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Disputes about names: cybersquatting, cyberstuffing and banner ads

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Cybernames penetrate politics

San Francisco Mayor, Willie Brown, is standing for re-election. What does he wish he had learned from Republican presidential contender, George W Bush?

Answer: to protect appropriate domain names. A year or so before their contender entered the race, the Bush team registered about 200 domain names. They not only acquired the obvious, like <www.georgewbush.com>, but also the less friendly, like <www.bushsucks.com>.

By contrast, Brown recently found that a cybersquatter had registered virtually all logical choices for his domain name. To make matters worse, a competitor in the mayoral race, Clint Reilly, subsequently hired the cybersquatter. As one would expect, the protagonists continue to make as much political hay out of these events as they can. Brown supporters describe it as “digital identity theft” and argue it is unethical; Reilly supporters suggest Brown is “behind the curve” and “doesn’t understand the new medium”.

The use of cybernames in politics illustrates an increasingly difficult issue. To what extent should one have rights in a name? We will note some recent developments. Melbourne IT had success in the Australian Federal court restraining domain name squatters. There has been an unsuccessful attempt in the USA to hold Network Solutions Inc (NSI) responsible for allowing cybersquatting.

The Anticybersquatting Consumer Protection Bill has passed the US Senate. And beyond cybersquatting, Nancy Kerrigan and Playboy are attempting to prevent unauthorised use of their names to promote other sites.

NSI’s policy enables cybersquatting

NSI’s policy allows the registration of domain names on a first-come first-served basis. In 1994, journalist Joshua Quittner wanted to write an article on how important the web would be for the business community. McDonalds, the fastfood giant, responded negatively to his enquiries. So Quittner publicised his registration of <McDonalds.com> to taunt them. Quittner eventually gave up the domain name in return for McDonalds’ donation of money to a local school for computer equipment. Ever since, entrepreneurs have realised the potential for a fast buck.

Stories abound. Some of the more notorious involve squatters registering <mobil-exxon.com> (and other variants of the name) shortly after Mobil and Exxon announced a proposed merger; and <sydneyolympics2000.com> immediately after the announcement that Sydney would host the games. Warner Bros were apparently asked to pay US$350,000 for variants of their name.

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According to a Wired News report:3

"Start-ups, squatters, and speculators already have bought up all the Internet's prime real estate. A Wired News investigation found that the .com versions of nearly all popular words have been taken. Of 25,500 standard dictionary words we checked, only 1,760 were free."

Some commentators believe the practice is perfectly acceptable. They suggest it is no different from an entrepreneur who buys land on speculation that it will increase in value when a road or shopping centre is built nearby. Others argue that domain names are not the same as real estate; their misuse in this way is likely to cause confusion and increase opportunities for fraud, and to unfairly deprive legitimate trademark owners of the benefit of their goodwill.

There have been cases in several jurisdictions around the world in which cybersquatters have been stopped.

There have been cases in several jurisdictions around the world in which cybersquatters have been stopped. Most involved the site being actively used, so it became relatively easy to prove dilution of trademark, passing off or deception. But some in the USA have been successful even though the site was unused - merely reserving the name with intent to sell was held to be a commercial use sufficient for dilution of trademark.5

In Australia, Melbourne IT announced in August that it had taken action directly against domain name squatters who registered names such as <Melbourne-IT.com> and <IT-Melbourne.com>. It alleged in the Victorian District Court that offering these domains for sale or hire infringed their trademark rights and constituted passing off and/or misleading and deceptive conduct under the Trade Practices Act, 1974. These allegations were not tested in court. By consent, an order was made restraining respondents from using these and similar names, and requiring them to transfer the names to Melbourne IT.

In the USA, the latest developments have been an attempt to force NSI to prevent domain name squatting. Bruce Watts brought a federal suit complaining that NSI violated antitrust, trademark dilution and unfair competition laws because they failed to stop another registrant from taking a name in which he had a trademark. But District Judge David Hamilton granted NSI’s motion to dismiss the allegations. The judge stated that there might be a viable claim of trademark infringement against the other registrant, but not against NSI, who was a "neutral stakeholder".6

With increasing commercialisation of the internet, legislatures are also beginning to take an interest in cybersquatting.

Cybersquatting legislation?

On 5 August 1999 the US Senate approved the Anticybersquatting Consumer Protection Bill (S1255). One of the co-sponsors of the Bill, Orrin Hatch, had personal experience – he had been offered the name <senatororrinhatch.com> for US$45,000.

The main provision of the Bill is an amendment to the US Federal Trademark Act of 1946.7

"Any person who, with bad-faith intent to profit from the goodwill of a trademark or service mark of another, registers, traffic in, or uses a domain name that is identical to, confusingly similar to, or dilutive of such trademark or service mark, without regard to the goods or services of the parties, shall be liable in a civil action by the owner of the mark, if the mark is distinctive at the time of the registration of the domain name."8

The amendment lists some factors the court may consider in deciding if there is "bad-faith intent". These include

- the existing owner's trademark or other intellectual property rights in the characters comprising the domain name;
- similarities with the legal or otherwise commonly used name of the existing owner;
- prior use of the name for bona fide trade;
- any intention to divert consumers in a way that would harm goodwill;
- an offer to sell the name for substantial consideration without having an intent to use the name in the bona fide offering of goods or services;
- the acquisition of multiple domain names.9

The Bill also makes it clear that a domain name registration authority is not liable for damages for certain actions it may take in implementing "a reasonable policy" to protect trademark owners. This includes refusing to register a name or removing or disabling a name.10

It should be noted that:

- The Bill seems to protect only US trademark and service mark holders.
- It doesn't protect unregistered marks or names.
- In many respects it reinforces NSI's much criticised domain name policy, but at least the factors to be taken into account allow consideration of any intellectual property rights held in the characters comprising a domain name.

The Bill is now before the US House of Representatives.

Cyberstuffing (names in meta-tags)

The use of names in meta-tags has also been in the news. A meta-tag is a hidden tag in the source code of a web page. It is used by search facilities to index the page and return a link when the word is used in a search. The designer of a web page can thus influence search engines by clever use of meta-tags.11

In July, figure skater Nancy Kerrigan filed a suit against FSX Network Communications Corp. FSX allegedly inserted her name 32 times into a metatag to get search engines to return links to their adult sites when users searched for pages about Kerrigan. Her lawyer, Victor Polk, believes the names Audrey Hepburn, Brooke Shields, Connie Chung, Jane Seymour and many others are used in similar fashion.12 In Kerrigan's case there was an obvious reason for FSX's use of her name - she was in the news last year when she obtained damages against an internet company that displayed fake pornographic images of her.13
Is there a cause of action for misuse of a name in meta-tags? Polk is reported as suggesting there is a breach of copyright, but copyright does not normally subsist in a name. Would it be defamatory to have a browser pointed at an adult site when a user enters a name in a search engine? Without actual defamatory content on the site, this argument seems tenuous. Nor is it easy to see how trademark or passing-off principles would apply. In 1997 Playboy did obtain an injunction against the use of their trademark “in buried code or metatags”, but it was granted as part of an injunction against infringing domain names, and the court did not analyse this particular issue. The problem is that the hidden tag is not used to suggest any connection with or endorsement of the site returned by the search engine. In fact the search term may not be visible on the returned site at all.

Perhaps the best hope in the USA would be the developing “right of publicity” which a personality might have, to control and profit from the commercial use of their name. In the absence of a similar right in Australia, passing-off may need to develop considerably before such an action would succeed. Alternatively there may be some hope of an action under the Trade Practices Act.

**Conclusions**

The internet will continue to raise interesting new issues. One of growing concern is who may use certain names and for what purposes. Current models regulating legitimate uses of names, company names and trademarks are likely to be stretched and tested. I'd be willing to wager they'll be found wanting.

Search site operators hoped for a clear indication that the practice was legal, since it enables them to sell context-sensitive advertising. But Judge Alicemarie Stotler did not give them the clear answer they were hoping for. While she refused to grant the preliminary injunction sought by Playboy, she did so only on the narrow ground that the terms “playboy” and “playmate” were sufficiently generic to deny Playboy any monopoly over them. Given Playboy's considerable worldwide reputation, this seems a rather startling conclusion, although it might be more explicable in a US context.

The internet community will have to wait for a case involving a unique name to get guidance on whether the practice infringes trademark rights. They may not have to wait long – the same news report notes that Estee Lauder has filed a case accusing Excite of enabling traffic to be diverted to a perfume site operated by a competitor.

**Banner ads on search sites**

Playboy recently brought an action against Excite in the US District Court in central California, southern division. They complained that Excite were selling advertising rights to adult entertainment sites when the words “playboy” or “playmate” were used in a search and that this was an infringement or dilution of their trademark.

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4. See for example British Telecommunications v One in a Million [1998] FSR 265; New Zealand Post Ltd v Len (HC Auckland, CP 573/98).
5. See for example Panavision International LP v Toeppen 40 USFQ 2d 1908 (CD Cal 1996) and Intermatic Inc v Toeppen 41 USFQ 2d 1223 (ND Ill 1996).
7. 15 USC 1125.