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## Note

### No Free Parking: Obtaining Relief from Trademark-Infringing Domain Name Parking

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Over 128 million domain names—the worldwide web addresses most familiar to Internet users—are currently registered across the globe.<sup>1</sup> Instead of adding value and diversity to the Internet, however, many of these registered domain names amount to nothing more than nuisance sites that annoy and discourage Internet users and frustrate trademark owners. A significant number of registered domain names link to websites brimming with advertisements or pay-per-click links.<sup>2</sup> It should be no surprise that money fuels the domain name registration movement.<sup>3</sup>

Recently, commercial domain name parking, a means for Internet advertising that exploits trademarks without the mark owner's consent,<sup>4</sup> has emerged as a relatively easy way to

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1. *The VeriSign Domain Report*, DOMAIN NAME BRIEF (VeriSign, Inc., Mountainview, Cal.), at 2, <http://www.verisign.com/static/042161.pdf>.

2. See Brian Quinton, *Google's Parking Problem*, DIRECT, Mar. 1, 2007, at 50, available at [http://www.directmag.com/opinions-columnists/websight/marketing\\_googles\\_parking\\_problems](http://www.directmag.com/opinions-columnists/websight/marketing_googles_parking_problems) (“[Domain name speculators] buy a domain name—some popular word or phrase ending in ‘.com’ that some portion of the public may type into a browser navigation bar thinking they’ll find an authoritative site . . . [but w]hat they get is a site full of pay-per-click ads, sometimes with a little content but often not.”).

3. See Patrick Thobideau, *Cybersquatting Can Yield Pay-Per-Click Bounties*, COMPUTER WORLD, Apr. 16, 2007, at 1, available at <http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=289576>.

4. Leslie Walker & Brian Krebs, *The Web's Million-Dollar Typos*, WASH. POST, Apr. 30, 2006, at F01 (relaying a law professor's assertion that “the

generate income.<sup>5</sup> Domain name parking occurs when a domain name registrant deposits its domain names with a registrar or parking service provider who “creates placeholder pages and then invites . . . Internet ad networks to fill them with ads” as opposed to constructing a functional website.<sup>6</sup> This scheme generates money when Internet surfers click on links to other websites advertised on the parked page.<sup>7</sup> For every user’s click, the advertiser indirectly pays the domain name registrant, an activity referred to as pay-per-click advertising.<sup>8</sup>

Imagine a consumer considering the purchase of a Cannondale® bicycle who may wish to research various Cannondale bicycle models. The consumer may directly visit [www.cannondalebikes.com](http://www.cannondalebikes.com),<sup>9</sup> believing it to be a legitimate site operated by Cannondale, the bicycle manufacturer. When the web page loads, however, the consumer does not see the substantive website of the company that makes Cannondale bikes. Instead, the consumer is confronted with a list of hyperlinks to other websites unaffiliated with Cannondale, including links to competitors’ websites, websites selling competitors’ products, or shopping websites like [ebay.com](http://ebay.com) and [shopzilla.com](http://shopzilla.com).<sup>10</sup> The

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practice amounts to someone making money off someone else’s trademark without permission”).

5. *Id.* (revealing that Wall Street analysts estimate that close to half of Google’s \$6 billion 2005 revenue originated from ads on partner sites).

6. *Id.* Additionally, when Internet users arrive at the parked sites and click on the advertisements, the Internet ad networks receive payment from the advertisers and pass on a portion of the revenue to the domain name registrant. *Id.*

7. See, e.g., Bruce A. McDonald, *Sites in Shadow: Typosquatters on the Web Don’t Deserve the Mask of Anonymity*, LEGAL TIMES, June 26, 2006, at 66–67, available at [http://www.schnader.com/Newest\\_4\\_02/site%20Files/nletters/pdf/McDonaldSitesShadow6-06.pdf](http://www.schnader.com/Newest_4_02/site%20Files/nletters/pdf/McDonaldSitesShadow6-06.pdf) (noting that third-party Website owners pay online search engines like Google and Yahoo! to direct traffic to their sites, and in turn pay the registrants of the parked pages); Go Daddy Inc., Cashparking Service Agreement, [https://www.godaddy.com/gdshop/legal\\_agreements/show\\_doc.asp?se=%2B&pageid=Cash%5FPark%5FSA](https://www.godaddy.com/gdshop/legal_agreements/show_doc.asp?se=%2B&pageid=Cash%5FPark%5FSA) (last visited Nov. 4, 2007) (establishing GoDaddy’s parking payment policy).

8. Press Release, Microsoft, Microsoft Launches Enforcement Campaign Targeting Web Site “Cybersquatters” Who Use Online Ads (Aug. 22, 2006), <http://www.microsoft.com/presspass/features/2006/aug06/08-22domaindefense.msp>.

9. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997), *aff’d*, 194 F.3d 980 (9th Cir. 1999) (“If a user knows or can deduce the domain name associated with a Web Site, the user can directly access the Web Site by typing the domain name into a Web browser, without having to conduct a time consuming search.”).

10. For another example of a domain name parking scheme, this time involving 1800Contacts.com, see *Contracting the Internet: Does ICANN Create a*

parked domain, cannondalebikes.com, presents the consumer with navigation options but fails to identify the intended target of the consumer's direct navigation attempt—Cannondale's bike-specific webpage: cannondale.com/bikes. This scenario is just an example of the millions of parked domain names that frustrate trademark owners and are encountered by consumers on a daily basis.<sup>11</sup>

Domain name parking harms and annoys trademark owners and consumers. Mark owners are injured because unaffiliated domain name registrants can incorporate the owners' marks into parked domain names, reducing the trademark owner's ability to control the use of their mark in cyberspace and diverting consumers to competitors' websites.<sup>12</sup> Some trademark owners have taken legal action to resolve these problems and enforce their trademark rights. For example, Microsoft has filed suit against registrants of domain names it claims are confusingly similar to Microsoft's trademark.<sup>13</sup> Moreover, advertisers who pay domain name parking service providers to place their advertisements on websites do not like being connected to potentially infringing parked domain

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*Barrier to Small Businesses: Hearing Before the H. Comm. on Small Business, 109th Cong. 63-76 (2006) (statement of Steven Delbianco, Exec. Director, NetChoice) [hereinafter Delbianco Testimony].*

11. See Frances Williams, *Cybersquat Threat to Trademarks*, FIN. TIMES, Mar. 13, 2007, at 11 ("According to [the World Intellectual Property Organization], companies that make a business of buying, selling and parking domain names account for a significant share of the 120 [million] website addresses registered worldwide. In addition, tens of millions of domain names are temporarily registered every month for 'tasting,' with only those names that generate significant traffic retained.").

12. See Walker & Krebs, *supra* note 4 (quoting Verizon Wireless's spokesman as condemning parking because those "sites are siphoning off traffic by tricking people who have tried to obtain information about Verizon Wireless"); see also McDonald, *supra* note 7, at 67 ("Trademark counterfeiters often set up 'parked' Web Sites, which exist for no purpose other than to attract and redirect Internet traffic to other sites.").

13. Complaint at 28, Microsoft Corp. v. Brown, No. CV06-5247 (C.D. Cal. Aug. 21, 2006) ("When a person looking for a Microsoft website lands on one of Defendant's Websites, that person may click on one of the advertisements or hyperlinks on the site either because the person finds it easier to click on the advertisement or hyperlink than to continue searching for the Microsoft site, or because the person mistakenly believes Microsoft has authorized or endorsed the advertisements or hyperlinks. In either case, the person has been diverted from the Microsoft website he or she was seeking to visit, and Microsoft has lost that opportunity to interact with that person."); see also Gregg Keizer, *YOURKOMPANYNAME.COM—Typo-Squatter Landgrab*, INFO. WEEK, Aug. 28, 2006, at 15 (noting that Microsoft has filed two federal lawsuits regarding typosquatting).

names.<sup>14</sup> Internet consumers may also be misled or frustrated by domain name parking activities when they seek out a brand's website but instead encounter a detour. Although an infringing parked domain name may not appear individually problematic, a broader view of the implications of domain name parking reveals that trademark owners can neither single-handedly stop this activity nor protect consumers from being misled.

This Note discusses how commercial domain name parking affects both trademark owners and consumers and suggests potential solutions regarding how those two groups may obtain relief from this abusive practice. Part I explains the concept of domain name parking and discusses the function of trademarks in cyberspace. Part II discusses the tools trademark owners can use to take legal action against domain name parking, including the Lanham Act, the Anticybersquatting Consumer Protection Act (ACPA), and indirect trademark infringement liability. Part III suggests that the ACPA and the Lanham Act may provide an avenue of redress for trademark owners against domain name registrants and parking service providers who, without consent, profit from their mark. In practice, however, these statutes cannot rectify the effects of domain name parking on a large scale because each trademark owner must individually pursue the perpetrators of this infringing activity, and there are significant practical obstacles and expenses in doing so. Part III concludes by urging that, outside the general statutory framework, the Federal Trade Commission should initiate lawsuits against registrants of parked domain names and domain name parking service providers. Together, current trademark law and FTC enforcement would allow trademarks to function properly in cyberspace by permitting trademark owners to regain control over their marks and by protecting consumers from unexpected and confusing detours.

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14. Such advertisers are likely to contest concepts of unjust enrichment in relation to commercial domain name parking. See Complaint at 34, *Crafts by Veronica v. Yahoo!, Inc.*, No. 2:06-cv-01985-JCL-MF (D.N.J. May 1, 2006), available at [http://www.washingtonpost.com/wp-srv/technology/documents/yahoo\\_may2006.pdf](http://www.washingtonpost.com/wp-srv/technology/documents/yahoo_may2006.pdf) (alleging harm because defendants placed ads "within 'parking' and other bulk registration sites" even though "Defendants represented that Class Members' ads would be shown in 'popular, high-quality sites' . . . not second-rate content-less sites users only reach because they guessed or misspelled a domain name"); see also McDonald, *supra* note 7, at 2 (describing litigation initiated by advertisers claiming that Google and Yahoo! "collude with typosquatters to use infringing parked Web Sites as a means of illicitly redirecting Internet traffic to the advertisers' Web Sites").

## I. AN OVERVIEW OF TRADEMARK FUNCTION IN CYBERSPACE

Trademarks have been a hot commodity on the Internet since its inception. Businesses and forward-looking individuals sought to stake a claim on the web by registering valuable trademarks as domain names.<sup>15</sup> Part I first introduces the purposes underlying trademark law and sets forth the basic concept of commercial domain name parking. Part I then describes the problems domain name parking presents for trademark owners and Internet consumers.

### A. PURPOSES UNDERLYING TRADEMARKS AND TRADEMARK LAW

In their most basic form, trademarks are valuable source identifiers that help consumers quickly identify products and differentiate between competing goods and services.<sup>16</sup> Trademark law serves to maintain the function of trademarks in two ways. Since “trademarks create an incentive to keep up a good reputation for a predictable quality of goods,”<sup>17</sup> trademark law correspondingly protects a mark owner’s investment in the quality of its mark and the corresponding goods and services.<sup>18</sup> Second, trademark law aids consumers by ensuring the quality of the brand information they receive and by preventing them from being confused.<sup>19</sup> When trademark owners bring suit against alleged infringers, seeking the protections of trademark law, trademark owners act not only in their own interest, but also in the interest of consumers.<sup>20</sup> The policies of protecting the goodwill that trademark owners have developed through the investment of time, effort, and money, and of preventing

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15. H. Brian Holland, *Tempest in a Teapot or Tidal Wave? Cybersquatting Rights and Remedies Run Amok*, 10 J. TECH. L. & POLY 301, 302–03 (2005) (portraying the registration of domain names corresponding to valuable trademarks as a “land rush”).

16. John Dwight Ingram, *The Genericide of Trademarks*, 2 BUFF. INTELL. PROP. L.J. 154, 154 (2004) (listing the functions of trademarks).

17. 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2:4 (4th ed. 2007); see also ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 20 (4th ed. 2006).

18. 1 MCCARTHY, *supra* note 17, § 2:4; see also *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 213 (1984) (Stevens, J., dissenting) (“Congress enacted the Lanham Act ‘to secure trade-mark owners in the goodwill which they have built up.’”).

19. See MERGES ET AL., *supra* note 17, at 20–21.

20. See 1 MCCARTHY, *supra* note 17, § 2:33; MERGES ET AL., *supra* note 17, at 29–30.

consumers from being confused, underscore the main premises of trademark law.<sup>21</sup>

#### B. THE ESCALATING PRACTICE OF COMMERCIAL DOMAIN NAME PARKING

A domain name consists of a top-level extension like .com, .org, and .net, preceded by a second-level extension, often a trademark or a company name, which distinguishes one website from another.<sup>22</sup> The benefit of the domain name system is that each domain name is unique; the problem with the system is that each domain name is registered on a first-come, first-served basis.<sup>23</sup> This arrangement may be a recipe for success for some, but it can be disastrous for trademark owners.<sup>24</sup>

For trademark owners, the Internet provides a profitable, but problematic, platform for business growth.<sup>25</sup> Mark owners often deal with numerous headaches inflicted by third parties, often referred to as cybersquatters.<sup>26</sup> Cybersquatting initially embodied the practice of registering domain names consisting of valuable trademarks and subsequently approaching the trademark owners with demands for large payments to transfer control of the domain name to the mark's owner.<sup>27</sup> For example, notorious cybersquatter Dennis Toeppen made a business of registering "well known marks" and demanding payment from the owners of the marks.<sup>28</sup> Routine cybersquatting practices quickly expanded to typosquatting, where a third party registers domain names similar to valuable trademarks but differ by

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21. See, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1844-46 & n.13 (2007).

22. *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 783 (8th Cir. 2004).

23. *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 493 (2d Cir. 2000).

24. See Jonathan H. Gatsik, Note, *Cybersquatting: Identity Theft in Disguise*, 35 SUFFOLK U. L. REV. 277, 278 (2001) ("Cybersquatters typically victimize business entities . . . because the domain name has monetary value, regardless of whether the cybersquatter attempts to sell the domain name to the business or entity or traffics in consumers on the Internet.").

25. See Holland, *supra* note 15, at 308-09 (showing the exponential growth rate of e-commerce transactions from 1999 to 2003).

26. See, e.g., *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1300 (C.D. Cal. 1996) (outlining defendant's registration of panavision.com and demands for money to "discontinue his 'use' of the domain name"), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

27. See MICHAEL J. REMINGTON ET AL., *CYBERSQUATTERS BEWARE: TRADEMARK OWNERS ARE FIGHTING BACK 2* (2004).

28. *Panavision Int'l*, 945 F. Supp. at 1300.

reflecting common typographic errors Internet users make when attempting to reach a website via direct navigation.<sup>29</sup> Typosquatting exemplifies a misuse of trademarks in cyberspace that injures trademark owners with similar underlying profit motives as traditional cybersquatting.<sup>30</sup>

Domain name parking incorporates the basic concepts of cybersquatting and typosquatting: it exploits another's trademark for commercial gain.<sup>31</sup> Domain name parking can occur when domain names are registered, but before a corresponding website is constructed or operable.<sup>32</sup> Rather than allowing the domain name to lay idle, registrants may park domain names pending site development in the short term. Alternatively, domain name parking can occur when domain names are registered for the express purpose of parking it to generate profits in the long run.<sup>33</sup> Internet users often reach parked web pages when their direct navigation attempts fail due to an incorrect guess at a domain name or because they commit typographical errors. In those cases, domain name speculators position the domain name at webpages filled with advertisements that distract Internet users from the websites they originally intended to visit.<sup>34</sup> In effect, "[s]urfing to these Web pages leads site visitors to a screen chock full of pay-per-click advertisements and

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29. See Christopher G. Clark, *The Truth in Domain Names Act of 2003 and a Preventative Measure to Combat Typosquatting*, 89 CORNELL L. REV. 1476, 1480 (2004) (describing typosquatting as the practice of "identifying legitimate popular web sites and purposefully registering deceptively similar or deliberately misspelled domain names").

30. See *id.* at 1481 ("[T]yposquatters also profit if owners of the legitimate domain name are willing to purchase the deceptive domain name to prevent further confusion.")

31. See Delbianco Testimony, *supra* note 10, at 72 ("A 'parked' website is one that closely resembles a popular domain name . . . . Based solely on traffic generated by user errors, parking sites earn easy money when users click on ads displayed on the page.")

32. AllBusiness.com, Inc., *Domain Name Parking Primer*, <http://www.allbusiness.com/technology/internet-domain-names/3922-1.html> (last visited Nov. 20, 2007) ("'Parking' means your registrar puts up a placeholder page at your new Web address until you are ready to launch your new site.")

33. See, e.g., Jon Swartz, *Domain Names Become Premium Web Real Estate*, USA TODAY, May 10, 2006, at 3B (explaining the long-term investment aspects of domain name parking).

34. Walker & Krebs, *supra* note 4 (quoting an intellectual property attorney and professor who stated that "[i]f everyone has to spend a whole bunch of time wading through all this look-alike crap online, then the value [of trademarks serving as source identifiers] for Internet consumers is going to be seriously reduced").

little meaningful content.”<sup>35</sup> Thus, domain name parking obstructs key trademark law objectives by hindering a mark owner’s ability to indicate the single source of the goods or services of the mark and impedes customers’ attempts to locate a desired website.

### C. THE HARMS OF DOMAIN NAME PARKING

Trademark law protects mark owners’ intellectual property rights and aids consumers in the marketplace.<sup>36</sup> This Section discusses mark owners’ motivations to contest domain name parking that amounts to trademark infringement and explains why consumers benefit from such enforcement activities.

#### 1. Domain Name Parking Hinders the Ability of Trademark Owners to Control Their Marks

Domain name parking creates both business and legal problems for trademark owners.<sup>37</sup> Because trademarks function as source identifiers,<sup>38</sup> often becoming part of consumers’ vernacular, domain names that include famous or well-known trademarks are highly valued.<sup>39</sup> Many Internet users who directly navigate the Internet reach websites by enclosing a well-known trademark between “www.” and “.com.”<sup>40</sup> Prudent businesses obtain domain names that conform to this formula in

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35. Press Release, Microsoft, *supra* note 8.

36. See 1 MCCARTHY, *supra* note 17, § 3:1(B).

37. Ryan Kaatz & Julie Erin Land, *Microsoft Files Federal Complaints to Combat Extensive Trademark Infringement and Cybersquatting*, MONDAQ (Oct. 3, 2006), [http://www.mondaq.com/article.asp?article\\_id=42844](http://www.mondaq.com/article.asp?article_id=42844) (noting that domain name parkers “allegedly profit from these domain names by diverting Internet traffic to websites containing advertisements and hyperlinks, from which [they] receive advertising revenue and click-through payments each time a misdirected Internet user clicks on one of the links”).

38. See, e.g., *Wells Fargo & Co. v. WhenU.Com, Inc.*, 293 F. Supp. 2d 734, 761 (E.D. Mich. 2003).

39. *Panavision Int’l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1299 (C.D. Cal. 1996) (“[H]aving a known or deducible domain name is important to companies seeking to do business on the Internet, as well as important to consumers who want to locate those business’ web sites.”), *aff’d*, 141 F.3d 1416 (9th Cir. 1998).

40. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997) (“Because most businesses with a presence on the Internet use the ‘.com’ top-level domain, Internet users intuitively try to find businesses by typing in the corporate or trade name as the second-level domain . . . .”), *aff’d*, 194 F.3d 980 (9th Cir. 1999).

order to protect their trademark and its goodwill and to assist their customers in finding their website quickly and easily.<sup>41</sup>

Domain name registrants target and incorporate trademarks into their parked domain names because the earning potential of parked domains increases when the domains exploit a brand's value.<sup>42</sup> Contrary to and perhaps more troubling than traditional cybersquatting, a registrant who parks a domain name has little incentive to approach the trademark owner to demand money in exchange for the transfer of the domain name.<sup>43</sup> When the registered domain name experiences a high volume of traffic, the benefits of retaining the domain name grow as the profits from the advertising revenue increase.<sup>44</sup> The result is an enormous stockpile of parked domain names, more detours on the information superhighway for Internet users and an illegitimate means of generating revenue from the unauthorized use of another's trademark.<sup>45</sup>

Trademark owners have strong incentives to protect their marks and to stop infringing activities. If a trademark owner does not vigorously monitor and take action against the unauthorized use of its mark, the mark may become legally weak and even generic, the ultimate consequence of lax trademark

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41. See *id.* at 953 ("In short, the exclusive quality of second-level domain names has set trademark owners against each other in the struggle to establish a commercial presence on the Internet, and has set businesses against domain name holders who seek to continue the traditional use of the Internet as a non-commercial medium of communication."); S. REP. NO. 106-140, at 5 (1999) ("The practice of cybersquatting harms consumers, electronic commerce, and the goodwill equity of valuable United States brand names, upon which consumers increasingly rely to locate the true source of genuine goods and services on the Internet.").

42. Cf. Kaatz & Land, *supra* note 37 (comparing the monthly deletion rates of registered domain names in April 2005 and April 2006 and concluding that a higher deletion rate corresponds to increased profitability and creates incentives to acquire and hold on to high-traffic domain names and to discard low-traffic domain names).

43. Cf. *id.* ("The trend of collecting and exploiting high-traffic domain names is reflected in a dramatic increase in registrants or registrars tasting . . . domain names for web traffic volume rather than registering them for long-term web development.").

44. See Clark, *supra* note 29, at 1489-90.

45. See Delbianco Testimony, *supra* note 10 ("[W]hen typos happen, legitimate businesses shouldn't lose customers who fall into traps designed to generate ad revenue. What's more, the ad revenue generated by parking drives up the price if the intended business tries to acquire the domain name from the parking operator.").

