

## DOMAIN NAMES: PROTECTING AGAINST PIRATES

SIMPSON THACHER & BARTLETT LLP

OCTOBER 2, 2001

---

### INTRODUCTION

---

Recent court cases demonstrate that trademark owners have strong, but not unlimited, recourse against third parties that use their trademarks as web site domain names. The Fourth Circuit recently found that a site operator had committed “cybersquatting” – or domain name piracy – with regard to the trademark PETA (People for the Ethical Treatment of Animals) by operating a web site under [www.peta.org](http://www.peta.org) to promote “People Eating Tasty Animals.” In so ruling, the court rejected the site operator’s defenses of parody and First Amendment rights.

Meanwhile, underscoring the fact that “cybersquatting” requires an element of bad faith, an arbitration panel and then a federal court found no liability when a man named James B. Strickland registered [www.strick.com](http://www.strick.com) for use with his computer consulting business, even though vehicle-maker Strick Corporation also used the name as a trademark. The case reminds trademark owners that the domain name system still operates on a “first come first served” basis unless the “first comer” has no valid rights in the name.

Both cases address the relatively new tort of “cybersquatting,” which prompted the passage of the Anticybersquatting Consumer Protection Act (“ACPA,” now 15 U.S.C. § 1125(d)) on November 29, 1999 and the January 2000 establishment of the Internet Corporation for Assigned Names and Numbers’ (“ICANN”) informal and inexpensive arbitration procedures for domain name disputes, which have now handled more than 4,300 cases. See ICANN, *Uniform Domain-Name Dispute-Resolution Policy* <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (“UDRP Policy”).

---

### RECENT CASES

---

In *People for the Ethical Treatment of Animals (“PETA”) v. Doughney*, No. 00-1918, 00-2289, 2001 WL 957410 (4<sup>th</sup> Cir. Aug. 23, 2001), Michael Doughney registered the domain name [www.peta.org](http://www.peta.org) for a website entitled “People Eating Tasty Animals.” Doughney was in no way connected to or affiliated with People for the Ethical Treatment of Animals, a worldwide animal rights organization that promotes awareness of animal protection issues and opposes exploitation of animals for food, clothing and entertainment. PETA has owned a U.S. service mark registration for its name since 1992. See *id.* Doughney, a former Internet executive,

registered [www.peta.org](http://www.peta.org) in 1995, even though he had been fully aware of PETA for at least 15 years. *See id.*

The “People Eating Tasty Animals” web site was a purported parody of PETA and proclaimed on its home page that it was a “resource for those who enjoy eating meat, wearing fur and leather, hunting, and the fruits of scientific research.” The web site contained links to various meat, fur, leather, hunting and animal research organizations. Finally, the site viewer was asked “Feeling lost? Offended? Perhaps you should, like, *exit immediately*.” The phrase “*exit immediately*” contained a hyperlink to PETA’s official website. *See id.*

Doughney refused PETA’s request to transfer the domain name, prompting PETA to complain to registrar Network Solutions, Inc. (“NSI”), which placed the domain name on “hold” pending resolution of the parties’ dispute. Doughney consequently moved the web site to [www.mtd.com/tasty](http://www.mtd.com/tasty) and added a disclaimer dissociating the site from PETA.<sup>1</sup> *See id.* at \*2.

PETA sued Doughney in federal court for trademark infringement, unfair competition, trademark dilution and cybersquatting, seeking injunctive relief and the transfer of the domain name to PETA. Doughney countered that the web site was a parody of PETA protected by the First Amendment. *See id.* On June 12, 2000, the district court granted PETA’s motion for summary judgment, rejecting Doughney’s parody defense. *See People for the Ethical Treatment of Animals, Inc. v. Doughney*, 113 F. Supp. 2d 915 (E.D. Va. 2000).

In its recent opinion, the Fourth Circuit affirmed on all grounds, and made several notable statements. First, as a predicate to finding that Doughney had committed trademark infringement, the Court noted that Doughney’s operation of his web site was a “use in commerce” of the PETA mark under the Lanham Act because it (i) prevented users from obtaining or using PETA’s services, and/or (ii) connected the web site to others’ goods or services. The Court wrote: “[The] prospective users of [PETA’s] services who mistakenly access Defendant’s web site may fail to continue to search for [PETA’s] own home page, due to anger, frustration, or the belief that [PETA’s] home page does not exist.” *See id.* at \*4. Moreover, the court found that Doughney’s web site linked to more than 30 commercial operations offering goods and services. *See id.* at \*3.

Turning to the “likelihood of confusion” element of trademark infringement, the Fourth Circuit rejected Doughney’s defense that his web site, together with his use of [www.peta.org](http://www.peta.org), was a parody. *See id.* at \*5. The Fourth Circuit noted that Doughney’s use of [www.peta.org](http://www.peta.org) (i) simply copied PETA’s trademark, conveying the message of a relation to PETA, and (ii) did not convey the necessary second message to establish a parody -- one that suggests the domain name is *not* related to PETA, but instead parodies it. *See L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26,

---

<sup>1</sup> Also in response to Doughney’s dispute with PETA, *The Chronicle of Philanthropy* quoted Doughney as stating that, “[i]f they [PETA] want one of my domains, they should make me an offer.” *Non-Profit Groups Upset by Unauthorized Use of Their Names on the Internet*, THE CHRONICLE OF PHILANTHROPY, Nov. 14, 1996.

34 (1<sup>st</sup> Cir. 1987) (parody must “convey two simultaneous -- and contradictory -- messages: that it is the original, but also that it is *not* the original and is instead a parody”). The Court rejected Doughney’s contention that this second message could be found in the *content* of his web site, because a web site’s content is not conveyed *simultaneously* with the domain name, but only *after* the viewer types in the domain name and accesses the site.<sup>2</sup> *Id.*

The Court also found Doughney liable for “cybersquatting” under the ACPA, which requires that Doughney had a bad-faith intent to profit from using *www.peta.org*, and that *www.peta.org* is identical or confusingly similar to, or dilutive of the PETA trademark. *See id.* at \*6. The Fourth Circuit agreed with the district court that Doughney acted in bad faith and did not have reasonable grounds to believe that his use of *www.peta.org* was lawful.<sup>3</sup> *See id.* at \*8. The Court upheld the district court’s denial of attorney’s fees to PETA, holding that Doughney’s bad faith under the ACPA was not equal to a finding of malicious, fraudulent, willful or deliberate behavior prompting a fee award under Section 35 of the Lanham Act, 15 U.S.C. § 1117. *See id.* at \*8-9.

Meanwhile, in *Strick Corp. v. Strickland*, \_\_ F. Supp. 2d \_\_, 2001 WL 1018372 (E.D. Pa. Aug. 27, 2001), the court agreed with the holding of the ICANN arbitration forum and found that James Strickland had *not* cybersquatted at all by registering *www.strick.com* to promote his consulting business, despite the existence of the vehicle maker Strick Corp.<sup>4</sup> In refusing to find any likelihood of confusion required for a successful unfair competition claim, the court found no similarity of function or relationship in consumers’ minds between Strick Corp.’s

---

<sup>2</sup> *See also Morrison & Foerster v. Wick*, 94 F. Supp. 2d 1125, 1134-35 (D. Colo. 2000) (ordering transfer of [www.morrisonfoerster.com](http://www.morrisonfoerster.com) and similar names, despite defense that web sites’ content parodied law firm Morrison & Foerster; finding that user must actually explore sites to determine parody nature); *Planned Parenthood Federation of Am., Inc. v. Bucci*, No. 97 Civ. 0629, 1997 WL 133313 (S.D.N.Y. 1997), *aff’d*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998) (enjoining anti-abortion activist from operating site at *www.plannedparenthood.com*, because alleged parodic message not conveyed with domain name).

<sup>3</sup> Under the ACPA, a court may consider nine factors to assess a defendant’s bad faith, including in summary: (i) the defendant’s rights in the domain name; (ii) whether the domain name is the defendant’s legal or commonly known name; (iii) the defendant’s prior legitimate use of the domain name; (iv) the defendant’s *bona fide* noncommercial or fair use of the plaintiff’s mark in a site accessible under the domain name; (v) the defendant’s intent to divert consumers from the plaintiff’s site to a site that is tarnishing, disparaging or harms the plaintiff’s goodwill; (vi) the defendant’s offer to sell the domain name without using it first; (vii) the defendant’s provision of false domain name registration data; (viii) the defendant’s registration or acquisition of multiple distinctive or famous domain names; or (ix) the extent to which the plaintiff’s mark is not distinctive and famous. 15 U.S.C. § 1125(d)(1)(B)(i). In addition, the ACPA contains a safe harbor providing that bad faith “shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was fair use or otherwise lawful.” § 1125(d)(1)(B)(ii).

<sup>4</sup> ICANN arbitration proceedings are not binding on courts, which must apply *de novo* review of the relevant issues. *See Parisi v. Netlearning, Inc.*, 139 F. Supp. 2d 745, 751-52 (E.D. Va. 2001).

transportation equipment goods and Strickland's computer software services. *Id.* at \*2. Also significant was the court's finding that in choosing *www.strick.com*, Strickland's nickname since childhood, Strickland in no way intended to confuse or deceive Strick Corp.'s customers. The court agreed that given the lack of competition between the companies involved, any "initial interest confusion" arising from Strickland's use of his *strick.com* domain name – that consumers will be confused initially, even if they later realize they are at the wrong web site and go to an Internet search engine to find the right one – is not legally significant. *Id.* at \*4. This decision follows the recent First Circuit decision in *Hasbro, Inc. v. Clue Computing, Inc.*, 232 F.3d 1, 2-3 (1<sup>st</sup> Cir. 2000), in which the Court affirmed defendant Clue Computing's right to register *www.clue.com* for its business web site, despite Hasbro's long-standing trademark for its "Clue" board game.

---

ANALYSIS

---

The PETA court is the first appellate court to weigh trademark rights against the competing interests of parody and the First Amendment in the domain name context. In its decision, the Fourth Circuit considered strongly Doughney's intention to divert consumers from the PETA site to his own and its potential harm to the goodwill of the PETA trademark. Yet, Doughney was not the classic cybersquatter -- he did not seek a "ransom" from PETA for the name, nor did he attempt to associate his web site content with any services offered by PETA.

At the same time though, Doughney registered plaintiff's identical trademark as a domain name, rather than registering *www.petasucks.org* or another domain name that itself reflected its parody (and thus non-confusing) nature. See *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528, 535 (E.D. Va. 2000) (denying injunction to Lucent Technologies for *www.lucentSucks.com*, despite presence on web site of pornography and services for sale); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1164 (C.D. Cal. 1998) (granting summary judgment to defendant for web site inviting critical commentary of Bally health club).<sup>5</sup>

Therefore, two principles may be gleaned from the Court's decision. First, to use a third party's trademark in a domain name, the domain name itself -- and not the content of the related web site -- should convey a reasonable non-association with the lawful trademark owner, such as in *www.lucentSucks.com* and *www.ballySucks.com*. Second, the First Amendment right to free speech within a web site does not necessarily convey the right to operate such site

---

<sup>5</sup> See also 15 U.S.C. § 1125(B)(i)(IV) (allowing courts to consider "the person's *bona fide* noncommercial or fair use of the mark in a site accessible under the domain name" when considering the registrant's bad faith). The legislative history of the ACPA shows that Congress intended to "balance the interests of trademark owners with the interests of those who would make the lawful noncommercial or fair uses of others' marks online, such as in comparative advertising, comment, criticism, parody, newsreporting, etc ." H.R. Rep. No. 106-412, at 9 (1999).

under an infringing domain name. See *Shields v. Zuccarini*, 89 F. Supp. 2d 634, 640-41 (E.D. Pa. 2000) (“Nor can he argue that such an order would violate his First Amendment right to free speech, as he has plenty of other outlets for his protest (*i.e.*, just one of the three thousand domain names he owns would provide a sufficient forum.”); *Planned Parenthood*, 1997 WL 133313, at \*10-11 (noting that Planned Parenthood, in seeking to recover its domain name, had not sought to restrain defendant from critical speech or speech espousing defendant’s own beliefs).

Meanwhile, the decision in the *Strick* case underscores that not all early registrants of domain names are, in fact, cybersquatters. If the holder has a legitimate interest in its domain name -- no matter how tiny its business or whether the name is just for vanity purposes -- then the trademark owner may have no recourse to reclaim the domain name. See *Strickland*, 2001 WL 1018372, at \*6; see also *Hasbro*, 232 F.3d at 2-3 (affirming for defendant Clue Computing, which registered *www.clue.com* for its business web site, despite Hasbro’s long-standing trademark for its “Clue” board game); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 877-82 (9<sup>th</sup> Cir. 1999) (finding no liability for unfair competition or trademark dilution for vanity registrations of *www.avery.net* and *www.dennison.net*, despite existence of Avery Dennison Corp.).

---

#### PRACTICAL ADVICE

---

**Consider ICANN proceedings.** PETA sued Doughney in 1999, just before the ICANN-sponsored arbitrations began. Given PETA’s allegations of Doughney’s bad faith in registering *www.peta.org*, PETA would have been eligible to pay a modest fee at one of the ICANN-sponsored dispute fora<sup>6</sup> and gain a ruling to transfer *www.peta.org* in 2-3 months.<sup>7</sup> Such a

---

<sup>6</sup> There are currently four recognized ICANN-sponsored fora for resolving domain name disputes, each with its own fee structure depending upon the number of arbitrators and domain names in dispute:

- (1) WIPO: (see <http://arbiter.wipo.int/domains/fees/index.html>);
- (2) NAF: (see <http://www.arbforum.com/domains/domain-fees.asp>);
- (3) eResolution: (see <http://www.eresolution.ca/services/dnd/schedule.htm>); and
- (4) CPR Institute for Dispute Resolution: (see [http://www.cpradr.org/ICANN\\_RulesAndFees.htm](http://www.cpradr.org/ICANN_RulesAndFees.htm)).

<sup>7</sup> A successful ruling would have been likely. As a threshold matter, out of the 4,346 separate proceedings concerning 7,559 separate domain names that have been initiated under the ICANN rules to date, more than 81% have resulted in decisions favorable to plaintiff trademark owners. See ICANN, *Summary of Status of Proceedings*, (last modified May 7, 2001) <http://www.icann.org/udrp/proceedings-stat.htm>.

proceeding requires a complainant to prove its own rights in the trademark contained in the respondent's domain name, the respondent's lack of such rights, and the respondent's "bad faith" registration and use of the domain name. A successful complainant will have its domain name returned, but cannot seek money damages or further injunctive relief in such forum.<sup>8</sup>

**Register domain names proactively.** While a business cannot register every conceivable iteration of a desirable domain name, it should register at least those domain names that are most intuitively similar to its own. Timing is crucial. Applying for domain names soon after choosing trademarks lowers the risk and expense of cybersquatters, and the possibility that a legitimate third party will be awarded the domain name on a first-come, first-served basis. See *Strick Corp.* and *Hasbro Inc.*, *supra*. This practice of timely registration is even more critical with the new gTLDs, such as .biz and .info.

**Consider litigation if necessary.** Not all domain name cases are appropriate for ICANN resolution, particularly if the plaintiff seeks monetary damages, disgorged profits, injunctive relief other than a domain name transfer, or attorney's fees. The ACPA provides a cause of action for cybersquatting in federal court, and supplements the pre-existing laws to combat domain name misuse, such as (i) Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), for infringement of a registered mark; (ii) Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), for infringement of an unregistered mark and unfair competition; and (iii) Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), for trademark dilution. In addition, if an ICANN plaintiff loses its arbitration, it can always file a lawsuit in court afterward, because such ruling is not binding upon a federal court. See *supra* note 4; *Strickland*, 2001 WL 1018372, at \*1 (filing complaint in federal court after losing ICANN challenge).

For additional information on this topic or other trademark or domain name law issues, please contact Robert A. Bourque ([rabourque@stblaw.com](mailto:rabourque@stblaw.com); 212-455-3595), Lori E. Lesser ([llesser@stblaw.com](mailto:llesser@stblaw.com); 212-455-3393) or Jennifer R. Rackoff ([jrackoff@stblaw.com](mailto:jrackoff@stblaw.com); 212-455-2282). Please visit the firm's web site at <http://www.simpsonthacher.com>.

SIMPSON THACHER & BARTLETT LLP

---

<sup>8</sup> Notably, ICANN arbitrations have also addressed parody defenses. See, e.g., *Lockheed Martin Corp. v. Parisi*, WIPO Case No. D2000-1015 (Jan. 26, 2001) (holding that domain name *www.lockheedmartinsucks.com* indicates that the domain name is not affiliated with the trademark owner of the "Lockheed Martin" mark and thus cannot be considered confusingly similar to the trademark); *Wal-Mart Stores, Inc. v. walmartcanadasucks.com*, WIPO Case No. D2000-1104 (Nov. 23, 2000) (finding no likelihood of confusion; *www.walmartcanadasucks.com* clearly signals the critical purpose of the domain name and any reasonable user would not mistake this web site for any of Wal-Mart's official sites).