

BRIEFING PAPER

ICANN'S UNIFORM DISPUTE RESOLUTION POLICY IN ACTION-- A DEFAULT VICTORY FOR TRADEMARK OWNERS?

By John G. White

INTRODUCTION

The Uniform Dispute Resolution Policy ("UDRP") is perhaps the most powerful and coordinated effort yet to bring some quick order to the wild free-for-all that has characterized Internet domain name registration. While many joined the domain name rush with the best of intentions, the prospect of winning the next Internet lottery gave rise to a new and subversive pastime -- cybersquatting.¹ The UDRP and the recently enacted Anticybersquatting Consumer Protection Act² combine to provide a viscous knockout punch for cybersquatters.

The UDRP is off to a roaring start.³ However, is it leading the charge from one extreme to the other?⁴ In the rush to squelch cybersquatters, are we stripping domain names away from legitimate individuals and organizations in the name of trademark rights and the Internet economy? Develop further.....

POLICY BACKGROUND

The Internet Corporation for Assigned Names and Numbers ("ICANN") oversees the UDRP. All registrars in the ".com", ".net", and ".org" top-level domains follow the UDRP. The

¹ Include a brief blurb defining cybersquatting -- tbd.

² For a detailed discussion of the Anticybersquatting Consumer Protection Act, see (this is where I will reference Wayne's piece).

³ Since its implementation on January 3, 2000, parties have initiated over 1750 proceedings and dispute resolution panels have issued over 1050 decisions. See ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy* (visited Sept. 17, 2000) available at <<http://www.icann.org/udrp/proceedings-stat.htm>>. See also ICANN, *Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy* (visited Sep. 3, 2000) available at <<http://www.icann.org/udrp/udrp-schedule.htm>>.

⁴ Over 75 percent of UDRP decisions find in favor of Complainant trademark owners, requiring the domain name holder to give up all rights to the name. See *id.*

policy requires that most trademark-based domain name disputes be resolved by agreement, court proceedings, or arbitration before a registrar can take action to cancel, suspend or transfer a domain name.⁵ The UDRP's expedited administrative proceedings are available for a special class of cases involving "abusive registration" of domain names.⁶

Administrative proceedings are conducted by one of four approved dispute resolution service providers: CPR Institute for Dispute Resolution ("CPR"); Disputes.org/eResolution Consortium ("DeC"); The National Arbitration Forum ("NAF"); and the World Intellectual Property Organization ("WIPO").⁷

WIPO is by far the most popular provider, handling approximately 65 percent of the cases filed to date.⁸ NAF handles a large chunk of the remaining cases, followed by DeC and then CPR.⁹ WIPO is very popular with trademark owners (Complainants) because most of its panelists are Intellectual Property lawyers or professors who are well-versed in trademark issues.¹⁰ On the other hand, most of the NAF panelists are retired judges and do not typically have trademark-specific expertise.¹¹ Both DeC and CPR have a broad distribution of panelists, including lawyers, retired judges and professors.¹²

⁵ See ICANN, *Uniform Domain-Name Dispute-Resolution Policy, General Information* (visited Sep. 3, 2000), available at <<http://www.icann.org/udrp/udrp.htm>>.

⁶ Cybersquatting is an example of abusive registration. See *id.*

⁷ See ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy* (visited Sep. 3, 2000) available at <<http://www.icann.org/udrp/approved-providers.htm>>.

⁸ See WIPO, *Case Results* (visited Sept. 17, 2000) available at <<http://www.arbiter.wipo.int/domains/statistics/results.html>>.

⁹ CPR received authorization to hear cases effective May 22, 2000. See *Approved Providers*, *supra* note 8.

¹⁰ See WIPO, *Domain Name Panelists* (visited Sept. 15, 2000) available at <<http://www.arbiter.wipo.int/domains/panel/panelists.html>>. See also Tamara Loomis, *Domain Names; Disputes Getting Swift Resolution Under UDRP*, NEW YORK L.J., July 27, 2000, at 5.

¹¹ See NAF, *List of Qualified Dispute Resolution Panelists* (visited Sept. 15, 2000) available at <<http://www.arbforum.com/domains/domain-judges.html>>. See also *Disputes Getting Swift Resolution Under UDRP*, *supra* note 11.

¹² See DeC, *List of Panelists* (visited Sept. 15, 2000) available at <<http://www.eresolution.ca/services/dnd/arbitrators.htm>>. See also CPR, *CPR Specialized Panels* (visited Sept. 15, 2000) available at <http://www.cpradr.org/specplan_domainname.htm>.

Administrative procedures and fees are other selection criteria that Complainants might consider. For example, NAF charges \$750.00 for a single panelist to hear a case involving one disputed domain name.¹³ On the other hand, CPR charges \$2,000.00 for the same service.¹⁴ The UDRP requires the Complainant to pay all fees (the Complainant also gets to select the service provider), unless the Respondent requests a three-person panel, in which case the parties split the cost.¹⁵ When it comes to administrative requirements, some find DeC's forms and procedures to be more burdensome than the other providers.¹⁶ Refine....

Proceedings begin when a trademark holder files a complaint (usually via e-mail) with the dispute resolution service provider of choice.¹⁷ For the Complainant to prevail, the complaint must assert *and* prove that:

- the domain name is identical or confusingly similar to the Complainant's trademark or service mark;
- the domain name holder has no rights or legitimate interests in the domain name; *and*
- the domain name was registered and is being used in bad faith.¹⁸

The identical or confusingly similar requirement is the least difficult category to prove.

Domain names can be confusingly similar when they are similar in sound, appearance, and

¹³ See NAF, *The National Arbitration Forum's Supplemental Rules to ICANN's Uniform Domain Name Dispute Resolution Policy* § 16 (visited Sept. 3, 2000) available at <<http://www.arbforum.com/domains/domain-rules.html>>.

¹⁴ See CPR, *Supplemental Rules to ICANN's Rules for Uniform Dispute Resolution Policy* § 12 (visited Sept. 3, 2000) available at <http://www.cpradr.org/ICANN_RulesAndFees.htm>. DeC charges \$750.00 and WIPO charges \$1500.00 for same service. Different rates apply for 3-person panels and multiple domain names. See also DeC, *Domain Name Administrative Proceeding* (visited Sept. 3, 2000) available at <<http://www.eresolution.ca/services/dnd/arb.htm>>; WIPO, *World Intellectual Property Organization Supplemental Rules for Uniform Domain Name Dispute Resolution Policy* (visited Sept. 3, 2000) available at <<http://arbiter.wipo.int/domains/rules/supplemental.html>>.

¹⁵ See ICANN, *Uniform Domain Name Dispute Resolution Policy* § 4(g) (visited Sept. 3, 2000) available at <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>> [hereinafter *The Policy*].

¹⁶ See Orrie Dinstein and Elisabeth Cappuyns, *Assessing the First 100 Days of ICANN's Dispute Plan*, NEW YORK L.J., June 1, 2000, at 1.

¹⁷ See ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy* § 2 (visited Sept. 3, 2000) available at <<http://www.icann.org/udrp/udrp-rules-24oct99.htm>> [hereinafter *The Rules*].

¹⁸ See *The Policy* § 4(a), *supra* note 15.

connotation; for example, the addition or deletion of a single letter is often not enough to prevent the likelihood of confusion.¹⁹ Using a domain name for identical or competing services increases the likelihood of confusion even further.²⁰ In addition, top-level domain names (e.g., ".com", ".org") are not considered source-identifiers.²¹

Proving that a domain name holder does not have legitimate rights to and interests in a domain name is more challenging. Domain name holders can prevail by showing that:

- prior to notification of any dispute, they were using or planning to use the domain name in connection with a *bona fide* offering of goods or services;
- they have been commonly known by the domain name, even without trademark or service mark rights; *or*
- they make legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or tarnish the trademark at issue.²²

Finally, proving bad faith on the part of a domain name holder is often a Complainant's biggest challenge.²³ Evidence of bad faith registration and use includes, but is not limited to,

- acquiring a domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name to a trademark owner for a price in excess of documented out-of-pocket costs;
- registering a domain name to prevent the owner of a trademark from using the mark in a corresponding domain name;

¹⁹ See *Ty, Inc. v. O.Z.Names*, D2000-0370, (WIPO June 27, 2000)(holding that the domain name <beanybabies.com> is confusingly similar the Complainant's mark "Beanie Babies").

²⁰ See *id.*

²¹ See *Microsoft Corp. v. Amit Mehrotra*, D2000-0053 (WIPO Apr. 10, 2000)(holding that the domain name <microsoft.org> is identical the Complainant's mark).

²² See *The Policy* § 4(c), *supra* note 15.

- registering the domain name for the purpose of disrupting the business of a competitor; or
- using the domain name to intentionally attract, for commercial gain, users to a site by creating potential confusion as to the source, sponsorship, affiliation or endorsement of the site.²⁴

The Respondent has 20 days from the date the proceedings start to submit a response.²⁵

Panels are required to make considerable efforts to ensure a Respondent receives actual notice of a complaint.²⁶ Once the panel receives a response, it will typically not accept further submissions from either party.²⁷ If a Respondent fails to respond within the 20-day period, the Respondent defaults (unless exceptional circumstances warrant an extension).²⁸ Panels are allowed to draw appropriate inferences from a default, but must ensure that parties are treated with equality and given fair opportunity to be heard.²⁹

Panels are required to make final decisions within 14 days of appointment, although various circumstances often cause minor delays.³⁰ Remedies are limited to the cancellation or transfer of the domain name registration.³¹ A Respondent on the losing end of a decision can, at a minimum, postpone the transfer or cancellation of a domain name by filing a court action

²³ See Amy Benjamin, *Proceedings Under the UDRP Are Off and Running*, NAT'L L.J., May 1, 2000, at C1.

²⁴ See *The Policy* § 4(b), *supra* note 15.

²⁵ See *The Rules* § 5(a), *supra* note 17.

²⁶ See *id* § 2.

²⁷ Panels have some flexibility in this matter and often exercise it. See, e.g., *CBS Broadcasting Inc. v. VanityMail Services, Inc.*, D2000-0379 (WIPO June 2, 2000)(allowing a supplementary complaint and a response to the supplementary complaint). Note also that NAF allows replies subject to a fee; some are concerned that this approach encourages forum shopping and may lead to inconsistent application. See David H. Bernstein and Sheri L. Rabiner, *Litigating by E-Mail with 'UDRP': Lessons Learned From New Dispute Resolution Procedure for Domain Name Disputes*, NEW YORK L.J., August 21, 2000, at S3.

²⁸ See *The Rules* § 14, *supra* note 17.

²⁹ See *id* §§ 14(b), 10(b).

³⁰ See *id* § 15(a).

³¹ See *The Policy* § 4(I), *supra* note 15.

within 10 days of the decision.³² The Respondent may have better luck in court in light of a recent ruling by a federal judge holding that the court is not bound by UDRP proceedings.³³

PERSPECTIVES ON THE UDRP IN ACTION

Many practitioners and commentators are singing the praises of the UDRP, noting that most decisions are fair, and the process is exceptionally fast, relatively inexpensive, and reasonably simple.³⁴ The small number of decisions challenged in the courts bolsters this viewpoint.³⁵ However, even the UDRP's strongest proponents are quick to note that the process has strict limits. It is designed only for cases involving clear-cut abusive registrations; it is not well-suited to cases involving disputed factual assertions because there is not opportunity for discovery.³⁶ There may also be situations where the UDRP is not fast enough. For example, because domain name registrations remain in the hand of Respondents during UDRP proceedings, a trademark owner who wants to stop a cybersquatter immediately is advised to request a temporary restraining order and a preliminary injunction.³⁷ If a trademark owner is seeking damages, such as the statutory damages available under the Anticybersquatting

³² See *id.*

³³ See *Weber-Stephen Products Co. v. Armitage Hardware and Building Supply, Inc.*, 2000 WL 562470 (N.D. Ill., May 3, 2000) (staying the case pending the outcome of UDRP proceedings. The court declined to state what standard would apply to UDRP proceedings if challenged in court).

³⁴ See, e.g., Litigating by E-Mail with UDRP, *supra* note 27; Proceedings under UDRP Are Off and Running, *supra* note 23; Matt Railo, *Trademark Owners Weigh Court vs. UDRP*, NAT'L L.J., July 24, 2000, at C1; M. Scott Donahey and Ryan S. Hilbert, *World Wrestling Federation Entertainment, Inc. v. Michael Bosman: A Legal Body Slam for Cybersquatters on the Web*, 16 COMPUTER & HIGH TECHNOLOGY L.J. 421, 427 (May, 2000); Michael L. LiRocchi, Stephen L. Kepler & Robert C. O'Brien, *Trademarks and Internet Domain Names in the Digital Millennium*, 4 UCLA J. INT'L L. & FOR. AFF. 377, 443 (Winter, 2000).

³⁵ See Oscar S. Cisneros, *ICANN't Believe That Domain Name*, WIRED NEWS (Jul. 27, 2000) <<http://www.wired.com/news/print/0%2C37801%2C00.html>> (noting that as of that date, no ICANN cases had been appealed to the courts). *But see* Oscar S. Cisneros, *Beating Down Your Biggest Fan*, WIRED NEWS (Aug. 3, 2000) <<http://www.wired.com/news/print/0,1294,37929,00.html>> (reporting that the owner of the enthusiast site <dodgeviper.com>, after losing a WIPO administrative proceeding based on a finding of bad faith registration and use, plans to take the case to court).

³⁶ See *Trademark Owners Weigh Court vs. UDRP*, *supra* note 34. See also Litigating by E-Mail with UDRP, *supra* note 27.

Consumer Protection Act, court is the only option.³⁸ Despite these limitations, most practitioners are happy with the UDRP and plan to use it in tandem with litigation.³⁹

The UDRP is subject to more intense criticism from other circles. Some argue that it swings the door wide open for trademark owners to challenge almost any domain name that could be remotely similar to one of their trademarks.⁴⁰ Others argue that the UDRP makes domain name registration a "firewall" for trademark protection, giving trademark holders greater rights than ever before and impinging on First Amendment rights.⁴¹ The result is the de-emphasis of free speech in favor of commercial interests, making domain space a *de facto* extension of trademark space.⁴²

Others argue the process is biased against domain name holders since it is the trademark holders who get to choose the dispute resolution service provider.⁴³ This built-in bias in turn gives the providers an incentive to rule in favor of trademark holders.⁴⁴

³⁷ See Trademark Owners Weigh Court vs. UDRP, *supra* note 34.

³⁸ Ritchenya A. Shepard, *Counsels' Domain Name Pains*, NAT'L L.J., Sept. 4, 2000, at B1.

³⁹ See *id.*

⁴⁰ See Gregory B. Blasbalg, *Masters of Their Domains: Trademark Holders Now Have New Ways to Control Their Marks in Cyberspace*, 5 ROGER WILLIAMS U.L. REV. 563, 597 (Spring, 2000). See also Andy Oram, *So Shall They Say My Name - Part 2*, WEBREVIEW.COM (Oct. 29, 1999) <<http://webreview.com/pub/1999/10/29/platform/index2.html>>.

⁴¹ See Milton Mueller, *Technology and Institutional Innovation: Internet Domain Names*, 5 INT'L COMM. L. & POL'Y 1, 25 (Summer, 2000). See also ICCAN't Believe That Domain Name, *supra* note 22 (noting that even generic words such as 'crew' have been transferred from their owners to companies with similar or identical trademarks).

⁴² See Laurie J. Flynn, *Trademarks Winning Domain Fights*, N.Y. TIMES ON THE WEB, (Sept. 4, 2000) <<http://www.nytimes.com/library/tech/00/09/biztech/articles/04neco.html>>. See also Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, J. SMALL & EMERGING BUS. L. 149, 163 (Spring, 2000).

⁴³ See *id.*

⁴⁴ See *id.* See also John Berryhill, *The UDRP Provides Disputable Resolution Incentives*, ICANNWATCH (Apr. 4, 2000) <<http://www.icannwatch.org/archives/essays/954877528.shtml>>.

THE DEFAULT DILEMMA -- HIGHWAY ROBBERY OR SWEET REVENGE?

While many factors point to the UDRP's rousing success, it is difficult to look past the alarming Respondent default rate and not wonder if something is terribly awry. Of the 1030 plus decisions handed down by Panels as of September 15, 2000, the Respondent domain name holder defaulted in approximately 47 percent of the cases. In cases where the Respondent defaults, the Complainant prevails 95 percent of the time.

The statistical summaries provided by ICANN and WIPO do not reflect the Respondent default rate. Are they trying to hide something? Probably not. In fact, some see the high default rate as a good sign. They think the default rate reflects that the cases involve clear-cut cybersquatting.⁴⁵ Respondents do not show up "because you have got them."⁴⁶ Over time, more and more cases will be decided in favor of domain holders (and the default rate will go down) once the influx of strong cases wanes.⁴⁷

This Case Note will analyze the Respondent default trend in detail. Does the trend simply reflect a program that is doing a great job of targeting cybersquatters? Or are there serious inequities in the process? Are party notification procedures and deadlines realistic? Do panels apply the rules consistently? Are they fair? Are cases of potential reverse domain name hijacking explored when appropriate?⁴⁸

I will address five distinct lines of cases to help answer these questions.

- **Respondent in default, Domain Name Transferred -- Potential Borderline Cases.**

Many cases fit this category. On the surface, these cases seem to involve domain

⁴⁵ See Disputes Get Swift Resolution Under UDRP, *supra* note 10.

⁴⁶ *Id.*

⁴⁷ See *id.*

⁴⁸ Reverse Domain Name Hijacking means to use the UDRP in bad faith to attempt to deprive a registered domain name holder of a domain name. See *The Rules* § 1, *supra* note 15.

names that are relatively generic where a basic response might make a huge difference.⁴⁹

- **Respondent in Default; Respondent Prevails.** Only 26 such decisions exist at this time. More than any other line of cases, these may indicate that the UDRP really is fair.⁵⁰
- **Respondent in Default; Domain Name Transferred -- Potential Cybersquatters.** These cases seem to indicate that at least some of the defaulting Respondents are true cybersquatters!⁵¹
- **Extension Granted or Other Leniency.** These cases indicate that some Panels are quite flexible in ensuring both parties are represented.⁵²
- **Extension or Other Relief Denied.** These cases showcase the by-the-book panels, which usually means bad news for the Respondent.⁵³

⁴⁹ See, e.g., *Collegetown Relocation, L.L.C. v. John Mamminga*, FA0095003 (NAF July 20, 2000)(ordering the transfer of the domain name <collegetown.com> to the Complainant); *David G. Cook v. This Domain is For Sale*, FA0094957 (NAF July 12, 2000) (ordering the transfer of the domain name <camptime.com> to the Complainant); *Marriott International, Inc. v. John Marriot*, FA0094737 (NAF June 15, 2000)(ordering transfer of the domain name <marriot.com> to the Complainant); *Big Dog Holdings, Inc. dba Big Dog Sportswear v. Frank Day, Red River Farms, Inc.*, FA0093554 (NAF Mar. 9, 2000)(ordering the transfer of the domain name <bigdog.com> to the Complainant); *Cream Pie Club v. Brittany Halford*, FA0095235 (NAF Aug. 17, 2000)(ordering the transfer of the domain name <creampies.com> to the Complainant).

⁵⁰ See, e.g., *Lowestfare.com LLC v. US Tours & Travel, Inc.*, AF-0284 (DeC Sept. 9, 2000)(ordering that the domain name <lowestfare.com> remain with the Respondent); *Media West-GSI, Inc., and Gannett Satellite Information Network, Inc., d/b/a The Burlington Free Press v. EARTHCARS.COM*, D2000-0463 (WIPO July 28, 2000)(denying Complainant's request to transfer the domain name <freepressclassifieds.com>); *Netgrocer, Inc. v. Anchor*, FA0094207 (NAF April 11, 2000)(denies request to transfer the domain name <netgrocer.org>).

⁵¹ See, e.g., *State Farm/Mutual Automobile Insurance Company v. I & B*, FA0094719 (NAF June 8, 2000)(ordering the transfer of the domain name <state-farm.com> to the Complainant); *General Electric Company v. John Bakhit*, D2000-0386 (WIPO June 22, 2000)(ordering the transfer of the domain name <general-electric.com> to the Complainant); *The North Face, Inc. v. SAND WebNames – For Sale*, FA0094722 (NAF June 19, 2000)(ordering the transfer of the domain name <northface.com> to the Complainant).

⁵² See, e.g., *Cunard Line Limited v. Champion Travel, Inc.*, FA0092053 (NAF Mar. 8, 2000)(granting a 20-day extension for filing a response); *PACCAR, Inc. v. Enyart Associates and Truckalley.com, LLC*, D2000-0289 (WIPO May 26, 2000)(accepting and taking into account e-mail from Respondent submitted 3 days after response deadline).

In closing, the default rate has not shown any sign of going down. It remained steady around 45 percent for 5 months in a row. Based on a preliminary analysis of July, 2000 decisions, the default rate has jumped to 56 percent.

⁵³ *Europay International S.A. v. Eurocard.com, Inc., Eurocard.org, and Chad Folkening*, D2000-0173 (WIPO May 22, 2000)(denying Respondent's request for a 30-day extension); *Spincycle Inc. v. Spin Cycle*, AF-0176 (DeC May 29, 2000)(refusing to accept or consider a response delayed because of e-mail attachment problems).