IPR Issues Associated with Internet Domain Names

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One of the important issues of Internet world is the interface between domain names and trademarks. International organizations like ICANN and WIPO are trying to stamp out the bad faith registration of domain names in the Internet. Explaining the technicality of the whole issue, the paper describes the efforts being made by these organizations in this direction. Their aim is to create a stable environment for the further development of electronic commerce and safeguard the interests of the owners of rights.

A domain name is what we type in our web browser to get to a particular site, such as, www.sitenames.com. It is also used in e-mail addresses. Any one can get their own domain, and it can be used for personal or business purposes. In fact, Domain names are artifices, invented names that link numbers, so-called Internet Protocol (IP) addresses, to more meaningful names.

Domain names were originally intended to facilitate connectivity between computers through the Internet. However, as they are easy to use and remember, they have come to constitute a form of business identifier. The growing number of cyber squatting disputes reflects the premium businesses are placing on domain names and their potential for facilitating electronic commerce. By using trademarks as their domain names, businesses hope to attract potential customers to their web sites and increase their market visibility. Domain names are now used routinely in advertising as a means of indicating the presence of an enterprise on the Internet.

Cyber squatting is the abusive or bad faith registration of an Internet domain name that is similar to a name in which another person has intellectual property rights, or some other legitimate claim. Cyber squatters are those who pick up domain names identical to existing trademarks or products that they do not have ownership of. What follows are numerous legal suits and counter suits to
identify the proper owners of these conflicted domains.

Squatters may purchase domain names to misrepresent or malign the trademark holder of such a name. Others buy domain names simply to make some cash. After all, in the “.com” world, almost every recognizable word has been taken. Enterprises have no option but to buy an address from the person who owns it, and may be willing to pay through the nose for the name. Companies want their domain names to be memorable, with the least possible scope for error. It should be easy to pronounce and able to fit on a TV screen or billboard. Last year, California-based eCompanies paid $7.5 million for the rights to the Business.com domain name, which remains the highest price on record so far.

Management of Domain Names

For years, domain names were created for scientists by scientists. A committee headed by the late Jon Postel allocated the numerical addresses and oversaw the root servers. Network Solutions Inc. (NSI), a company under contract with the US government, matched Postel’s numbers with “com”, “net” and “org” domain names. After the US government withdrew its subsidy for the Internet in 1995, NSI started registering domain names for a fee (currently $35 a year).

In June 1998, the American government issued a white paper stating that it wanted to get out of the domain business. It also proposed creating a series of nonprofit corporations to manage the domain issue. Consequently, a new organization, the Internet Corporation for Assigned Names and Numbers (ICANN), was formed to manage the policy and technical aspects of the Internet Domain Name System (DNS), and was chosen by the US government to take over Internet naming duties.

ICANN is a technical coordination body for the Internet. Created in 1998 by a broad coalition of the Internet’s business, technical, academic, and user communities, ICANN is assuming responsibility for a set of technical functions. Specially, it coordinates the assignment of the following identifiers that must be globally unique for the Internet to function: Internet domain names, IP address numbers, and protocol parameter and port numbers.

At present, Internet has limited suffixes, including “com”, “mil”, “int”, “gov”, “org” and “net” in addition to special two-letter codes assigned to countries, such as “us” for the United States. Most of the country codes were established in the mid-1990s, but no new domain suffixes have been approved since the late 1980s. These names, consequently, have become cornerstones of billion-dollar business ideas. There are people who are warehousing the best names and then selling them for huge profits.

In India, instead of setting up a server and going to the National Centre for Software Technology (NCST) to register an ULR with an “in” extension, a user prefers to buy space on a US server and go for a “com” domain. But, with the improvement of infrastructure, particularly the bandwidth, this scenario might change and more people might go for “in” domains.

Interface between Domain Names and Trademark

With the growth of the Internet, domain names have come into conflict with trademarks. The possibility of such conflict arises from the lack of connection between the
system for registering trademarks, on the one hand, and the system for registering domain names, on the other hand. The former system (trademarks) is administered by a public (governmental) authority on a territorial (either national or regional) basis which gives rise to rights on the part of the trademark holder that may be exercised within the pertinent territory. The latter system (domain names) is usually administered by a non-governmental organization without any functional limitation: domain names are registered on a first-come, first-served basis and offer a unique, global presence on the Internet. The potential for conflicts inherent in the two different systems of registration has been exploited by persons who have made it a practice to register, as domain names for themselves, the trademarks of other persons or enterprises ("cyber squatting") 5.

Conflicts between domain names and trademarks present unusual features that stretch the capacity of the ordinary judicial system. That system is also territorially based, so that it cannot always provide a comprehensive solution to a conflict with a global dimension. Furthermore, litigation can be slow and expensive, factors that can produce a de facto situation in which it may be quicker and cheaper for a trademark holder to deal with a cyber squatter and buy back its rights to a domain name, rather than to seek to retrieve those rights through litigation 5.

**Future Organization and Management of Domain Name System**

The organization and management of the DNS has been the subject of intensive discussions throughout the world over the past several years. These discussions have been motivated by a desire to ensure that the management of the DNS is institutionalized in a manner that will permit the system to accommodate the growing volume of traffic on the Internet and to be administered in a competitive and open way which permits the interests of all stakeholders in the Internet to be taken into account 5.

The relationship between Internet domain names and trademarks was addressed beginning in 1996 by the International Ad Hoc Committee (IAHC), which issued its "Memorandum of Understanding on the Generic Top-Level Domain Name Space of the Internet Domain Name System" (gTLD-MoU) in May 1997. Taking into account advice provided by WIPO on intellectual property and dispute resolution issues, the IAHC (later the Policy Oversight Committee (POC)) developed a dispute resolution system to address potential conflicts between trademarks and domain names 5.

**WIPO and Internet Domain Names**

An important development in the discussions on the future organization and management of the domain name system was the publication on 5 June 1998 of a Statement of Policy on "Management of Internet Names and Addresses" (Docket Number 980212036-8146-02) by the Department of Commerce of the United States of America ("the USG White Paper"). The USG White Paper follows from intensive discussions and public debate internationally. It contained the following passage:

"The U.S. Government will seek international support to call upon the World Intellectual Property Organization (WIPO) to initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders,
to: (1) develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyber piracy (as opposed to conflicts between trademark holders with legitimate competing rights), (2) recommend a process for protecting famous trademarks in the generic top level domains, and (3) evaluate the effects, based on studies conducted by independent organizations, such as the National Research Council of the National Academy of Sciences, of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders. These findings and recommendations could be submitted to the board of the new corporation for its consideration in conjunction with its development of registry and registrar policy and the creation and introduction of new gTLDs.\(^5,7\)

In June 1998, WIPO undertook an international process called the “First WIPO Internet Domain Name Process” to develop recommendations concerning the intellectual property issues associated with Internet domain names, including domain name dispute resolution. In April 1999, it published a series of recommendations in a report entitled “The Management of Internet Names and Addresses: Intellectual Property Issues,” including the “Report on the First WIPO Internet Domain Name Process”, focusing on the problems caused by the conflict between trademarks and domain names. This was the result of a year of intensive consultations — virtual and in person — to address problems caused by the conflict between domain names and trademarks. These recommendations were presented to ICANN, the manager of the technical aspects of DNS. The WIPO recommendations have largely been implemented by ICANN. The Uniform Dispute Resolution Policy (UDRP), which went into effect on 1 December 1999, was among the WIPO recommendations implemented by ICANN. The dispute resolution system is now widely regarded as an efficient, quick and cost-effective way to resolve domain name disputes. Over 750 cases have been filed with the WIPO Arbitration and Mediation Centre, with more than 345 cases resolved since the beginning of the year.\(^5,3\)

However, a number of issues were identified in WIPO’s Report that were considered outside the scope of the First WIPO Process, that require further consultation and resolution. These issues arise in the event of bad faith, abusive domain name registrations that violate:

- “Intellectual property rights, aside from trademarks – including geographical indications (such as wine-producing regions) and personality rights (such as the names of celebrities);
- “The names and acronyms of international intergovernmental organizations (such as the United Nations);
- “International Nonproprietary Names (INNs) set down by the World Health Organization for pharmaceutical substances, so as to protect patient safety worldwide; and
- Unfair competition law and the rights established under international treaties.

On 28 June 2000, WIPO received a letter of request from the Government of Australia and 19 of its other member Governments to initiate a Second WIPO Process to address certain intellectual property issues relating to Internet domain names, that remain to be considered after the first WIPO Internet Domain Name Process.\(^3,8,9\) In response to this request, on 10 July 2000, WIPO commenced the Second WIPO Internet Domain Name
Process. The Second WIPO Internet Domain Name Process will address these outstanding issues through a process of consultations—online and through in-person regional meetings—resulting in a final Report expected to be published at the end of the first half of 2001. The Report will make practical recommendations based on the consultation process, aimed at preventing and resolving conflicts—and will be presented to WIPO’s member States and the Internet community, including ICANN.

The aim is to create a stable environment for the further development of electronic commerce and safeguard the interests of owners of rights that are not necessarily based on registered trademarks.

Recent Developments

The ICANN, which is overseeing changes on the Internet, approved the creation on 17 July 2000 of the first new top-level domain names on the computer network since the 1980s in its conference at Yokohama in Japan. The decision made in the conference for assigned names and numbers will bring additions to existing Web site suffixes such as “com” and “org”. But how many more suffixes or how they will be used remains to be worked out. The addition of new names is aimed at boosting competition among companies that sell and register domains for Web site owners, and giving customers more names and vendors to choose from. It would also make it easier for Internet users to search the Web for specific topics. Travel agencies, for example, could use a “travel”. The resolution passed by ICANN calls for the introduction of new names in a measured and responsible manner. The group set a schedule for the phasing of the names, with a target date of 31 December 2000 for wrapping up new agreements. WIPO has already been asked to provide ICANN with globally recognized trademarks, which would ease the inevitable legal battles arising from cyber squatters snapping up the brand names when the new domains are released for public use.

The resolution, however, was notable for what it did not spell out: how many new suffixes would be approved, whether they would be specific—such as being only for travel agencies—or would be available to anyone, and how trademark infringements would be avoided. Worries about the introduction of new suffixes had bogged down ICANN discussions for five years and was a main theme running through the conference. Trademark infringement has been a major fear. Conferees discussed, for example, how to handle a request for “amazon.shop” and whether that would infringe on the rights of the well-known “amazon.com.”

The resolution, however, only called on companies making applications for new names to show how they would avoid legal troubles. According to the decision, ICANN will receive applications for new top-level domain names until 1 October 2000. ICANN will announce selections in November and wrap up negotiations by December. The corporation might consider anywhere from six to more than 10 additions. The Network Solutions, which until recent years held a monopoly on Internet domain name registration, has submitted a proposal to include the domain suffixes “shop” and “bank”. Web-related companies are unsure of how an infusion of top-level domain names will affect them.

While most observers agree that the domain name world has become too crowded because of a limited number of domain suffixes, many consider the expansion plan
outlined by ICANN too sketchy to gauge its full impact. Others downplayed its significance altogether, arguing domain names are becoming less important on the Internet. Other domain registration companies support the expansion. One unresolved question is, whether companies will be allowed to preserve their trademark names in new top-level domains.

Conclusion

WIPO is committed to promoting a reliable environment in cyberspace and preventing abuse of domain names. It is hoped that with its active involvement a greater compatibility between identifiers in the real and virtual worlds will be established. The prevention of cyber squatting will certainly increase confidence in Internet infrastructure and e-commerce by protecting the established rights of businesses and individuals.

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