed sixteen UDRP complaints resulting in

68. “The accredited domain name registrars . . . implement a decision after a period of ten days, unless the decision is appealed in court in that time.” *Frequently Asked Questions: Internet Domain Names*, *supra* note 65. Appealing a panel decision in court is only possible if jurisdiction exists; however, being able to appeal a UDRP panel decision to a judge was an integral part of ICANN’s original vision in developing UDRP. See Woodard, *supra* note 44, at 1179.

69. *Frequently Asked Questions: Internet Domain Names*, *supra* note 65. Any decision made by a panel under the UDRP is no more than an agreed-upon administration that is not given any deference in federal court. See *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 626 (4th Cir. 2003) (“[B]ecause a UDRP decision is susceptible of being grounded on principles foreign or hostile to American law, the ACPA authorizes reversing a panel decision if such a result is called for by application of the Lanham Act.”).

70. See Woodard, *supra* note 44, at 1200.

71. *Id.* at 1200-01. “These critics claim that such a board is necessary to ‘provide uniformity to the process,’ reduce inconsistencies among UDRP decisions, and ‘establish principles and precedent under the UDRP, which other lower level Panels would be required to follow.’” *Id.* Other critics have proposed a change to the UDRP appeal process, such that when there is a split panel, either side can request one additional three-person panel review. See *How to Save UDRP from Bad Panel Decisions*, DOMAIN NAME WIRE (May 1, 2008), <http://domainnamewire.com/2008/05/01/how-to-save-udrp-from-bad-panel-decisions/>.

72. See *Trademark Electronic Search System (TESS)*, UNITED STATES PATENT AND TRADEMARK OFFICE, <http://tess2.uspto.gov/bin/gate.exe?f=searchss&state=4004:dbjrkr.1.1> (search for live marks with “facebook” under “Owner name and address” field). On March 15, 2012, Facebook expanded its trademark rights over the word “book” by revising its “Statement of Rights and Responsibilities.” See *Statement of Rights and Responsibilities Updates*, FACEBOOK, https://www.facebook.com/note.php?note_id=10151420037600301 (last visited Oct. 12, 2012). All Facebook users must now agree to the following: “You will not use our copyrights or trademarks (including Facebook, the Facebook and F Logos, FB, Face, Poke, Book and Wall), or any confusingly similar marks, except as expressly permitted by our Brand Usage Guidelines or with our prior written permission.” *Id.*

the transference of thirty-seven domain names to Facebook and the termination of two domain names.⁷³ In all of these cases, the challenged domain name included “facebook” in its entirety, and the panels used Facebook’s fame and notoriety as evidence of registration and use in bad faith.⁷⁴ Facebook has also enforced its trademark against Bearbook, PlaceBook, Shagbook, FacebookOfPorn, Faceporn, Lamebook, and Teachbook; however, Facebook did not use the UDRP in these disputes.⁷⁵

Bearbook and PlaceBook both changed their names after receiving cease and desist letters from Facebook.⁷⁶ The letters demanded that both companies abandon their unregistered trademarks because their names confuse users and dilute the Facebook registered trademark.⁷⁷ Bearbook, now called Bruizr, is a social networking site for the hirsute, gay community,⁷⁸ and PlaceBook, now called TripTrace, is a start-up site that provides a variety of location-based services.⁷⁹ Neither company had the funds to fight Facebook in a trademark battle.⁸⁰ While Facebook had the option of pursuing its cause of action in federal court or the UDRP, Bearbook and Placebook were ultimately left with no way to defend themselves (besides fighting a costly, long battle in federal court).

This scenario raises the inadequacy of recourse for “trademark bullying” victims.⁸¹ “A trademark bully is a trademark owner who uses intimidation

73. *Recent Case Activity*, UDRPSEARCH, <http://www.udrpsearch.com/search?query=facebook&search=parties> (last visited Oct. 12, 2012).

74. *See id.*

75. *See* Eric Goldman, *Facebook’s Trademark Suit Against Teachbook Survives Motion to Dismiss*, TECHNOLOGY & MARKETING BLOG (Oct. 1, 2011), http://blog.ericgoldman.org/archives/2011/10/facebooks_trade.htm.

76. *See* *Bearbook Gets Bullied Into Changing To Bruizr*, BEAROTIC (May 10, 2011), <http://www.bearotic.com/2011/05/10/bearbook-gets-bullied-into-changing-to-bruizr/>; MG Siegler, *Facebook Bullies PlaceBook Into Changing Their Name—Or The Way It’s Pronounced*, TECHCRUNCH (Aug. 10, 2010), <http://techcrunch.com/2010/08/10/facebook-placebook/>.

77. *See* *Bearbook Gets Bullied Into Changing To Bruizr*, *supra* note 76; Siegler, *supra* note 76.

78. *See, e.g.*, BRUIZR, <http://bruizr.com/tour.aspx> (last visited Feb. 28, 2012).

79. *See* Siegler, *supra* note 76.

80. *See* *Bearbook Gets Bullied Into Changing To Bruizr*, *supra* note 76; Siegler, *supra* note 76. It is also possible that they realized their likelihood of success was slim.

81. *See* Gerald M. Levine, *Determining When Trademark Protection Becomes Bullying*, UDRP COMMENTARIES (Mar. 5, 2011), <http://www.udrpcommentaries.com/determining-when-trademark-protection-becomes-bullying/> (“In connection with a study mandated by The Trademark Technical and Conforming Amendment Act of 2010, the USPTO requested feedback from U.S. trademark owners, practitioners, and others regarding their experiences with litigation tactics Those

tactics in order to eliminate potential competitors and remove them from the market place.”⁸² Trademark bullies enforce their trademark rights beyond any reasonable interpretation of trademark law and capitalize on the fact that most of their victims will be unable to pay the litigation costs associated with defending a trademark infringement or dilution charge.⁸³ Trademark bullying victims may bring a reverse hijacking claim under the ACPA or seek a declaratory judgment;⁸⁴ but, if the victim does not have the funds to defend itself in court, it is unlikely that it will not have enough funds to file either of these claims. Under the UDRP, the victim of a trademark bully may not file a UDRP complaint against the trademark owner.⁸⁵ However, if a trademark bully files a UDRP complaint, and the panel finds that the complaint was brought in bad faith, such as in an attempt to reverse hijack or to harass the domain name holder, the panel “shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.”⁸⁶

Unlike Bearbook and Placebook, Shagbook—an adult dating website—refused to willingly abandon its name.⁸⁷ On May 24, 2010, Shagbook applied for a trademark with the United States Patent and Trademark Office (USPTO).⁸⁸ The USPTO published the mark “shagbook” in the *Trademark Official Gazette* on January 25, 2011;⁸⁹ thereafter, Facebook filed an opposition to stop Shagbook from registering a trademark under that name.⁹⁰ In Shagbook’s answer to the opposition, Shagbook alleged that the term

answering the ABA-IPL survey believed that the issue ‘should be left to the judiciary on a case-by-case basis.’”).

82. Benjamin Ashurov, *What is a trademark bully?*, TRADEMARK BULLY, http://www.trademarkbully.com/?page_id=23 (last visited March 1, 2012).

83. *Id.* (listing Facebook as number one on the “Biggest Bully List”).

84. *See supra* text accompanying notes 38–40.

85. *Rules for Uniform Domain-Name Dispute-Resolution Policy*, *supra* note 50. If Bearbook filed a UDRP complaint against Facebook, Bearbook would have to prove that Facebook registered its domain name in bad faith.

86. *Id.*

87. Joe Mullin, *Shagbook Attacks Facebook’s Trademark, Calling It Generic*, PAIDCONTENT (Aug. 4, 2011), <http://paidcontent.org/article/419-shagbook-attacks-facebooks-trademark-calling-it-generic/>.

88. *Trademark Status and Document Retrieval*, UNITED STATES PATENT AND TRADEMARK OFFICE, <http://tdr.uspto.gov/search.action?sn=85046798#> (last visited Oct. 12, 2012).

89. *Id.* “Any party who believes it will be damaged by the registration of the mark may file a notice of opposition (or extension of time therefor) with the Trademark Trial and Appeal Board. If no party files an opposition or extension request within thirty (30) days after the publication date, then within twelve (12) weeks of the publication date a certificate of registration should issue.” *Id.*

90. *Trademark Trial and Appeal Board Inquiry System*, USPTO TTABVUE, <http://ttabvue.uspto.gov/ttabvue/v?pno=91200221&pty=OPP> (last visited Oct. 12, 2012).

“facebook” is generic, and thus, incapable of trademark protection.⁹¹ Shagbook’s registration of “shagbook” and Facebook’s opposition of “shagbook” are still pending in the USPTO.⁹² However, Shagbook’s cancellation of “facebook” was dismissed and terminated on March 29, 2012.⁹³

Facebook most likely has not filed a UDRP complaint against Shagbook because the strength of Facebook’s UDRP complaint depends on the outcome of the pending opposition proceeding. If the opposition is sustained, Facebook has more leverage to demand that Shagbook abandon its domain name. If, however, the opposition is not sustained, and “shagbook” registers, a UDRP panel would likely not prevent a trademark registrant from using its own trademark as a domain name.

Unlike with Shagbook, the UDRP is a viable option for Facebook’s dispute with FacebookOfSex.com, a site launched by adult social networking company FriendFinder.⁹⁴ On April 13, 2011, Facebook filed suit in the Northern District of California against FriendFinder and its subsidiaries, claiming “FacebookOfSex” is too similar to Facebook’s trademarked name.⁹⁵ The suit, which includes trademark dilution and cybersquatting claims, seeks injunctive relief, revenue from the site, actual damages, and punitive damages.⁹⁶ The action is still pending in the district court, but the parties stipulated to stay the action in order to reach a settlement.⁹⁷

91. *Id.* Shagbook claimed Facebook has been “trademark bullying” by “abusively using oppositions, litigation, and threats of the same to maintain a competitive market advantage.” Mullin, *supra* note 87; see Stephen Hodson, *Could Facebook’s lawsuit against Shagbook cost it the ‘Facebook’ trademark*, THE INQUISITR (Aug. 5, 2011), <http://www.inquisitr.com/132617/could-facebook-lawsuit-against-shagbook-cost-it-the-facebook-trademark/>.

92. *Trademark Trial and Appeal Board Inquiry System*, *supra* note 90.

93. *Trademark Status and Document Retrieval*, UNITED STATES PATENT AND TRADEMARK OFFICE, http://tsdr.uspto.gov/#caseNumber=78574726&caseType=SERIAL_NO&searchType=statusSearch (last visited Oct. 12, 2012).

94. Michael H. Berkens, *Facebook Finally Sues Owner Of FacebookofSex.com But Still Not XXXBook.com or XXXMatch.com*, THE DOMAINS (Apr. 18, 2011), <http://www.thedomains.com/2011/04/18/facebook-finally-sues-owner-of-facebookofsex-com-but-still-not-xxxbook-com-or-xxxmatch-com/>.

95. *Id.*

96. *Id.*

97. *Facebook, Inc. v. Various, Inc. et al Document 55*, JUSTIA DOCS (Nov. 8, 2011), <http://dockets.justia.com/docket/california/candce/4:2011cv01805/239648/>. “The Whois information for Facebookofsex.xxx was updated this week and now reflects Facebook, Inc. as the registrant of the domain. The web address was first registered back on December 10, 2011 by a resident of Quebec, shortly after general availability of .XXX domain names began.” J.B., *Facebook snags adult*

Facebook most likely would have prevailed in a UDRP proceeding here. Facebook and FacebookOfSex are confusingly similar because the domain name includes the “facebook” mark in its entirety. FriendFinder has no rights or legitimate interests with respect to FacebookOfSex. And circumstances indicate that FacebookOfSex has been registered and is being used in bad faith; specifically, because “FaceBookOfSex includes many of the same features as Facebook, such as profiles with photos and personal info, the ability to upload and share contact, and live chats,” a likelihood of confusion is created with respect to Facebook’s affiliation.⁹⁸ The UDRP, however, does not award damages as a remedy.⁹⁹ FriendFinder’s estimated 2011 revenues are \$333 million, and FacebookofSex.com received over 4 million monthly visitors;¹⁰⁰ such solvency makes FacebookOfSex.com a good target for litigation.¹⁰¹ Moreover, “[t]ech companies concerned with their online image have won *much* more marginal trademark disputes [in federal court] than this one.”¹⁰² In this case, Facebook probably strategized that the UDRP’s expediency does not trump the litigation’s potential damages.

Unlike with FriendFinder, the UDRP may be the best (or only available) forum for Facebook’s dispute with Faceporn.com. Faceporn.com is a pornographic website that allows “its users to create profiles, join groups, upload photos and video, and conduct live chats.”¹⁰³ Retro Invent is a Norwegian company doing business as Faceporn.com, and Thomas Pedersen, a resident of Norway, is the principal of Retro Invent.¹⁰⁴

entertainment domain name Facebookofsex dot-XXX, FUSIBLE (Feb. 25, 2012), <http://fusible.com/2012/02/facebook-snags-adult-entertainment-domain-name-facebookofsex-dot-xxx/>.

98. Joe Mullin, *Facebook Sues FriendFinder, Peeved Over FacebookOfSex.com Website*, PAIDCONTENT (Apr. 15, 2011), <http://paidcontent.org/article/419-facebook-sues-friendfinder-peeved-over-facebookofsex-com-website/>.

99. See *Frequently Asked Questions: Internet Domain Names*, *supra* note 65.

100. Michael H. Berkens, *FriendFinder Pulls Down FacebookofSex.com*, THE DOMAINS (Apr. 29, 2011) <http://www.thedomains.com/2011/04/29/friendfinder-pulls-down-facebookofsex-com/>.

101. Ironically, CEO Marc Bell theorizes that FriendFinder’s shares have received a boost from the recent Facebook IPO filing. See Eric Savitz, *FriendFinder Finds New Friends; Stock Triples In 2 Weeks (Updated)*, FORBES (Feb. 9, 2012), <http://www.forbes.com/sites/ericsavitz/2012/02/09/friendfinder-finds-new-friends-stock-triples-in-2-weeks/2/>.

102. Mullin, *supra* note 98.

103. Venkat Balasubramani, *Facebook Fails In Its Argument That Faceporn Is Under US Jurisdiction For Using A .com*, TECHDIRT (Dec. 7, 2011), <http://www.techdirt.com/articles/20111206/11351416992/facebook-fails-its-argument-that-faceporn-is-under-us-jurisdiction-using-com.shtml>.

104. *Facebook, Inc. v. Pederson Document 46*, JUSTIA DOCKETS & FILINGS, <http://docs.justia.com/cases/federal/district-courts/california/candce/3:2010cv04673/233043/46/> (last visited March 1, 2012). Faceporn.com is currently “offline for a redesign.” *FaceBook.com Sues FacePorn.com*, Special VPS (Oct. 22, 2010), <http://www.specialvps.com/facebookcom-sues-faceporncom/>.

Facebook sued Pedersen and Retro Invent for trademark dilution and infringement, in addition to cybersquatting, in the Northern District of California.¹⁰⁵ Facebook moved for a default judgment after neither defendant responded; however, on November 29, 2011, the district court *sua sponte* issued an order to show cause for lack of personal jurisdiction.¹⁰⁶ On December 12, 2011, Facebook filed its response to the order to show cause.¹⁰⁷ On March 2, 2012, the presiding magistrate judge issued a report and recommendation to deny Facebook's motion for default judgment, finding that Facebook failed to show that the defendants purposefully directed their conduct at California.¹⁰⁸

This is an opportune scenario for utilizing the UDRP: "Recourse to the courts involves perplexing jurisdiction . . . issues, which the UDRP was meant to avoid."¹⁰⁹ As a domain name registrant, Retro Invent is required to submit to the UDRP, regardless of jurisdiction.¹¹⁰ Facebook filed its complaint on October 15, 2011.¹¹¹ Nearly a year has passed, and Retro Invent still owns the domain name Faceporn.com.¹¹² The UDRP

105. *Facebook, Inc. v. Pederson*, JUSTIA DOCKETS & FILINGS, <http://docs.justia.com/cases/federal/district-courts/california/candce/3:2010cv04673/233043/46/> (last visited March 1, 2012).

106. *Id.* Facebook alleges that Faceporn is a highly interactive website that has 250 users in California and 1000 users in the United States, and that Faceporn targeted "a U.S. audience" by registering its website with a domain name ending in ".com." These allegations alone, without facts showing that Faceporn's California viewer base was "an integral component" of Faceporn's business model and profitability, falls short of meeting Facebook's burden to establish that the exercise of personal jurisdiction over Defendants is proper, as "[n]ot all material placed on the Internet is, solely by virtue of its universal accessibility, expressly aimed at every state in which it is accessed. . . ." *Id.*

107. *See id.*

108. *See id.*

109. Julia Hornle, *The Uniform Domain Name Dispute Resolution Procedure: Is Too Much of A Good Thing A Bad Thing?*, 11 SMU SCI. & TECH. L. REV. 253, 284 (2008).

110. *See supra* note 54.

111. *See Facebook, Inc. v. Pederson*, *supra* note 104.

112. *Whois faceporn.com*, WHOIS, <http://www.whois.com/whois/faceporn.com> (last visited Oct. 12, 2012). One has to wonder why the district court has been sitting on this jurisdictional issue for so long. On September 30, 2011, the district court judge randomly assigned Facebook's motion for default judgment to a magistrate judge; the magistrate judge issued the order to show cause regarding personal jurisdiction. *Facebook, Inc. v. Pederson Document 46*, *supra* note 105. As to dispositive pretrial matters, magistrate judges may enter findings and recommendations, which are reviewed by the district judge de novo. *See* § 3505 The District Courts, 13 Fed. Prac. & Proc. Juris. § 3505 (3d ed.). However, a magistrate judge may conduct all proceedings and order the entry of judgment upon consent of the parties. *See id.* Here, the parties did not consent to magistrate jurisdiction. Therefore, the magistrate judge cannot dismiss this case for lack of personal jurisdiction. Rather, the magistrate judge can issue a recommendation to the district court. The

Administrative Procedure, on the other hand, is generally completed within sixty days of the date the WIPO Center receives the complaint.¹¹³ Facebook technically could have simultaneously filed a complaint in the district court and with WIPO. It is, however, important to note that “in the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain name dispute that is the subject of the complaint, the Panel shall have the discretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision.”¹¹⁴ In sum, Facebook may have had a more satisfactory result with the UDRP, assuming Facebook could prove confusing similarity and bad faith.¹¹⁵

The UDRP was not a viable option for Facebook in its dispute with Lamebook. Lamebook is a Facebook parody blog that “invites users to submit funny or embarrassing photos, status updates, wall posts and other tidbits from Facebook profiles.”¹¹⁶ This case is unique because Lamebook preemptively filed suit against Facebook in the Western District of Texas, seeking declaratory judgment on November 4, 2010.¹¹⁷ Four days later, Facebook sued Lamebook in the Northern District of California.¹¹⁸ The California case was dismissed without prejudice, and the parties settled the Texas case on August 24, 2011.¹¹⁹ The parties agreed Lamebook would

docket does not reflect that the district court has reviewed the magistrate judge’s report and recommendation though.

113. *WIPO Guide to the Uniform Domain Name Resolution Policy (UDRP)*, WIPO, <http://www.wipo.int/amc/en/domains/guide/#b2> (last visited March 1, 2012). Some critics have argued that “aggrieved parties . . . should proceed straight to court without stopping at the UDRP” if they “truly want to save time and money.” Emerson, *supra* note 44, at 163. This criticism is based on a domain name registrant’s ability to circumvent, or even completely avoid, mandatory participation in the UDRP by initiating a lawsuit. *Id.* at 173. Here, however, it is highly unlikely Retro Invent would bring a lawsuit against Facebook, considering Retro Invent is not answering Facebook’s complaint.

114. *Rules for Uniform Domain-Name Dispute Resolution Policy*, *supra* note 52. “In the event that a Party initiates any legal proceedings during the pendency of an administrative proceeding in respect of a domain-name dispute that is the subject of the complaint, it shall promptly notify the Panel and the Provider.” *Id.*

115. Because both Facebook and Faceporn are eight letter words with two syllables, and Faceporn does offer a service—albeit one that includes porn—very similar to Facebook, Facebook could argue that Faceporn is likely to create Internet user confusion. Moreover, Facebook owns the trademark “Face.”

116. Catharine Smith, *Lamebook SUES Facebook*, THE HUFFINGTON POST (May 25, 2011), http://www.huffingtonpost.com/2010/11/08/lamebook-sues-facebook_n_780482.html.

117. Complaint at 1, *Lamebook LLC v. Facebook, Inc.*, No. 10-0833 (W.D. Tex. Nov. 4, 2010).

118. *Facebook Inc. v. Lamebook LLC*, JUSTIA DOCKETS & FILINGS, <http://dockets.justia.com/docket/california/candce/3:2010cv05048/233994/> (last visited March 1, 2012).

119. *Id.* “It’s unclear whether Facebook settled because it was concerned about the possible outcome of litigating a case in Lamebook’s hometown of Austin, Texas, or whether it wanted to avoid the potential negative publicity associated with the case. Or maybe Facebook was concerned that, given Lamebook’s argument that it was a parody website, the case would have turned out

keep its name, but add this prominent disclaimer to its site:¹²⁰ “This is an unofficial parody and is not affiliated with or associated with, or endorsed or approved by, Facebook.”¹²¹

Here, Lamebook could not have filed a UDRP complaint because there was no declaratory judgment equivalent in the UDRP. However, by definition, “any such declaration [by the district court] shall have the force and effect of a final judgment or decree”¹²² Because a UDRP decision is not binding in federal court, a UDRP declaratory judgment equivalent would be futile.

Facebook also sued Teachbook, an online community for teachers, in the Northern District of California on August 18, 2010, choosing not to use the UDRP.¹²³ On May 3, 2011, the district judge granted Teachbook’s motion to dismiss for lack of personal jurisdiction because Teachbook does not allow people from California to join the site.¹²⁴ On May 6, 2011, Facebook re-filed its complaint in the Northern District of Illinois.¹²⁵ On September 26, 2011, Teachbook moved to dismiss the complaint for failure to state a claim upon which relief can be granted, which the district court denied.¹²⁶ A year later, Facebook and Teachbook reached a settlement agreement.¹²⁷ Under this agreement, Teachbook changed its name to TeachQuest.¹²⁸

similar to the prominent *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC* case (507 F.3d 252), which found that the defendant Haute Diggity Dog did not infringe or dilute the Louis Vuitton trademark with its Chewy Vuiton line of products. Regardless of the reason, the settlement is surprising considering how protective Facebook is of its intellectual property rights.” Keri S. Bruce, *Facebook and Lamebook Settle Trademark Dispute*, ADLAW BY REQUEST (Sept. 20, 2011), <http://www.adlawbyrequest.com/2011/09/articles/in-the-courts/facebook-and-lamebook-settle-trademark-dispute/>.

120. *Id.*

121. LAMEBOOK, www.lamebook.com (last visited March 1, 2012).

122. 28 U.S.C. § 2201. The main reason for seeking declaratory judgment is to avoid being sued.

123. *Docket – Facebook v. Teachbook (CA)*, SCRIBD, <http://www.scribd.com/doc/55132878/Docket-Facebook-v-Teachbook-CA> (last visited March 1, 2012).

124. Order Granting Motion to Dismiss at 4, *Facebook, Inc. v. Teachbook.com LLC*, No. 10-3654 (N.D. Cal. May 3, 2011), ECF No. 35.

125. *Facebook, Inc. v. Teachbook.com LLC*, 11-CV-3052, 2011 WL 4449686 at *1 (N.D. Ill. Sept. 26, 2011).

126. *Id.*

127. *Facebook, Teachbook reach settlement in lawsuit*, ESCHOOL NEWS (Sept. 7, 2012), <http://www.eschoolnews.com/2012/09/07/facebook-teachbook-reach-settlement-in-lawsuit/>.

128. *Id.*

While the UDRP may have alleviated the jurisdictional and timeliness problems Facebook encountered here, it is unclear whether Facebook could have prevailed with a UDRP panel.¹²⁹ Evidence of bad faith is lacking because it is unclear if Teachbook is using its domain name to intentionally attempt to attract Internet users to its website, by creating a likelihood of confusion as to its affiliation with Facebook. Teachbook's site, aesthetically at least, looks nothing like facebook.com.¹³⁰ Furthermore, Facebook has no incentive to risk losing in the UDRP, where Teachbook can afford to defend itself.¹³¹ So long as Facebook has a valid claim (and is not "trademark bullying"), Facebook can use the financial strain of a long lawsuit as part of its strategy. Just as Lamebook and FriendFinder settled, Teachbook eventually settled too.

The previous cases illustrate when litigation can be useful, and conversely, when the UDRP can be useful. If removing the site is the complainant's primary goal, the UDRP can be a more efficient mechanism than federal court. A trademark owner must strategically choose its forum.

V. NEW GTLDS AND THE UNIFORM RAPID SUSPENSION SYSTEM PROCEDURE

However, understanding how to best protect one's trademark in the DNS is about to become even more important with ICANN's release of its new generic top-level (gTLDs) domains. Developed to increase competition, ICANN accepted applications for new gTLDs from January 12, 2012 to May 30, 2012.¹³² The basic cost of submitting an application was \$185,000 per gTLD.¹³³ The submission process is projected to last at least five months, as ICANN must determine if each applicant has the financial, technical, and operational capabilities to run a TLD on its own.¹³⁴ Prior to ICANN's approval of a new gTLD, third parties have a seven-month

129. "I doubt this kind of claim would hold up under UDRP rules (unless a "friendly" panelist got the case), which is probably why Facebook has resorted to the US courts." Kevin Murphy, *Facebook sues TeachBook.com for cybersquatting*, DOMAININCITE (Aug. 24, 2010), <http://domainincite.com/facebook-sues-teachbook-com-for-cybersquatting/>.

130. See WAYBACK MACHINE, www.archive.org (type in teachbook.com).

131. See *id.*

132. *Reveal Day 13 June 2012 – New gTLD Applied-For Strings*, ICANN NEW GTLDS, <http://newgtlds.icann.org/en/program-status/application-results/strings-1200utc-13jun12-en> (last visited Oct. 12, 2012). On June 13, 2012, ICANN released which gTLDs companies applied for during this round. *Id.* Not surprisingly, Apple applied for the gTLD "apple." *Id.*

133. Matthew Humphris, *gTLDs explained: What's the process and how much will you have to pay ICANN?*, GEEK.COM (Jun. 20, 2011) <http://www.geek.com/articles/geek-pick/gtlds-whats-the-process-and-how-much-pay-icann-20110620/>.

134. *Id.*

opportunity to file an objection to an application on several grounds, including an objector's trademark rights.¹³⁵

To assist with the release of the new gTLDs, ICANN developed the Uniform Rapid Suspension System (URS) Procedure.¹³⁶ The URS is an expedited supplement¹³⁷ to the UDRP, designed to remedy clear-cut, blatant cases of infringing conduct.¹³⁸ The final resolution of a URS proceeding takes a mere twenty days.¹³⁹ The URS includes an initial administrative review that is conducted within two business days of a complaint's filing.¹⁴⁰ If the complaint is in order, the URS Provider will notify the domain name's registry that it must "lock" the domain name, thereby precluding the domain name from being transferred or altered.¹⁴¹ The proposed standards for URS examiners to apply in rendering their decisions are the same as those in the UDRP, but the burden of proof is higher.¹⁴² Complainants in URS proceedings must prove their cases with clear and convincing evidence.¹⁴³ If a URS complainant prevails, the contested domain name would be suspended for the duration of the registration period, not transferred.¹⁴⁴ Further, the cost of the URS will be much less than the UDRP. URS fees will be about three hundred dollars per decision,¹⁴⁵ whereas the UDRP filing

135. *Objection and Dispute Resolution*, ICANN NEW gTLDs, <http://newgtlds.icann.org/en/program-status/objection-dispute-resolution> (last visited Oct. 12, 2012).

136. See *WIPO Observations on New gTLD Dispute Resolution Mechanism*, WIPO, <http://www.wipo.int/amc/en/domains/newgtld/#2> (last visited Oct. 12, 2012).

137. Complainants may use either or both procedures. See *For GNSO Consideration: Uniform Rapid Suspension System (URS)*, ICANN 1, <http://www.icann.org/en/topics/new-gtlds/draft-proposed-procedure-urs-04oct09-en.pdf> (last visited March 2, 2012).

138. *Id.*

139. Dennis S. Pahl & Eric Null, *The New Generic Top-Level Domain Program: A New Era of Risk for Trademark Owners and the Internet*, 101 TRADEMARK REP. 1757, 1783 (2011). A Registrant will have fourteen days to respond to a URS complaint. *Id.*

140. *Id.*

141. *For GNSO Consideration: Uniform Rapid Suspension System (URS)*, *supra* note 137, at 6–7.

142. *Id.* at 8.

143. *Id.* "Proving bad faith by clear and convincing evidence could be difficult The URS's heightened burden of proof arguably overcompensates and protects the respondent too much, as ACPA proceedings have invoked a lower burden of proof with success." Pahl & Null, *supra* note 139, at 1783–85.

144. *For GNSO Consideration: Uniform Rapid Suspension System (URS)*, *supra* note 137, at 8. If the complainant wanted the domain name transferred, the complainant would have to file a UDRP complaint as well. *Id.*

145. "Both WIPO and the National Arbitration Forum NAF have publicly stated that, with IP attorney arbitrator fees averaging \$650 per hour, there is no way they can procure the services of

fee is usually about a thousand dollars.¹⁴⁶ “Once it’s finally implemented, the URS will provide a very streamlined process, considerably faster and cheaper than the UDRP (and vastly faster and cheaper than the litigation route).”¹⁴⁷

While the UDRP, and now the URS, are designed as alternatives to litigation, the URS may promote more litigation. Because the URS is so inexpensive and quick, trademark owners could use the URS to suspend an infringing site and then file in federal court to obtain damages. For a mere three hundred dollars, Facebook could have suspended FacebookOfPorn.com within twenty days of filing a URS complaint and then filed in federal court. While the URS holding will not affect a federal court’s decision, at least during the action’s pendency, FacebookOfPorn.com would have been suspended. A favorable URS holding could also help leverage a substantial settlement. Furthermore, a trademark owner dissatisfied with a URS decision may feel motivated, or at least financially capable, to “try again”—either in the UDRP or through litigation. Or a successful URS complainant may want to file a UDRP complaint to cancel or transfer the domain name. Because the standard of proof is higher in the URS, arguably, a successful URS complainant should be a successful UDRP complainant. Will the UDRP panels respect the decisions of the URS panels? How the URS fits into a trademark owner’s strategy will be interesting.

VI. CONCLUSION

Internet users assume, and implicitly trust, that a company’s name or brand will correlate to its domain name. Because domain names play such an integral role in consumer perception of a site’s source, trademark owners

credible experts at that price, much less cover their own administrative costs.” Philip Corwin, *ICANN Names WIPO as Exclusive Arbitrator of Legal Rights Objections to New gTLDs*, INTERNET COMMERCE ASSOCIATION (Feb. 17, 2012), http://www.internetcommerce.org/WIPO_LRO.

146. *Id.*

147. Kevin Goldberg, *ICANN’s New Uniform Rapid Suspension System*, COMMLAWBLOG (Dec. 13, 2011), <http://www.commlawblog.com/2011/12/articles/intellectual-property/icanns-new-uniform-rapid-suspension-system/>.

ICANN is woefully behind on developing the implementation details for [URS] . . . ICANN staff had indicated . . . that a URS [Implementation Advisory Group] would be launched within a month after that October 2011 gathering, but more than a quarter year later we have yet to see any progress on this front. That unexplained delay may well be due to ICANN’s implausible promise to trademark owners that the URS would carry a fee of only \$300.

Corwin, *supra* note 145. WIPO also expressed its doubts, calling the process “overburdened.” See *WIPO Observations on New gTLD Dispute Resolution Mechanism*, *supra* note 136.

must police the use of their trademark in domain names. A trademark owner may seek redress against a domain name registrant from the Lanham Act, the FTDA, the ACPA, and the UDRP. Soon, trademark owners may enforce their rights against domain name registrants through the URS as well.

Trademark owners must strategically choose how they want to enforce their trademark rights against domain name registrants. Generally, a trademark owner takes one of these two routes: 1) the trademark owner files a complaint in federal court, pleading trademark infringement under the Lanham Act, trademark dilution under the FTDA, and/or cybersquatting under the ACPA; or 2) the trademark owner files a UDRP complaint. Soon, trademark owners will have a third option—the URS. And, as discussed in the previous section, trademark owners may feel compelled to combine the use of the URS with the UDRP or litigation.

A critical examination of Facebook's recent enforcement campaign to control the prefix "face" and suffix "book" for social networking sites offers a deeper understanding of a trademark owner's strategy. Beyond the elements of proof necessary for any of these options, a trademark owner must weigh the potential for damage recovery in litigation versus the expediency and lower cost of the UDRP. As evidenced by Facebook's enforcement campaign, sometimes the price of the UDRP can actually weigh against its use. And, while the line between trademark bullying and aggressive trademark protection is a fine one, Facebook's campaign demonstrates that the threat of litigation is a powerful tool that leaves many alleged infringers with little recourse other than a costly litigation battle.

Should ICANN implement a mechanism to allow domain name registrants to cheaply file trademark-bullying complaints after receiving cease and desist letters? This, in effect, would be analogous to filing a declaratory judgment claim with the UDRP. The futility of a non-binding declaratory judgment was discussed in the previous section; nevertheless, it may stop some trademark owners from pursuing their cause of action in court. Further steps should be taken to develop an inexpensive mechanism for trademark bullying victims to defend themselves.