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THE “APPEAL” OF THE INTERNET—LOOKING AT THE UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY AND HOW IT IS NEWLY INFLUENCED BY THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Karen Webb*

I. INTRODUCTION

The end of 2001 brought with it a landmark decision in the area of Internet trademark law.1 This decision highlighted the fine line between protecting the rights of trademark holders and protecting the rights of those accused of infringing on such trademarks, known as “cybersquatters.”

Cybersquatting is a phenomenon whereby individuals register Internet domain names in violation of the rights of trademark owners.2 Cybersquatting is a global problem in which “[f]amous and well-known marks have been the special target of predatory and parasitical practices on the part of a[n] . . . active minority of domain name registrants.”3 Due to the ease of registration and the “first-come, first-served” structure of domain name registration, domain name disputes have become increasingly common with the expansion and use of the Internet.4

The Internet Corporation for Assigned Names and Num-

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4. See Sallen, 273 F.3d at 19.
bers (ICANN) is a quasi-governmental organization that sets out guidelines and policies for Internet regulation.\(^5\) One of the most used features of this organization is the Uniform Domain Name Dispute Resolution Policy (UDRP),\(^6\) which allows trademark owners to dispute cybersquatters in a centralized, quick arbitration proceeding.\(^7\) Domain name owners must submit to UDRP jurisdiction upon their domain name registration, which binds them through a mandatory contractual agreement.\(^8\)

If a domain name owner loses his domain name in a UDRP decision, his remedies are limited.\(^9\) The difficulty is that there is no appeals process within the UDRP.\(^10\) This policy begs the question: what can domain name owners do?\(^11\) Essentially, their property has been taken in a proceeding in which they were forced to participate, and they have no right of appellate review of the panel’s decision.\(^12\) The lack of a checking mechanism on the UDRP is problematic.\(^13\) The U.S. Court of Appeals for the First Circuit recently held in Sallen v. Corinthians Licenciamentos LTDA that domain name registrants have a cause of action in federal court under the Anticybersquatting Consumer Protection Act (ACPA).\(^14\) This decision alters the domain name dispute system, and raises new questions about how the system should be managed.

This comment looks at the Sallen decision, explains how it can be reconciled with existing policies, and details how the resulting problems should be dealt with in the future. The comment focuses on the problems related to cybersquatting and the attempts to remedy domain name disputes. The comment also

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5. See discussion infra Part II.D.
8. See UDRP Policy, supra note 6.
11. See Stewart & James, supra note 9.
12. See id.
13. See infra Part IV.B.
suggests a system to handle appeals.

This comment addresses a possible right of review for Internet disputes. First, the comment gives a general overview of the Internet, related structures, and current regulations.\textsuperscript{15} Next, the comment looks at the \textit{Sallen} decision and how it affects current procedure, with a discussion of its strengths and limitations.\textsuperscript{16} Finally, the comment addresses the legal consequences of the \textit{Sallen} decision and proposes a remedy.\textsuperscript{17}

\section*{II. BACKGROUND}

To understand cybersquatting fully, one must first understand the structure of the Internet and the history of its relevant legislature and policies. Further, the unique organization of how domain names are registered and controlled offers additional insight into the cybersquatting problem.

\subsection*{A. The Internet: An Overview}

"The Internet is not a physical or tangible entity, but rather a giant network which interconnects innumerable smaller groups of linked computer networks."\textsuperscript{18} In addition, "[t]he Internet is an international system"\textsuperscript{19} and is "multijurisdictional."\textsuperscript{20} Therefore, no single entity—governmental, academic, or otherwise—runs the Internet.\textsuperscript{21} Further, it is not "technically feasible for a single entity to control all of the information conveyed on the Internet."\textsuperscript{22}

The World Wide Web (the Web) is the most well-known mechanism to access information over the Internet.\textsuperscript{23} The purpose behind the Web was to have information from a variety of sources available to Internet users around the world.\textsuperscript{24} "Though information on the Web is contained in individual computers, the fact that each of these computers is connected to the Internet through [the Web] allows all of the information to become part

\begin{itemize}
  \item \textsuperscript{15} See infra Part II.
  \item \textsuperscript{16} See infra Part III.
  \item \textsuperscript{17} See infra Parts IV., V.
  \item \textsuperscript{18} ACLU v. Reno, 929 F. Supp. 824, 830 (E.D. Pa. 1996).
  \item \textsuperscript{19} \textit{Id.} at 831.
  \item \textsuperscript{20} \textit{Final Report, supra} note 3.
  \item \textsuperscript{21} See ACLU, 929 F. Supp. at 832.
  \item \textsuperscript{22} \textit{Id.}
  \item \textsuperscript{23} See \textit{id.} at 836.
  \item \textsuperscript{24} See \textit{id.}
\end{itemize}
of a single body of knowledge." 25 Given that there are so many computers connected to the Internet, there must be some mechanisms to organize and distinguish between these computers. Some of those mechanisms are IP addresses and domain Names as discussed below.

B. IP Address

The crucial component of the Internet is that each website, computer, or document that contains information 26 has a unique address composed of a complicated string of numbers. 27 These unique addresses are similar to telephone numbers. 28 An address on the Internet is called an "IP address;" 29 IP stands for Internet protocol. Since it is difficult to remember IP addresses, the Domain Name System (DNS) 30 was created to allow users to type in a familiar string of letters, known as a domain name, instead of the IP address. 31

C. Domain Names

"The DNS helps users find their way around the Internet." 32 "The [common] goal of the DNS is for any Internet user any place in the world to reach a specific website IP address by entering its domain name." 33 There are two elements of a domain name, the Top Level Domain (TLD) and the Second Level Domain (SLD). 34 Some of the most common TLDs are .com, .net, .org, .edu, and .gov. 35 When used, the TLD is preceded by the SLD. 36 TLDs are set and limited by policies, but SLDs are open to registration. 37 For example, no person can register the TLD,

25. Id.
26. See id.
27. InterNIC, InterNIC FAQs on The Domain Name System: A Non-Technical Explanation—Why Universal Resolvability Is Important, at http://www.internic.net/faqs/authoritative-dns.html (last updated July 8, 2001) [hereinafter InterNIC FAQ].
28. See id.
29. See id.
30. See id.
31. See id.
32. See id.
33. See id.
34. See Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14, 19 (1st Cir. 2001).
35. See id.
36. See id.
37. See id.
".com," but they can register the SLD, "mydomainname.com." A SLD can consist of letters, numbers, and some symbols. As an all-inclusive illustration, in the domain name yahoo.com, "yahoo" is the SLD, and ".com" is the TLD. In short, the domain name yahoo.com is much easier to remember than the corresponding IP address, 66.218.71.198.

The DNS also allows domain name owners to change the computers and IP addresses that run websites without ever changing their respective domain names. As a result, even if a user knows the IP address today, that IP address may not be the location of the website tomorrow. However, since the domain name for each website is static, a user does not have to be concerned about changing IP addresses, she can simply use the unchanging domain name. Therefore the domain name is more valuable than the IP address.

A crucial aspect of the DNS is that a "domain name is both unique and global in scope." In other words, use of a domain name by one party is mutually exclusive from its use by any other party. For example, if one party in California registered and used computers.com, no other party anywhere could also register and use computers.com, regardless of that party's geographic location, product, or service.

D. Internet Corporation for Assigned Names and Numbers

Members of the Internet community formed the Internet Corporation for Assigned Names and Numbers (ICANN) to

38. See id.
39. For a variety of reasons, many online companies change their IP addresses. A common reason is that a company buys a new machine to replace their old computer server, which runs the company website. The company assigns the new computer a new IP address and links it to the company domain name. This allows the company to simply switch over to the new computer immediately without losing service for their customers. Interview with Brian Webb, Technical Yahoo!, Yahoo! Inc., in Sunnyvale, Cal. (Jan. 14, 2002).
40. See id.
41. See id.
42. See id.
44. See id.
45. See id.
46. ICANN was formed in October 1998. It is recognized by the United States and other governments to be responsible as a global entity to "coordinate the technical management of the Internet's domain name system, the allocation of IP address space, the assignment of protocol parameters, and the management of the root server system." See ICANN, Fact Sheet, at
manage and coordinate the DNS to "ensure that each domain name maps to the correct IP address." ICANN is a non-profit organization, recognized by international governments to regulate technical functions on the Internet. To reiterate, ICANN does not "run" the Internet, rather it oversees the management of only specific "tasks that require central coordination: the assignment of the Internet's unique name and number identifiers." Thus, to meet its objectives, ICANN creates and enforces Internet policies, some of which will be discussed below.

E. Registration

A domain name can be registered through many different companies, known as registrars, which have been approved by ICANN. Currently, TLDs cannot be owned; however, for a fee, SLDs may be registered. Registering a SLD with a registrar ensures exclusive rights to that domain name.

Registration of a domain name is relatively simple. Registration includes providing the registrar with personal contact information as well as technical information. A registration contract "sets forth the terms under which... registration is accepted and will be maintained." Information and covenants included in the contract are determined by the policies of ICANN and of the individual registrars.

F. Trademarks

Basic trademark law protects identifying marks, such as

http://www.icann.org/general/fact-sheet.htm (last updated Feb. 17, 2001) [hereinafter ICANN Fact Sheet]; see also ICANN, Background, at http://www.icann.org/general/background.htm (July 1999).
47. InterNIC FAQ, supra note 27.
48. See Internet Corporation for Assigned Names and Numbers, at http://www.icann.org (last updated Jan. 6, 2002).
49. See supra text accompanying note 21.
50. ICANN Fact Sheet, supra note 46.
51. See generally supra note 48 (explaining its policies, such as the UDRP).
52. See InterNIC Domain Name FAQ, supra note 47.
53. See Sallen, 273 F.3d at 19.
54. See id. The owner of an SLD also has the ability to create multiple third (or higher) level domains under that SLD. See supra Part II.C.
55. See InterNIC Domain Name FAQ, supra note 47.
56. Id.
57. UDRP Policy, supra note 6; see also infra Part II.H.1.
words, names, and symbols\textsuperscript{59} from use by non-trademark owners, which prevents confusion among potential consumers.\textsuperscript{60} A trademark is considered property and thus is offered protection:\textsuperscript{61}

A trademark enables consumers to identify the source of a product, to link the product with its manufacturer in widely distributed markets. The exclusive right to the use of the mark, which may be of indefinite duration, enables the owner to prevent others from misleading consumers into wrongly associating products with an enterprise from which they do not originate.\textsuperscript{62}

Several types of words qualify as trademarks, except words that merely describe a product.\textsuperscript{63} Due to the value of trademarks as brand identifiers, it is important that mark owners protect them.\textsuperscript{64} As a result, trademark registration and litigation are at an all-time high.\textsuperscript{65}

G. \textit{The Domain Name Problem}

In 1994, a journalist registered mcdonalds.com and publicly teased the corporation about it in a magazine article.\textsuperscript{66} This article brought to light a problem and illustrated an important aspect of the domain name system.\textsuperscript{67} Even though the value of some domain names is quite high, registration does not reflect that fact, and for the most part, people obtain them for a low price.\textsuperscript{68} The open and inexpensive registration of domain names

\textsuperscript{59} See I. GILSON, TRADEMARK PROTECTION AND PRACTICE § 1.02 (2001).

\textsuperscript{60} See Elizabeth Robison Martin, Note, "Too Famous to Live Long!" The Anticybersquatting Consumer Protection Act Sets Its Sights to Eliminate Cybersquatter Opportunistic Claims on Domain Names, 31 ST. MARY'S L.J. 797, 798 (2000).

\textsuperscript{61} See GILSON, supra note 59, § 1.03.

\textsuperscript{62} Final Report, supra note 3.

\textsuperscript{63} See GILSON, supra note 59, § 1.02.

\textsuperscript{64} See id. § 1.03.

\textsuperscript{65} See id. § 1.01.


\textsuperscript{68} See id.
has greatly facilitated the growth of the Internet, but it also has generated many disputes over who has the right to use specific names.\textsuperscript{69} Obviously, McDonald's Corporation owned the trademark rights to "McDonald's,"\textsuperscript{70} yet someone else obtained and used the mark as a public domain name; this duality of rights presents a problem.

The domain name registration system functions on a first-come, first-served basis without regard to potential trademark conflicts.\textsuperscript{71} Therefore, "any [domain] name is available for whoever gets there first, whether they are ordinary words, celebrity names, brand names, place names, or any combination thereof."\textsuperscript{72}

As the Internet has become more popular and widely used, businesses have started to incorporate their registered trademarks into domain names that they can use to promote their business.\textsuperscript{73} Further, as businesses have increased their presence on the Internet, "domain names have become part of the standard communication apparatus used by [people and] businesses to identify themselves, their products and their activities."\textsuperscript{74} Today, advertisements in the media regularly refer consumers to a domain name address as one method that consumers can utilize to interact with a business or organization.\textsuperscript{75} However, as businesses try to register their company name as a domain names "they often find that [their trademarked] name, or names confusingly similar, have already been registered by individuals unconnected with the company."\textsuperscript{76} Therefore, owners of trademarks are battling thousand of cybersquatting cases each year.\textsuperscript{77}

Furthermore, consumers have come to rely heavily on familiar brand names when engaging in online commerce, thus if someone is operating a website under another brand owner's trademark, consumers are at risk of being defrauded and confused.\textsuperscript{78} The wrongful use of another's trademark on the Inter-

\textsuperscript{69} See id.
\textsuperscript{71} See Sallen v. Corinthians Licenciamientos LTDA, 273 F.3d 14, 19-20 (1st Cir. 2001).
\textsuperscript{72} Rough Justice, supra note 67.
\textsuperscript{73} See Sallen, 273 F.3d at 19.
\textsuperscript{74} Final Report, supra note 3.
\textsuperscript{75} See id.
\textsuperscript{76} Sallen, 273 F.3d at 19.
\textsuperscript{77} See S. REP. NO. 106-140.
\textsuperscript{78} See id.
net, as with other trademark violations, erodes consumer confidence in the brand name identifier and in online commerce. The desire to protect trademarks on the Internet has forced the creation of new laws and policies.

H. Relevant Systems Addressing the Problem

1. Uniform Domain Name Dispute Resolution Policy: Function and Processes

The ICANN dispute resolution policy, known as the Uniform Domain Name Dispute Resolution Policy (UDRP), was created as a limited adjudicatory system to be a quick, efficient, and inexpensive procedure that would resolve Internet domain name disputes. Specifically, using one uniform system allows global trademark owners to rescue domain names that contain their mark from bad faith registrants. The UDRP is incorporated into registrants' Registration Agreement when they obtain a domain name from their registrar. Consequently, even though "ICANN exerts quasi-governmental sway over the growth and administration of the Internet, the UDRP is enforced through contract rather than regulation." As a result, the "UDRP binds domain name registrants by virtue of their contracts with registrars" to submit to a mandatory administrative arbitration proceeding initiated by a third party. The scope of UDRP proceedings is limited. As a result, the complainant must assert that the registrant does not have a legitimate interest in the domain name. In other words, the complainant must acc-

79. See id.
80. See UDRP Policy, supra note 6.
81. See Final Report, supra note 3.
82. See Helfer & Dinwoodie, supra note 10, at 152 (discussing the elements of bad faith registration). The UDRP also has guidelines for what constitutes evidence of the final element of registration and use in bad faith, which includes circumstances indicating the domain name was registered for the purpose of making a profit, the domain name was registered in order to prevent the owner of the trademark from using it, the domain name was registered with the purpose of disrupting the business of a competitor, or if the registrant used the domain name to gain customers by creating a likelihood of confusion with another's mark. See UDRP Policy, supra note 6.
83. See UDRP Policy, supra note 6; see also supra Part II.E.
85. Id.
86. See UDRP Policy, supra note 6.
87. See id.
cuse the registrant of cybersquatting, also known as cyberpiracy or domain name hijacking. 88

Complaints under the UDRP can be submitted to any provider that ICANN has approved for dispute-resolution, 89 however, the majority of disputes are handled by the World Intellectual Property Organization (WIPO). 90 The third-party complainant claiming the registrant is a cybersquatter 91 must prove three elements: (1) the registrant’s domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) the registrant has no rights or legitimate interest in respect of the domain name; and (3) the domain name has been registered and is being used in bad faith by the registrant. 92

To initiate a UDRP proceeding, the complainant 93 files a complaint that must allege the above elements with a UDRP provider. 94 Once the UDRP provider receives the complaint, they forward it to the respondent, the domain name owner. 95 The respondent then has twenty days to submit a response to the provider, specifically addressing the statements and allegations contained in the complaint, including any and all bases for the domain name holder to retain registration and use of the

88. See Sallen v. Corinthians Licenciametos LTDA, 273 F.3d 14, 16 (1st Cir. 2001).
89. As of this time, there are five providers approved for UDRP dispute-resolution: Asian Domain Name Dispute Resolution Centre (ADNDRC), CPR Institute for Dispute Resolution (CPR), eResolution (eRes), National Arbitration Forum (NAF), and World Intellectual Property Organization (WIPO). See ICANN, Approved Providers for Uniform Domain Name Dispute Resolution Policy, at http://www.icann.org/udrp/approved-providers.htm (last updated Mar. 1, 2002) [hereinafter Approved Providers].
91. See id.
92. The UDRP also has guidelines for what constitutes evidence of the final element of registration and use in bad faith, which includes circumstances indicating the domain name was registered for the purpose of making a profit, the domain name was registered in order to prevent the owner of the trademark from using it, the domain name was registered with the purpose of disrupting the business of a competitor, or if the registrant used the domain name to gain customers by creating a likelihood of confusion with another’s mark. See UDRP Policy, supra note 6.
93. The complaint can be brought by any person or entity. See ICANN, Rules for Uniform Domain Name Dispute Resolution Policy, at http://www.icann.org/udrp/udrp-rules-24oct99.htm (Oct. 24, 1999) [hereinafter UDRP Rules].
94. See id.
95. See id.
disputed domain name. The respondent can further demonstrate a legitimate interest in the domain name by showing any of the following: (1) use of the domain name in connection with a bona fide offering of goods or services prior to receiving notice of the dispute; (2) the respondent being commonly known by the domain name; or (3) that 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 at issue. The provider chooses a panel that issues a decision on the complaint based on "statements and documents submitted and in accordance with the [UDRP, its rules,] and any rules and principles [the panel] deems applicable." UDRP panels do not enter findings under the trademark law of any country.

If a panel rules in favor of the complainant, the only remedy available is to transfer or cancel the domain name registration. The dispute resolution provider will then notify each party of the decision, and will notify the registrar and ICANN as well. ICANN then publishes the decision on the Internet and enforces the panel's decision. If ICANN receives a decision to transfer or cancel a domain name, they will wait ten days before enforcing that holding against the respondent. The purpose of the delay is to give the respondent an opportunity to commence a lawsuit against the complainant. If ICANN receives documentation of such a lawsuit, they will stay their enforcement until they receive satisfactory evidence of a resolution between the parties, evidence that the respondents' lawsuit has been dis-

96. See id. (If the respondent does not submit a response, the dispute is decided based upon the complaint.).
97. See UDRP Policy, supra note 6.
98. The panel consists of one to three panelists, depending on what is requested by the complainant and the respondent. The difference between the two panels is the party who must pay the fees. For a one-member panel, the complainant pays the fees; however, if a respondent asks for a three-member panel, then the fees are split equally between the complainant and the respondent. UDRP Rules, supra note 93.
99. Id.
100. Stewart & James, supra note 9.
102. See UDRP Rules, supra note 93.
103. See id.
104. See id.
105. There are specific guidelines regarding where a lawsuit can be filed. According to ICANN, the suit must be commenced in a "jurisdiction to which the complainant ha[d] submitted" in the complaint. See id.
missed, or a decision from a court stating the decided outcome of the domain name.\textsuperscript{106} ICANN principles recognize that the mandatory arbitration proceeding does not preclude a party from filing a lawsuit in court at any time during the arbitration process.\textsuperscript{107}

There have been over 6,782 separate UDRP decisions concerning more than 11,500 domain names.\textsuperscript{108} More than three-quarters of those proceedings were decided in favor of the complainant.\textsuperscript{109}

2. Anticybersquatting Consumer Protection Act

The United States legislature, sensing the need to protect consumers and realizing economic growth from the Internet, amended federal trademark laws.\textsuperscript{110} The legislature created the Anticybersquatting Consumer Protection Act (ACPA)\textsuperscript{111} as a specific cause of action against cybersquatting.\textsuperscript{112} The legislature added the ACPA as an amendment to the Trademark Act of 1946,\textsuperscript{113} which was generally designed to protect trademarks in commerce.\textsuperscript{114} The additions to the Trademark Act go further than basic protection of the rights of domain name registrants.\textsuperscript{115}

The ACPA outlines factors that a court can consider in determining bad faith and fair use, and provides an explicit trademark remedy for cybersquatting.\textsuperscript{116} One section of the law addresses reverse domain name hijacking,\textsuperscript{117} which "protects the rights of domain name registrants against overreaching trademark owners."\textsuperscript{118} Reverse domain name hijacking occurs when "trademark owners abusively assert their trademark rights to

\textsuperscript{106.} See id.

\textsuperscript{107.} See id.


\textsuperscript{109.} See id.; see also infra Part IV.C.

\textsuperscript{110.} See S. REP. NO. 106-140.


\textsuperscript{114.} See S. REP. NO. 106-140, at 1 (1999).

\textsuperscript{115.} See id.


\textsuperscript{117.} See Sallen v. Corinthians Licenciamientos LTDA, 273 F.3d 14, 16-17 (1st Cir. 2001).

strip domain names from rightful owners." The rationale is that some trademark owners resort to allegations of cybersquatting simply to avoid legitimate trademark right disputes.

The legislature recognized that the ACPA paired with the UDRP would offer "trademark owners important tools to protect their intellectual property... and [would] clarify that trademark property rights are respected as the Internet continues to grow."  

3. **A Brief Comparison: ACPA versus UDRP**

Although the UDRP and the ACPA are substantially similar in their joint goal of preventing cybersquatting and as areas of law, their procedural and remedial rules differ. The ACPA offers trademark holders greater remedies than the UDRP, such as statutory damages and injunctive relief. However, the ACPA involves using the channels of the U.S. federal court system, which is costly and time consuming. In contrast, the only remedy offered by the UDRP is the transfer or cancellation of a domain name. However, the UDRP is a simple and fast system. Thus, complainants must weigh the remedy advantages of the ACPA against the low cost, speed, and ease of enforcement offered by the UDRP when determining under which laws to file a complaint. The ACPA and the UDRP were finally brought together in litigation in the following case.

I. **The Dispute: corinthians.com**

1. **Facts**

Jay Sallen registered corinthians.com in 1998 with a registrar, Network Solutions, Inc. (NSI). As per ICANN regulations, the Registration Agreement between NSI and Sallen

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120. *See id.*
122. *See Helfer & Dinwoodie, supra note 10, at 259.*
124. *See id.*
125. *See generally Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14, 14 (1st Cir. 2001).*
126. *See id.*
127. *See Final Report, supra note 3.*
128. *See Helfer, supra note 10, at 259.*
129. NSI is a registrar approved by ICANN. *See Sallen, 273 F.3d at 20.*
130. *See UDRP Policy, supra note 6.*
included the terms of the UDRP.\textsuperscript{131} At the time of registration, Sallen allegedly was not aware of anyone owning any rights to the domain name, thinking Corinthians was simply a reference to the Bible.\textsuperscript{132}

Approximately one year later, Sallen came to realize that there was a corporation in Brazil, Corinthians Licenciamentos LTDA (CL), that might desire ownership of the corinthians.com domain name.\textsuperscript{133} The Brazilian corporation is the exclusive licensee of intellectual property owned by a popular and well-known Brazilian soccer team\textsuperscript{134} commonly known as Corinthians.\textsuperscript{135} Sallen approached CL to see if they would be interested in purchasing the domain name.\textsuperscript{136} The corporation replied with a cease and desist letter concerning the domain name,\textsuperscript{137} as they claimed to have rights in the mark Corinthians and the Portuguese equivalent, Corinthiao.\textsuperscript{138} At some point,\textsuperscript{139} Sallen posted biblical text on the website and continued his use, ignoring the letter.\textsuperscript{140}

2. The UDRP

CL initiated a UDRP proceeding against Sallen using the provider WIPO.\textsuperscript{141} As evidence of bad faith, CL claimed Sallen violated the elements set forth in the UDRP.\textsuperscript{142} Conversely, Sallen argued that he made legitimate noncommercial and fair

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\textsuperscript{131} Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14, 20 (1st Cir. 2001).
\textsuperscript{132} Corinthians makes up two books in the New Testament of the Bible. \textit{See generally THE HOLY BIBLE.}
\textsuperscript{134} The full and official name of the team is Sport Club Corinthians Paulista. \textit{See id.}
\textsuperscript{135} \textit{See id.}
\textsuperscript{136} Sallen alleged he had been approached by other buyers, and this prompted him to see if CL would be interested in ownership. \textit{Id.}
\textsuperscript{137} \textit{See id.}
\textsuperscript{138} \textit{See Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14, 21 (1st Cir. 2001).}
\textsuperscript{139} Sallen claims he posted the text before the dispute was commenced, which demonstrates fair use and good faith. In comparison, CL alleges he posted the text after the dispute was filed and thus shows bad faith. \textit{See Corinthians, WIPO Case No. D2000-0461.}
\textsuperscript{140} \textit{See id.}
\textsuperscript{141} \textit{See id.}
\textsuperscript{142} \textit{See UDRP Policy, supra note 6.}
\end{flushright}
use of the domain name. The panel decided that Sallen had "no rights or legitimate interests" in corinthians.com. Since Sallen unsuccessfully defended his registration and use of corinthians.com, the WIPO panel ordered Sallen to transfer the domain name to CL. Sallen then filed a complaint in federal court, which stayed the WIPO panel's order to transfer the domain name to CL.

3. The District Court

Sallen sought a declaration that his registration and use of corinthians.com was not unlawful under the ACPA. Sallen asked the court to determine if he had a cause of action after losing his domain name in a UDRP proceeding. Specifically, Sallen sought an "action in federal court seeking (1) a declaration that he is not in violation of the ACPA; (2) a declaration that he is not required to transfer the domain name to CL; and (3) such relief as necessary to effectuate these ends."

CL countered by disclaiming "any intent to sue Sallen under the ACPA." CL's rationale for this argument was that since Sallen could not reasonably fear a lawsuit under the ACPA, there was no case or controversy. Thus, CL insisted that the UDRP proceeding was unrelated to, and unaffected by, any cause of action under the ACPA.

Agreeing with CL, the district court dismissed Sallen's complaint on the grounds that no actual controversy existed between the parties since CL never claimed that Sallen violated the ACPA. After dismissal of the suit, the domain name was transferred to CL and Sallen appealed the district court's decision.

143. See Sallen, 273 F.3d at 22.
144. See Corinthians, WIPO Case No. D2000-0461.
145. See Sallen, 273 F.3d at 17.
146. See Corinthians, WIPO Case No. D2000-0461.
147. See Sallen, 273 F.3d at 18.
148. See id. at 16 n.1; see also supra Part II.H.1.
149. See Sallen, 274 F.3d at 16.
151. See Sallen, 273 F.3d at 16.
152. Id.
153. Id. at 17.
154. See id.
155. See id.
156. Id. at 18.
157. It is noted in the appeals case that the transfer of the domain name after the district court dismissal may have been wrongful in light of the pendency of Sallen's
4. The Court of Appeals for the First Circuit

The Court of Appeals for the First Circuit noted that Sallen's appeal raised important issues about the relationship between the ACPA and the UDRP. Sallen argued that despite the terms of his domain name Registration Agreement and the WIPO panel's decision, he was entitled to retain corinthians.com if his registration and use of the domain name was consistent with the ACPA. The appeals court held that the ACPA did confer federal jurisdiction over Sallen's claims, and thus reversed and remanded the ruling of the district court.

The case was remanded back to the lower district court, where it will be re-decided based on the appeals court findings. The appeals court's decision does not mean that Sallen is not a cybersquatter, but that issue and others will be addressed by the district court. However, the district court has yet to issue a decision on this case since the remand.

The appeals court decision has given domain name holders some assurance of due process rights. Sallen is important because it is the first time a court has weighed in on these issues, being first to interpret the application of 15 U.S.C. § 1114(2)(D)(v). However, this decision has "left a number of issues unresolved."

III. IDENTIFICATION OF THE PROBLEM

Many in the legal field believe the outcome in Sallen is important in that it establishes a precedent for domain name owners seeking to obtain reversals of decisions issued by ICANN.
THE "APPEAL" OF THE INTERNET

arbitration organizations. The prediction is that many new lawsuits will be filed by former domain name owners to try to obtain court decisions allowing them to retain their domain names, even after they may have been transferred.

Although advocates for the rights of domain name holders hail Sallen as a beneficial decision, it is unclear what the First Circuit's ruling will mean for the domain name system and the Internet. Thus, it is important to examine the ruling and how the court arrived at its decision.

The UDRP, having no appeals process, lacks a checking mechanism to ensure its legitimacy. The ACPA ruling might allow courts to keep a much needed check on the UDRP system. However, it is unclear how the UDRP decision will be used, if at all, in court proceedings. Further, it is possible that all losing parties to a UDRP proceeding will simply file a lawsuit. This effect voids many purposes and advantages of creating the UDRP system, possibly rendering it useless. The following sections address these concerns.

IV. ANALYSIS

A. Reasoning Behind Sallen

The Sallen case can be considered one of cybersquatting or one of reverse domain name hijacking. The crucial distinction is whether the trademark is being infringed upon or whether the trademark owner is overreaching his rights and infringing upon legitimate domain name registrants. It is equally important to protect parties against either situation. The appeals court noted that Congress intended the various provisions of the ACPA and trademark law to protect the rights of individuals who lose their

168. See id.
169. See Stern & Young, supra note 163.
170. See generally Helfer & Dinwoodie, supra note 10.
171. See id.
172. See Stern & Young, supra note 163.
173. See id.
174. See Sallen v. Corinthians Licenciamientos LTDA, 273 F.3d 14, 16-17 (1st Cir. 2001).
domain names in arbitration.176

The specific provision that gave rise to Sallen's cause of action was 15 U.S.C. § 1114(2)(D)(v) of the ACPA.177 The court held that § 1114(2)(D)(v) grants an affirmative cause of action to domain name registrants who have lost domain names under UDRP proceedings.178 The granted affirmative cause of action can award registrants a declaration of nonviolation of the ACPA and for the return of the wrongfully-transferred domain names.179 Section 1114(2)(D)(v) reads in relevant part:

[a] domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this Act.180

A valid policy falling within the confines of the referenced "clause (ii)(II)"181 includes any action of transferring or canceling a domain name—"(II) in the implementation of a reasonable policy by such registrar prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark."182 Further, if a court finds for the registrant under § 1114(2)(D)(v), it may grant injunctive relief, which includes transferring the domain name to the domain name registrant.183 Upon plugging the Sallen facts into this equation, it is clear that Sallen was a registrant whose domain name was transferred under a policy by a registrar because it was deemed by the UDRP panel to infringe on another's mark.184

The court noted that the analysis is not so clear when considering the Constitution, since it must be determined whether Congress intended for there to be such a case or controversy.185

178. See Sallen, 273 F.3d at 18.
179. See id.
181. Id.
183. Id. § 1114(2)(D)(v).
184. See generally Sallen, 273 F.3d at 21-22.
185. Article III of the Constitution limits the jurisdiction of federal courts; therefore, Congress may not extend that jurisdiction to decide cases that do not qualify as Article III cases or controversies. See Sallen, 273 F.3d at 25 (referencing U.S. CONST. art. III, § 2, cl. 1).
Further, it is unresolved if the "courts have authority over the UDRP's fallout." The court had to determine if the "reasonable apprehension of suit doctrine" applied to Sallen. In other words, if Sallen faced a potential future lawsuit, that would meet the controversy requirement under Article III. Even though CL disclaimed a future lawsuit, the court found that the facts supported a finding of an existing controversy, for example that Sallen had already had his domain name taken away, and that both CL and Sallen claimed to have mutually exclusive rights to the same domain name.

"The appeals court's reversal declared that U.S. courts do have jurisdiction over domain name disputes and can acknowledge controversies that exist under UDRP proceedings." A certain controversy renders the "reasonable apprehension" question irrelevant. If threat of a lawsuit was required in order for registrants to be protected under the ACPA, as CL argued, there would be a huge legal loophole for trademark owners to avoid a lawsuit. The court's decision "removes the credible argument that trademark holders could maneuver to prevent UDRP decisions from being heard in federal court."

The First Circuit held that the controversy was enough to meet the constitutional requirement, since the domain name was "all but taken away." If the court would have agreed with one of CL's arguments to restrict the law's jurisdiction to cases involving marks registered in the United States, then foreign mark

186. Bonisteel, supra note 162.
187. Sallen, 273 F.3d at 25. Although the existence of a reasonable apprehension of suit is one way to establish a case or controversy under Article III, the court points out that it is not the only way. See id.
188. See id.
189. See id. at 26. The court noted that the domain name transfer after the district court's dismissal may have been wrongful due to the fact that the appeal was still pending; however, this also strengthens Sallen's claim of an actionable controversy. See id. at 16 n.1.
190. See id. at 26.
191. Ruling in Case Opens Post-arbitration Window, supra note 176 (paraphrasing an interview with Michael Froomkin, law professor at University of Miami and critic of the UDRP).
193. See Bonisteel, supra note 162.
194. Ruling in Case Opens Post-arbitration Window, supra note 176 (quoting from an interview with Michael Froomkin, law professor at University of Miami and critic of the UDRP).
195. See Stern & Young, supra note 163.
owners would escape appeals by domain name owners.  

B. Checking the UDRP System

A clear problem with the current UDRP system is that there is no associated checking mechanism, such as an appeals process, to ensure the system is working properly. There are a variety of checking mechanisms used by judicial systems to constrain the power of decision makers and make the system more effective. "The checking mechanisms serve several important objectives. They bolster the legitimacy of decision-making outcomes and the accountability of decision makers, they confine decision making within the bounds of a system's institutional capacity, they correct errors, and they ensure consistent outcomes in factually and legally comparable cases." The few checking devices found in the UDRP are insufficient to constrain UDRP panel decisions.

"In an apparent attempt to impose a check on the system, ICANN's policy includes a provision that permits domain-name registrants to halt the enforcement of adverse decisions if they file a lawsuit against the trademark owner within 10 days of the adverse decision." This "right of review" check was, in reality, meaningless. "In theory, the UDRP's stay provision is a sensible and fair way of allowing a registrant to challenge an adverse decision, but the legislative history of the UDRP clarifies that the stay provision does not create a right of appellate review of the panel's decision in the designated court." When analyzing the stay provision, it's limitations become clear. There is only a short ten-day period when a registrant must file suit in national court. "Initiating litigation is often a time-consuming and complex process, particularly for individuals and businesses with limited financial resources . . ." Although a respondent can file a suit after the ten-day period, there is not much sense in doing so, especially if the domain name has already been trans-
ferred and thus disrupts their business.\textsuperscript{206} It is less costly to simply get another domain name and move the business than to file suit.\textsuperscript{207} A registrant's options are limited.\textsuperscript{208} For example, the registrant cannot sue ICANN or the registrar as per their Registration Agreement contract.\textsuperscript{209}

The \textit{Sallen} decision amounts to the UDRP's only appeals procedure,\textsuperscript{210} and it appears that no other national law provides such a cause of action.\textsuperscript{211} Some critics say that there is less of a need to reform the UDRP after the \textit{Sallen} decision due to the fact that now there is a possible means of recourse for people who lose domains in arbitration,\textsuperscript{212} however there are several potential problems with the statute as a review mechanism for the UDRP.\textsuperscript{213}

C. \textit{The UDRP after Sallen}

Given that courts can hear losing parties to a UDRP dispute there are some unanswered questions about such a court proceeding would function.\textsuperscript{214} The UDRP has no appeals process, but after the \textit{Sallen} ruling, losing parties may now protest a loss in national court.\textsuperscript{215} Furthermore, the decision declared that U.S. law trumps any independent arbitration process.\textsuperscript{216}

The first problem that has yet to be clarified is how the UDRP panel decision will be used in national court, if at all. The decision might be used as persuasive evidence toward guilt.\textsuperscript{217} Alternatively, the decision may not be considered at all. When the court does hear the case, it is uncertain what law will be applied. As in the \textit{Sallen} decision, the jurisdiction was unclear when the lower court considered whether Sallen had infringed CL's trademark rights, in that "the court does not address what trademark rights [CL] has or whether U.S. trademark law should apply as opposed to Brazilian trademark law."\textsuperscript{218} Further, if los-

\begin{itemize}
\item \textsuperscript{206} See id.
\item \textsuperscript{207} See id.
\item \textsuperscript{208} See Stewart & James, \textit{supra} note 9.
\item \textsuperscript{209} See UDRP Policy, \textit{supra} note 6.
\item \textsuperscript{210} See Bonisteel, \textit{supra} note 162.
\item \textsuperscript{211} See Helfer & Dinwoodie, \textit{supra} note 10, at 205.
\item \textsuperscript{212} \textit{Ruling in Case Opens Post-arbitration Window}, \textit{supra} note 176.
\item \textsuperscript{213} See Stewart & James, \textit{supra} note 9.
\item \textsuperscript{214} See id.
\item \textsuperscript{215} See Ruling in Case Opens Post-arbitration Window, \textit{supra} note 176.
\item \textsuperscript{216} See id.
\item \textsuperscript{217} See Bonisteel, \textit{supra} note 162.
\item \textsuperscript{218} Stern & Young, \textit{supra} note 163.
\end{itemize}
ing parties to a UDRP decision can essentially file an appeal in district court upon losing, it follows that there is a chance that all losing parties will take their case to federal court. If this becomes the pattern, the UDRP could effectually become a useless policy.

Finally, a crucial function behind creating a checking mechanism is to protect domain name registrants from over-reaching trademark owners and the current system that favors them. One seemingly unavoidable problem with the UDRP is that the panels are in business—they want to make money. In order to do so, they must attract and keep customers. Since trademark owners are the paying customers, it logically follows that panels would want to keep their customers happy so that they continue to use and pay for their offered service. Unfortunately, keeping one customer happy is at the expense of another party, the domain name owner. Since trademark owners are allowed to pick the arbitration organization to use, they are going to pick the organization that continually rules in their favor. Since the UDRP has been shown to favor trademark owners, the disfavored group—the domain name owners—need special protection. As faults remain in the UDRP system, and that because the ACPA may not be the most efficient means of appeals, other alternatives should be investigated.

V. PROPOSAL

It is apparent that the current UDRP system has flaws that necessitate some sort of checking mechanism. It remains to be seen if the ACPA cause of action will create a sufficient check on the UDRP system, much will be determined by the Sallen case in its remanded ruling. Therefore, it would be beneficial to have a uniform appeals process, possibly created by ICANN.

Significant checking functions could also be entrusted to some form of appellate body, either within ICANN itself or comprised of jurists from the different dispute settlement pro-

219. See id.
221. See Statistical Summary, supra note 108.
222. One such fault is the obvious bias toward trademark owners in UDRP panel decisions as evidenced in the statistics. The statistics show that 75% of UDRP cases are decided in favor of the complainant. See id.
223. See generally Helfer & Dinwoodie, supra note 10.
224. See Stewart & James, supra note 9.
providers. If ICANN is going to create its own process for mandatory disputes, it should also create its own process for appeals. Scholars note that the "[d]emand to extend the UDRP [to cover all Internet-related disputes] is likely only to increase as the pressures of globalization and the digital economy render traditional forms of lawmaking less practical and less normatively compelling." If there is no set appeals system and all nations simply apply their own respective processes, there will be little consistency among rulings. The UDRP would be a flawed system if all the cases have different outcomes. Currently, the diverse national courts are likely to differ widely over the extent of review they grant to UDRP rulings, and over conflict-of-laws methodologies they apply to determine the applicable substantive rules. Such cases will raise issues as to what law to apply, as different countries have different trademark laws; however, going along with current trends of creating global policies, domain name disputes may be one area in which to begin, by also creating global trademark and Internet guidelines.

If the scope of the UDRP is increased to include appellate review, then there will be greater opportunities for conflicting panel decisions, which an appellate tribunal could then reconcile. The appellate tribunal will help fine-tune the laws affecting domain names to create a stronger and more comprehensive area of law. Further, if an appellate review is created, there will be less need to utilize the expensive and slow national courts. A desirable appellate body would include some national structure, as all online actions have some spillover effects offline, and be governed by international trademark law.

A key problem in the current system is the for-profit business arrangement of the providers, in that they have monetary incentives to rule in favor of those paying their bills. The new system needs a structure that provides for true independence of providers in their decisions. A solution might be to not allow the complainant to choose his provider. Instead, ICANN can simply

225. See Helfer & Dinwoodie, supra note 10, at 251
226. Not just initial UDRP arbitration disputes.
227. Helfer & Dinwoodie, supra note 10, at 152.
228. See id. at 208-09 (citations omitted).
229. See id. at 251.
230. See id. at 252.
231. See id.
232. See id. at 254.
assign the case to a randomly chosen provider. The system needs to be efficient and effective, combining the best attributes of the UDRP—speed and cost—with those of the ACPA—thoroughness and appellate review of decisions. The system must mesh the quasi-governmental Internet rules and regulations with the legal structure of governmental jurisdictions.

Since domain names are an element of the Internet's architecture, it logically follows that a single body of law regulating it would be ideal. ICANN and the drafters of a single body of domain name law must embrace the challenge of constructing new forms of control, because simply applying existing procedures and laws in a new forum may not succeed.

VI. CONCLUSION

ICANN had the opportunity and power to create a uniform global policy to deal with domain name disputes. Although it made a valiant attempt with the UDRP, the system clearly has shortcomings and provides inconsistent results. The ACPA as it stands today has created a backdoor escape for parties unsatisfied with the outcome of their UDRP proceeding, although it is unclear where this escape will lead.

Trademark issues on the Internet have a clear need for consistent procedures, some of which have started a new and developing area of law. The Sallen case is the most recent step toward defining what options are available for domain name registrants. It is as yet uncertain whether the ACPA is the best method of providing a check on the system, only future litigation will provide the answer. This area requires a more precise, unified body of law that considers the global nature of the Internet.

233. See Helfer & Dinwoodie, supra note 10, at 263.
234. See id. at 274.
235. See UDRP Policy, supra note 6.
236. See Statistical Summary, supra note 108.