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Domain Names and Your Company's Giant Sucking Sound
Handling Corporate Grievance Web Sites

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Hopefully that giant sucking sound isn't your domain name in cyberspace. Before reading further, go to the internet and type in "www.(your company name)sucks.com" and see what pops up. If, for example, you went to statefarmsucks.com, you'd find a site dedicated to criticism of the insurance company from policyholders and former employees. Such sites led State Farm to purchase over 1,000 variations of domain names, in an effort to proactively protect its trade name.²

This article addresses whether you have the right to shut down a domain name like (your company name)sucks.com, and whether you should even do anything at all about it.

BRIEF OVERVIEW OF TRADEMARK LAW

Trademarks and service marks are protectable assets of a company. They are enforceable if used in commerce, and actionable if an infringing party produces a similar mark which creates confusion in the minds of the public.

A trademark refers to a business's logo or catchy phrase (examples include Coca Cola's logo or its old slogan, "Have a Coke and a smile"). Trademark protection also

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² See "Insurers don't want to 'suck' on the web," <http://www.insure.com/auto/domain501.html> (May 7, 2001)

extends to a product's distinct packaging or "trade dress," including its shape, size, and color. A service mark is the same as a trademark, though the former protects a business that provides services rather than a product to the public. Likewise, trade names (the name of a company) may be protected, as detailed below:

1. A trade name can last forever if it is actually used continuously in commerce. This right might be abandoned if the name is no longer used in the course of business.
2. Mere use of a name, without formal registration at any level, may confer "common law" rights to the name.
3. A name may be registered on:
 - a) a state level³;
 - b) a federal level (renewable every 10 years); and
 - c) an international level (a procedure which differs for each country based on the particular treaty that country adheres to in the realm of intellectual property protection).

THE DOMAIN NAME REGISTRATION PROCESS

A trade name is the name of the company under which it does business. It is in this area of law that domain name registration conflicts with trademark law. One conflict faced by many trade name holders is when a similarly named business registers a domain name first. Since the domain name registration process doesn't recognize the many categories of trademarks that businesses can register, the internet became a land-grab of

³ For example, in the state of Georgia, a valid trade name is renewable every 10 years through the Secretary of State's office.

.com, .net extensions. When the original domain name registration process did not give priority to trade name holders, several such companies found that others beat them to the .com dance.

DOMAIN NAME DISPUTES WITH “CYBERSQUATTERS”

Prior to the passage of the Anticybersquatting Consumer Protection Act in 1999, trademark holders had fewer rights against such speculators. Under the statute, a valid trademark holder may recover damages in court from a cybersquatter and obtain an injunction to shut down the latter’s site if the trademark holder shows, among other things, a bad faith intent to profit from the mark. As an alternative to litigation, a dispute resolution process has been set up by the Internet Corporation for Assigned Names and Numbers (“ICANN”). While less expensive and possibly more time efficient than resorting to the courts, this process provides no mechanism to collect damages, and the offending site stays up until arbitrators rule.

The United Nation’s World Intellectual Property Organization (“WIPO”) has one such arbitration procedure in place for domain name disputes. Since December 1999, over 3,000 cases have been heard.⁴ For example, actress Julia Roberts availed herself of this procedure when, much to her chagrin, she discovered that someone registered the site juliaroberts.com. A WIPO arbitration panel ruled in her favor, citing her rights to the her famous name, and the bad faith conduct of the domain name holder.⁵

On the other hand, recording artist Sting lost in his effort to obtain the domain name sting.com, since the arbiter held that the word “sting” is generic and that there was

⁴ See <http://arbiter.wipo.int/domains/statistics/results.html> for statistics through November 2001.

no bad faith exercised by the domain name holder.⁶ Thus, these disputes turn on a case-by-case factual inquiry, balancing the strength of a Complainant's mark with the intent and bad or good faith of the domain name holder.

IS YOUR SUCKER A CYBERSQUATTER?

Though many cases have been decided in favor of the company/trade name holder, the law is not crystal clear as to whether your company may shut down a (your company name)sucks.com web site. Under a WIPO analysis, a trade name holder must show all of the following:

- 1- the infringing web site was set up in bad faith, such as demanding payment for a transfer of the domain name;
- 2- the site is not being used for a legitimate purpose, such as the exercise of a person's First Amendment rights; and
- 3- the site is "identical or confusingly similar" to the company's trade name.

1. Bad Faith Use.

In one case involving Wal-Mart, the company was able to effect a transfer of wal-martsucks.com, as it was able to demonstrate bad faith on the part of the domain name registrant (he was attempting to sell the name for over \$500,000).⁷ Prior to that

⁵ Julia Fiona Roberts v. Russell Boyd, <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0210.html> .

⁶ Gordon Sumner, p/k/a Sting v. Michael Urvan, <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0596.html> . As of the writing of this article, however, <http://www.sting.com> is Sting's official web site, indicating a possible settlement.

⁷ Wal-Mart Stores, Inc. v. Richard MacLeod d/b/a For Sale, <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0662.html> .

case, Wal-Mart was able to shut down several other sites, including wal-martcanadasucks.com, upon a similar showing of bad faith.⁸

2. Legitimate Use of Domain Name

If a domain name holder can show a legitimate use of a domain name and did not exercise bad faith, then s/he may end up keeping the domain name. In the wal-martcanadasucks.com case, the site was transferred to Wal-Mart due to the registrant's exercise of bad faith. However, in another case involving the same domain name registrant, a different WIPO arbiter did not transfer walmartcanadasucks.com to Wal-Mart. In the latter case, the respondent was able to convince the arbiter that:

- 1- his web site was set up for a legitimate First Amendment purpose (a grievance site against Wal-Mart);
- 2- he exercised no bad faith (he did not look to sell this site); and
- 3- merely adding the word "sucks" after a trade name does not create an "identical or confusingly similar" name.⁹

⁸ Wal-Mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico, <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0477.html> .

⁹ See Wal-Mart Stores, Inc. v. walmartcanadasucks.com and Kenneth J. Harvey, <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1104.html> . For additional cases where a domain name contains the word "sucks" added to a trade name, but was not considered "identical or confusingly similar," see Bally Total Fitness v. Faber, 29 F. Supp.2d 1161 (C.D. Cal. 1998) (ballysucks.com); Lockheed Martin Corporation v. Dan Parisi, <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1015.html> (lockheedsucks.com, lockheedmartinsucks.com). At the writing of this article, the United States Court of Appeals for the Sixth Circuit is reviewing a "gripe site" case involving <http://www.taubmansucks.com> and related sites.

3. The “Sucks” Suffix

Some WIPO decisions are in conflict concerning whether the suffix “sucks,” coupled with a trade name, is “identical or confusingly similar” under WIPO guidelines. Even if bad faith on the part of a domain name holder is found to exist, you still may not get the site transferred to your company. While the arbiter in wal-martcanadasucks.com ruled that adding “sucks” to “wal-martcanada” is “identical or confusingly similar” to the Wal-Mart trade name, the walmartcanadasucks.com arbiter ruled bluntly: “I do not see how a domain name including ‘sucks’ ever can be confusingly similar to a trademark to which ‘sucks’ is appended.” Simply put, the word “sucks’ has entered the vernacular as a word loaded with criticism.”¹⁰

TIPS FOR YOUR COMPANY IN CYBERSPACE

As you likely already knew, the law can produce inconsistent results, depending on how the facts are argued. Hopefully, this article has made you more cautious about dealing with cybersquatters or grievance web sites in the future. Here are some additional things to consider:

1. Consult an attorney specializing in trademark law concerning the level of protection for your trade name.
2. Consider a proactive approach to obtaining domain names in various combinations of your trade name.
3. Monitor the internet for grievance web sites utilizing your company’s trade name within the domain name.

¹⁰ The walmartcanadasucks.com arbiter was quoting *Bally Total Fitness v. Faber*, 29 F. Supp.2d 1161, 1164 (C.D. Cal. 1998) (ballysucks.com)

4. Examine all grievance web sites for libelous material against your company.
Remember, the First Amendment protects opinions, not the posting of false information.
5. Direct your attorney to contact the registrant of (your company name)sucks.com web sites with a “cease and desist” letter, if you are intent on shutting down the site. This strategy demonstrates that your are protecting your trademark. In addition, it might even create vital evidence of bad faith, if the registrant responds with an offer to sell the domain name.
6. Decide whether to go to court or arbitration, if your company goes forward with attempting to shut down a site.
7. Make sure you understand the procedures for selecting an individual arbiter or a panel of arbiters, if your company goes to arbitration.¹¹ This procedure is conducted largely by mail and e-mail worldwide among the parties and the arbiter.
8. Read carefully an arbiter’s prior arbitration decisions to gain a perspective on how s/he may rule in your case¹² before agreeing to use that arbiter.¹³
9. Recognize that the First Amendment is here to stay, and that if a site is properly set up, you may have limited or no recourse against an infringing site.
10. Exercise common sense and do not lose sight of the fact that the general public has an appetite for following legal controversies against large companies.

¹¹ WIPO Arbitration Guidelines, <http://arbiter.wipo.int/arbitration/index.html> .

¹² To search for WIPO decisions, see <http://arbiter.wipo.int/domains/panel/index.html> .

A CONCLUDING CAVEAT

Sometimes the best approach with respect to (your company name)sucks.com web sites is to do nothing. Oftentimes, a well intentioned, proactive approach can backfire with unwanted publicity.

In 2000, for example, Verizon Wireless registered the domain name verizonsucks.com, in an apparent attempt to curb web sites criticizing the company. Of course, someone immediately set up verizonreallysucks.com, and was able to get publicity for the site because of Verizon's attempt to curb grievance sites.¹⁴

If we've learned anything about the internet, it's that corporate grievances will find their way to the web quickly. It's up to you and your company's strategic planning group to decide how best to deal with that giant sucking sound.

This article is for informational purposes only. It is important to consult with an attorney to apply this information to the unique situations that your company may encounter.

¹³ For a list of WIPO panelists, see <http://arbitrator.wipo.int/domains/panel/index.html> .

¹⁴ See "Real Cybersquatting Really Sucks," <http://www.wired.com/news/business/0,1367,36210,00.html> (May 9, 2000).