

Case Summary

Emerging Patterns in Arbitration under the Uniform Domain-Name

Dispute-Resolution Policy

By Patrick Kelley

The Policy

The Uniform Domain-Name Dispute-Resolution Policy ("UDRP") was implemented on January 3, 2000 by the Internet Corporation for Assigned Names and Numbers ("ICANN") to provide a mechanism for the resolution of trademark-based domain name disputes.¹ The UDRP requires that most trademark-based domain name disputes be resolved by agreement, court proceedings, or arbitration before a registrar cancels, suspends, or transfers a domain name.² This policy is followed by all registrars in the .biz, .com, .info, .name, .net, and .org top-level domains.³ The UDRP provides for the initiation of expedited administrative proceedings for disputes purportedly arising from "abusive registrations" of domain names when the owner of a trademark right files a complaint with a dispute resolution services provider approved by ICANN.⁴ There are currently four ICANN-approved dispute resolution services providers: eResolution ("eRes"); The National Arbitration Foundation ("NAF"); CPR Institute for Dispute Resolution ("CPR"); and the World Intellectual Property Organization ("WIPO").⁵

¹ See ICANN, *Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy* (visited Aug. 28, 2001), available at <<http://www.icann.org/udrp/udrp-schedule.htm>>.

² See ICANN, *Uniform Domain-Name Dispute-Resolution Policy, General Information* (visited Aug. 28, 2001), available at <<http://www.icann.org/udrp/>>.

³ See *id.*

⁴ See *id.*

⁵ See ICANN, *Approved Providers for Uniform Dispute Resolution Policy* (visited Aug. 28, 2001) available at <<http://www.icann.org/udrp/approved-providers.htm>>.

To date 7,532 domain names have been addressed in 4,320 administrative proceedings.⁶ Less than 7.5 percent of these proceedings are currently pending, while just under 11 percent were disposed of without a decision (settled or dismissed) with approximately eighty-one percent of all proceedings disposed of by a decision.⁷ Roughly 64 percent of all decided cases resulted in at least one domain name being transferred to the complainant (the owner of the trademark).⁸ The domain name holder (the respondent) prevailed in less than 16 percent of decided cases.⁹

The UDRP requires domain name owners to submit to mandatory administrative proceedings if a third party claims that (1) the domain name is confusingly similar or identical to a trademark or service mark owned by the third party claimant; (2) the owner has no rights or legitimate interests in the domain name; and (3) the domain name was registered and is being used in bad faith.¹⁰ The complainant is required to prove that each of these elements is present in the administrative proceeding.¹¹ Bad faith registration and use of the domain name can be demonstrated by showing that the owner (1) registered or acquired the domain name with the intent to sell, rent, or otherwise transfer the domain name to the complainant at a cost in excess of documented out-of-pocket costs attributable to the domain name; (2) registered the domain name to prevent the owner of the trademark or service mark from using the mark in a corresponding domain name; (3) registered the domain to disrupt the business of a competitor; or (4) used the domain name to intentionally attract users to their site by creating a high probability of confusion

⁶ See ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy* (visited Aug. 30, 2001) available at <<http://www.icann.org/udrp/proceedings-stat.html>>.

⁷ See *id.*

⁸ See *id.*

⁹ See *id.*

¹⁰ See ICANN, *Uniform Domain Name Dispute Resolution Policy*, Paragraph 4(a) (visited Sep. 2, 2001) available at <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>>.

¹¹ See *id.*

with the complainant's mark regarding the source, sponsorship, affiliation or endorsement of a site, product, or service.¹² These circumstances in particular are considered demonstrative of registration and use in bad faith, but potential evidence is not limited to these circumstances.¹³

An accused domain name owner can demonstrate their rights and legitimate interests in their domain by providing evidence of (1) use or demonstrable preparations for use of the domain or a name corresponding to the domain name in connection with a legitimate offering of goods and services before the domain owner was notified of the dispute; (2) common knowledge of the owner being known under the domain name, even absent trademark or service rights; or (3) a legitimate noncommercial or fair use of the domain name with no intent for commercial gain to misleadingly divert consumers or tarnish the complainant's trademark or service mark.¹⁴

The dispute resolution service provider is usually selected by the complainant, who also typically pays the service provider's fees.¹⁵ The only remedies available to the complainant are the cancellation or transfer of the domain name registration.¹⁶ Either party is free to submit the dispute to a court before or after the hearing.¹⁷ If a domain name is ordered to be transferred or canceled, the owner is given 10 days to file suit.¹⁸

Comments and Criticisms on the UDRP

While the UDRP has been used to resolve 4,320 domain name disputes to date, it has also been the subject of significant criticism on a variety of issues. Some critics argue

¹² *See id.* Paragraph 4(b).

¹³ *See id.*

¹⁴ *See id.* Paragraph 4(c).

¹⁵ *See id.* Paragraph 4(d), (g).

¹⁶ *See id.* Paragraph 4(i).

¹⁷ *See id.* Paragraph 4(k).

¹⁸ *See id.*

that the UDRP does not do enough to protect the rights of trademark holders.¹⁹ For instance, South Africa maintains that the UDRP must do more to protect country names, and has sought amendments from WIPO which it hopes will be added to a revised policy.²⁰ A similar issue was raised in *City of Salinas v. Brian Baughn*, a NAF proceeding in which the city of Salinas, California was unsuccessful in seeking the transfer of the domain names <cityofsalinas.com>, <cityofsalinas.net>, and <cityofsalinas.org>. The NAF panel found that the unregistered mark City of Salinas did not perform the function of a trademark, as it was merely descriptive of a geographical location and did not act as a "unique source identifier" that would qualify for trademark protection.²¹

WIPO addressed the protection of "Geographical Indications, Indications of Source and other Geographical Terms" in "The Interim Report of the Second WIPO Internet Domain Name Process," suggesting possible modifications to the UDRP to increase protection for these types of domain names.²² While this report suggests a number of avenues for protecting geographical terms and locations, increased protection for these kinds of domain names would appear to require extensive modification of the UDRP and thus appears unlikely to be forthcoming in the near future.²³

At the opposite end of the spectrum, a number of critics claim that the UDRP is biased in favor of trademark holders, who are typically the complainants in domain name

¹⁹ See Michael Geist, *Fair.Com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP*, Page 2 (visited Sept. 2, 2001) available at <<http://aix1.uottawa.ca/~geist/geistudrp.pdf>>.

²⁰ See *id.* Page 3.

²¹ See *City of Salinas v. Brian Baughn*, NAF Case No. FA0104000097076 (2001) (Diaz, Presiding Panelist) available at <<http://www.arbforum.com/domains/decisions/97076.htm>>.

²² See *The Interim Report of the Second WIPO Internet Domain Name Process, The Possible Modification of the UDRP*, (visited Sep. 2, 2001) available at <<http://wipo2.wipo.int/process2/rfc/rfc3/report.html#v>>.

²³ See *id.*

disputes.²⁴ One argument made by these critics is that allowing the complainants to pick the dispute resolution service creates a competitive environment in which complainants pick the arbitration service that appears most likely to rule in their favor.²⁵ Many critics point to the fact that the domain name owner seldom prevails in decided cases as evidence of this bias.²⁶ At present, domain name holders are victorious in less than 16 percent of all decided cases.²⁷ One of the primary goals of the case note will be to address these competing views on the fairness of the UDRP to trademark holders and domain name owners, looking at whether or not the policies and procedures of the UDRP tip the scales in favor of either side in a domain name dispute.

Challenges and Changes: Key Issues for the Future of the UDRP

While the UDRP has been used to resolve a significant number of domain name disputes, the abuse of domain name registration by so-called cyber squatters remains a significant problem.²⁸ One major obstacle for the UDRP is finding a way to overcome the differences in laws among countries. For example, one of the primary roadblocks for increased protection for the names of geographic locations is that countries would have to harmonize how they protect geographic location names before sweeping reforms could be made to protect these names.²⁹ Similar problems arise in seeking to protect the names

²⁴ See Michael Geist, *Fair.Com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP*, Page 3 (visited Sep. 2, 2001) available at <<http://aix1.uottawa.ca/~geist/geistudrp.pdf>>. See also Justin Kelly, *ICANN Board Member Calls for End to Domain Dispute Policy* (viewed on Sep. 2, 2001) available at <[http://www.adrworld.com/opendocument.asp?Doc=RLAb9bVdD0&code=](http://www.adrworld.com/opendocument.asp?Doc=RLAb9bVdD0&code=TvqDOdFE)

²⁵ See *Id.* Page 4.

²⁶ See *Id.* Page 9-10.

²⁷ See ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy* (visited Aug. 30, 2001) available at <<http://www.icann.org/udrp/proceedings-stat.html>>.

²⁸ See Steven Bonisteel, *WIPO Sees No Quick Fix for Domain-Name Grab* (visited Sep. 2, 2001) available at <<http://www.newsbytes.com/news/01/169710.html>>.

²⁹ See *Id.*

of famous individuals, political figures, and groups of people as the international legal framework is far less developed for this area than it is for the protection of trademarks.³⁰

Another significant issue for the UDRP is the advent of the .biz and .info top level domains. Internet domain registrars will be using a modified version of the UDRP to settle disputes over these new domains.³¹ NueLevel, the administrator of the .biz domain and Afilias, administrator of the .info domain are currently processing applications for these new domains.³² While administrators have modified the UDRP in search of the best method for resolving disputes over these domains, controversy has arisen over how the .biz domains will be distributed.³³ A lawsuit has been filed alleging that NueLevel's methods for determining who gets a domain name when several applicants seek the same name constitutes an illegal lottery.³⁴ Under the NueLevel policy, if several applicants seek the same name a winner is randomly chosen at the end of the interim period in which applicants are allowed to pay a fee to reserve the rights to a name.³⁵ Applicants can submit multiple entries to increase their chances of winning, but they are not informed of their chances for success.³⁶ The challengers of this policy claim that this method represents an illegal lottery because "applicants who are not awarded the addresses they apply for will not get their money back."³⁷

³⁰ *See id.*

³¹ *See* Justin Kelly, *Domain Registrars to Use 'Modified' UDRP For New Extensions* (visited Sep. 2, 2001) available at <<http://www.adrworld.com/opendocument.asp?Doc=ppgpKKB9Mi&code=Tvq DOdFE>>.

³² *See id.*

³³ *See* The Economic Times, *New .biz Internet Domain Faces Legal Challenge* (viewed Sep. 2, 2001) available at <<http://www.economictimes.com/today/27tech22.htm>>.

³⁴ *See id.*

³⁵ *See id.*

³⁶ *See id.*

³⁷ *See id.*

This Case Note will analyze these and other related issues, such as the development of alternatives to the UDRP³⁸ and efforts to expand and modify the current policy.³⁹ In examining these suggestions the case note will examine recent decisions that have caused critics to question UDRP policies and procedures as well as cases that have raised new issues that test the boundaries of the current UDRP.⁴⁰ Is the UDRP flexible enough to deal with new issues as they arise? Is it a fair and suitable method for dealing with current disputes over domain name ownership? What role have the courts played in deciding domain name disputes and how does this compare to resolutions made under the UDRP?

³⁸ See Justin Kelly *RealNames Launches New ADR Policy for Resolving 'Keyword' Cases* (viewed on Sep. 3, 2001) available at <<http://www.adrworld.com/opendocument.asp?Doc=HAOsY1tssr&code=TvqDOdFE>>.

³⁹ See Tony Kreindler, *WIPO Launches Talks to Expand Domain Name Dispute Policy* (viewed on Sep. 3, 2001) available at <<http://www.adrworld.com/opendocument.asp?Doc=UZREIfSyuT&code=TvqDOdFE>>.

⁴⁰ See e.g., ADRWorld.Com, *ICANN Panel Refuses to Consider Claims After Withdrawal* (viewed on Sept 3, 2001) available at <<http://www.adrworld.com/opendocument.asp?Doc=eM1J0j5RIY&code=TvqDOdFE>> (discussing *Glimcher University Mall v. GNO, Inc.*, 2001, NAF No. FA0107000098010 in which the NAF dealt with the issue of reverse domain name hijacking for the first time).