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**Computer Law  
&  
Security Report**

## Domain names and the uniform dispute resolution policy

# An analysis of the UDRP experience – Is it time for reform?

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### ABSTRACT

ICANN with its Uniform Dispute Resolution Policy (UDRP) has achieved the development of a transparent global online dispute resolution procedure based on contractual adherence that allows trade mark owners to fight efficiently against cybersquatting. This paper may be divided into two main parts. First, the interpretation of the UDRP policy is discussed at the light of UDRP panel decisions. Second, it evaluates the UDRP rules, which have been harshly criticized for the use of proceedings that are seen to favour complainants. From the creation of the UDRP up until now the UDRP has not shown any intention to reform itself despite existing criticisms. After nearly a decade of experience it appears clear that the UDRP needs to be reviewed if it aims to provide, not only an efficient but a fair procedure too. This article examines these issues and concludes by considering what the main steps might be in the reform of ICANN's UDRP.

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## 1. Introduction

There are two types of domain names: the generic top level domain names (gTLDs) and the country code top level domain names (ccTLDs). On one hand, the ccTLDs correspond with a location in a particular country, such as .uk in the United Kingdom; national authorities control ccTLDs applying their own domestic regulations, which in many ways follows the same policy used by the gTLDs. On the other hand, the gTLDs are regulated by the Internet Corporation for Assigned Names and Numbers (ICANN). The existence of gTLDs without specific requirements for registration puts in place a policy of 'first arrived, first served'. This has created many disputes with trade mark owners because many speculators started

to register domain names in order to resell them for a much higher price to trade mark owners and new businesses. Problems arose with trade mark owners whose attack on their intellectual property rights made them feel "ripped off" by the new practice of "cybersquatting".<sup>1</sup> Thus, to date anyone who wishes to register a domain for the first time which is trademarked can do so; whatever problems might arise must be faced later on. Trade mark owners who attempt to fight these abuses face many problems, starting with the difficulties of commencing legal action, because often various jurisdictions are involved. Furthermore, in the first instance, cybersquatting was not covered by US trade mark law that only found abuse when there was a commercial use of the trade mark, which technically most cybersquatters did not

<sup>1</sup> The term of cybersquatting includes distinct activities: traditional cybersquatting (selling a resembling domain name to a trade mark owner); cyberpiracy (domain name similar to a trade mark that draws traffic intended to the trade mark); typosquatting (cyberpiracy but with a domain name that misspells the trade mark); passive-warehousing (registering a domain name resembling a trade mark but without using it). See Kaufmann-Kohler, G. & Schultz, T., *Online Dispute Resolution: Challenges for Contemporary Justice* (The Hague, Kluwer Law International, November 2004), p. 36.

115 have, since they only stored domains waiting for an opportu-  
116 nity to resell them.<sup>2</sup>

117 With the aim of dealing with the most flagrant trade mark  
118 violations ICANN designed the Uniform Domain Name Dis-  
119 pute Resolution Policy (UDRP) based on existing minimum na-  
120 tional standards.<sup>3</sup> Accordingly, the UDRP is the appropriate  
121 forum to resolve only the most egregious violations over intel-  
122 lectual property, thus leaving out many disputes related to intel-  
123 lectual property which will have to be resolved by the  
124 national courts.<sup>4</sup> The creation of the UDRP had a double aim.  
125 First, it was created to deal efficiently with the most blatant vi-  
126 olations trade mark law (cybersquatting). The second objec-  
127 tive was to protect the registry (ICANN) and the registrars  
128 from trade mark litigation.<sup>5</sup>

129 The UDRP is legally a mandatory administrative procedure  
130 that resembles a documents-only arbitration. Nevertheless, it  
131 does not follow the arbitration laws; panels are unaccountable  
132 and decisions are not legally binding, allowing parties the  
133 freedom to initiate a legal action any time during the UDRP  
134 procedure. The UDRP is divided into two main parts, the Policy  
135 and the Rules. In addition, dispute resolution providers have  
136 included a third set of rules, the Supplemental Rules.

137 The UDRP is placed through a clause in a contract of adhe-  
138 sion between the registry (ICANN) and the registrar (ISP) and  
139 between the registrar and the registrant (domain name  
140 holder).<sup>6</sup> The UDRP contractual clause states that certain trade  
141 marks disputes related to cybersquatting – between the regis-  
142 trant and a trade mark owner – will be resolved by one of  
143 ICANN's approved dispute resolution providers.<sup>7</sup> Some have  
144 suggested that the UDRP is an independent legal system be-  
145 cause it complies with its typical features, such as providing  
146 enforceable decisions based on independent regulations and  
147 procedures.<sup>8</sup> This contributes to the formation of an independ-  
148 ent law free from national sovereignty, the so called *Lex infor-*  
149 *matica*.<sup>9</sup> The effectiveness and fairness of this new law  
150 depends on the uniformity of their decisions. The following  
151 section examines the level of consistency of the UDRP based  
152 on an analysis on selected WIPO's panel decisions.

153 <sup>2</sup> This is still the current position in most countries, for in-  
154 stance, under 15 U.S.C. para. 1125(a) registering a domain names  
155 does not constitute a 'use in commerce'. See *Stenzel v. Pifer* 2006 U.  
156 S. Dist. Lexis 54812 (D. Wash. 2006), *Trademark: Additional Devel-*  
157 *opments*, 22 (2007), *Berkeley Technology Law Journal*, p. 421. How-  
158 ever, persons who routinely registered others' trade marks for  
159 potential resale may be considered to be doing 'commercial use'  
160 of those trade marks, and therefore they may considered to be in-  
161 fringing trade mark regulations under US and UK law. See *Toep-*  
162 *pen*, 141 F.3d at 1325–26; *British Telecom plc. v. One in a Million Ltd.*  
163 (C.A.) [1999] E.T.M.R. 61. See also Hedley, S., *The Law of E-Com-*  
164 *merce and the Internet in the UK and Ireland*, (London, Cavend-  
165 ish, 2006), p. 200.

166 <sup>3</sup> Ling, Y.Y., *Domain Name Dispute Resolution within the Asian*  
167 *Region*, 38 (2006), *University of Toledo Law Review*, p. 404.

168 <sup>4</sup> Ling (2006) *Ibid* at p. 405.

169 <sup>5</sup> Hedley (2006) *Ibid* at p. 177.

170 <sup>6</sup> UDRP Policy para 1.

## 171 2. UDRP policy assessment: grounds for the 172 cancellation or transfer of domain names

173 The grounds that a complainant must provide in order to suc-  
174 ceed will be seen in the light of the published decisions, which  
175 allow an analysis of the interpretation of the UDRP. This anal-  
176 ysis will focus on WIPO Arbitration and Mediation Centre  
177 (hereinafter WIPO) decisions since it is the largest dispute res-  
178 olution provider and it has published a report facilitating an  
179 overview of WIPO panel views on selected issues.<sup>10</sup> The eval-  
180 uation often shows a lack of unanimous consensus in the in-  
181 terpretation of the UDRP, which may be due to a number of  
182 reasons, such as the lack of an appellate review and panels  
183 composed by members from a multitude of jurisdictions and  
184 informed by different legal traditions.

185 This analysis is divided into the three circumstances that  
186 the complainant must prove to the panel: (1) similarity of  
187 the domain name to the trade or service mark; (2) lack of rights  
188 or legitimate interest in the registered domain name; and (3)  
189 bad faith in the registration and use of the domain name.

190 <sup>7</sup> Currently there are four providers: The World Intellectual  
191 Property Organization (WIPO) Arbitration and Mediation Centre,  
192 the Centre for Public Resources Institute for Dispute Resolution  
193 (CPR), the National Arbitration Forum (NAF), and the Asian Do-  
194 main Name Dispute Resolution Centre (ADNRC). The Czech Arbi-  
195 tration Court (CAC) has recently applied to ICANN to become  
196 a new UDRP provider. See *Proposal to Become New UDRP Pro-*  
197 *vider*, Czech Arbitration Court, May 2007 (web). See also ICANN  
198 *Opens Public Comments on Proposal from the Czech Arbitration*  
199 *Court (CAC) to Become a UDRP Provider* (web). The CAC has  
200 made a number of innovative proposals in order to deliver a fairer  
201 procedure: it has proposed class complaints; it intends not to ac-  
202 cept complaints from parties found guilty of three times RDNH  
203 (Reverse Domain Name Hijacking); it has proposed the use of  
204 a "quasi-appeal mechanism" against UDRP decisions made by  
205 a single panel. Most commentators consider that all the CAC pro-  
206 posals are inconsistent with the existing UDRP Rules and Policy,  
207 which do not contemplate such possibility. See *WIPO Comments*  
208 *on the CAC Application to Become a UDRP Provider*, 29 November  
209 2007, (web). See also Michael D., *Pledge Public Comments on the*  
210 *CAC Application to a UDRP Provider*, 25 June 2007, (web). Thus, it  
211 is suggested that these initiatives should be implemented, not  
212 through allowing the CAC proposals, but amending the UDRP  
213 with the appropriate public consultative process.

214 <sup>8</sup> Post, D.G., *Juries and the New Common Law of Cyberspace*  
215 (September 2000) (web); Dinwoodie, G.B. *The International Intel-*  
216 *lectual Property Law System: New Actors, New Institutions,*  
217 *New Sources*, 10 (2006), *Marquette Intellectual Property Law Review*,  
218 p. 207.

219 <sup>9</sup> Patrikios, A., *Resolution of Cross-Border e-Business Disputes*  
220 *by Arbitration Tribunals on the Basis of Transnational Substan-*  
221 *tive Rules of Law and e-Business Usages: The Emergence of the*  
222 *Lex Informatica*, 38 (2006), *University of Toledo Law Review*, p. 289.

223 <sup>10</sup> WIPO, *Overview of WIPO Panel Views on Selected UDRP Ques-*  
224 *tions*. This case study is based on the evaluation of 7000 WIPO  
225 panel decisions published in February 2005. (web); Although  
226 this study is not precedential in nature, it does reflect a studied  
227 and considered summary of the decisions of numerous panelists  
228 during the first five years of administration of the UDRP.

## 2.1. Domain name that is identical or confusingly similar to the trade mark or service mark

In relation to this first circumstance the UDRP does not offer any guidance. As a result there are divergent opinions over the concept of 'confusingly similar'. Within WIPO there is a consensus that the content of a website is only relevant if the disputed domain is confusingly similar to a trade mark or a trade name.<sup>11</sup> Consequently, geographic indications are not regarded as trade marks under the UDRP.<sup>12</sup> In addition, there is a consensus that trade marks rights are protected without prejudice of their location. Although, those trade marks that have automatic registration procedures, i.e. US state registration as opposed to US federal registration, may have fewer protections.<sup>13</sup>

It also appears that a domain name partly translated to another language may be considered confusingly similar.<sup>14</sup> It has been controversial, however, whether a domain name composed by a trade mark and a negative term is confusingly similar to the trade mark, i.e. the so called sucks cases: "[trade mark] sucks.com" or "f\*\*k [trade mark].com".<sup>15</sup> Panels have frequently found these registrations abusive for a number of reasons: because the domain name may be confused with the trade mark for not being recognised as negative, or because it might be seen by non-fluent English speakers who may be misled into thinking that the domain name holder is the trade mark owner (*Vivendi Universal* case), etc.<sup>16</sup> By contrast, there are an increasing number of new cases allowing parody and gripe sites, holding that the likelihood of confusion between the trademark and the domain name was not

sufficiently high since they involved non-commercial purposes (*Lockheed Martin Corporation v. Dan Parisi*).<sup>17</sup>

Donahey finds two different doctrinal approaches to assert if a domain name is confusingly similar to a trade mark.<sup>18</sup> On one hand, part of the doctrine uses the objective test: if a trade mark is part of a domain name, regardless of added letters or words, the confusion exists. On the other hand, some panelists use a subjective test: actual likelihood of confusion between the trade mark and the domain name, i.e. typosquatting.<sup>19</sup> This second test seems to be the most sensible and fair because it analyses the specific circumstances and the intention of the user to confuse the domain name with the trade mark. Nevertheless, the problem with this test is that it often raises divergent opinions (*Bloomberg L.P. v. Secaucus Group*).<sup>20</sup> Donahey proposes the use of the objective test since the subjective approach is already used during the evaluation of the next two circumstances. However, Donahey's objective approach must be qualified by the approach taken by most national courts considering whether a reasonable consumer or Internet user would believe that the trade mark owner sponsored the domain name.<sup>21</sup>

## 2.2. Domain name holder lacking of rights or legitimate interests in the registered domain name

The most common defence for the registrant is to show evidence that there is a legitimate interest in the use of the domain name. In order to do so the UDRP provides with three grounds that prove rights or legitimate interest for the current domain name holder:

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name

<sup>11</sup> *Arthur Guinness Son & Co. (Dublin) Limited v. Dejan Macestic* WIPO/D2000-1698, Transfer; and *AT&T Corp. v. Amjad Kausar* WIPO/D2003-0327, Transfer.

<sup>12</sup> *Gobierno de Asturias v. Diego Miras Silva* D2007-1392, Denied; and *Patronal de Turisme Costa Brava Girona v. Daniel Bosh* D2007-0566, Denied; See generally Bently, L., & Sherman, B., *The Impact of European Geographical Indications on National Rights in Member States*, 96 (2006), *Trademark Reporter*, p. 901.

<sup>13</sup> *Lion Country Supply, Inc. v. J. Katz* WIPO/D2003-0106, Transfer and *PC Mall, Inc. v. Pygmy Computer Systems, Inc.* WIPO/D2004-0437, Transfer.

<sup>14</sup> *Consorzio del Prosciutto de Parma v. Matthew Gasse, Hanslmeier Fleischwarenfabrik* WIPO/D2003-0474 where the domain name *parma.schinken* (*schinken* means ham in German) was found confusingly similar to the registered *parma* ham. See also Bently & Sherman (2006) *Ibid* at p. 901.

<sup>15</sup> *Société Air France v. Virtual Dates, Inc* D2005-0168, Transfer; But in *America Online Inc. v. Johuanthan Investments Inc.* WIPO/D2001-0918 a domain name using the word *f\*\*k* was held not confusingly similar to the trade mark because in the panels view such confusion would be inconceivable. See also Burshtein, S., *Domain Names at the Intersections of Free Speech and Trademark Law on the Internet*, 56 (2007), *University of New Brunswick Law Journal*, p. 54.

<sup>16</sup> In the *Vivendi Universal* case the majority of the panelists opined that *thevivendiuniversalsucks.com* could mislead the English non-speaking public to believe that the site was connected to *Vivendi Universal*. D2001-1121.

<sup>17</sup> *WIPO/D2000-1015*, Denied; *McLane Company, Inc. v. Fred Craig* WIPO/D2000-1455, Denied; *America Online, Inc. v. Johuanthan Investments, Inc.*, and *Aollnews.com* WIPO/D2001-0918, Transfer, Denied in Part. This position is also reflected in the national courts but considering the similarity between the domain name and the trade mark. According to Schwartz, American "courts addressing trademark-identical sites have split results, those courts addressing trademark-plus-pejorative-term sites nearly uniformly favor the defendant as long as the criticism motive is legitimate." See Schwartz, J.L., *Making the Consumer Watchdog's Bark as Strong as its Gripe: Complaint Sites and the Changing Dynamic of the Fair Use Defense*, 16 (2006), *Albany Law Journal of Science and Technology*, p. 95; Burshtein (2007) *Ibid* at p. 54.

<sup>18</sup> Donahey, S., *Divergence in the UDRP and the Need for Appellate Review*, 5 (2002), *Journal of Internet Law*, p. 10.

<sup>19</sup> *Amazon.com, Inc. v. Steven Newman a/k/a Jill Wasserstein a/k/a Pluto Newman*, D2006-0517, Transfer; *CPP, Inc. v. Virtual Sky*, D2006-0201, Transfer.

<sup>20</sup> *Bloomberg L.P. v. Secaucus Group, NAF/FA97077*, Transfer. In this case the domain *namemichaelbloombergsucks.com* was in dispute with the trade mark *Bloomberg*. Two panelists found likelihood of confusion between the trade mark and the domain name. One panelist stated that confusion was proved by the fact that the domain name was found by search engines. The dissent panelist asserted that the suffix "sucks" precludes any reasonable person from confusion with the trade mark. See also Donahey comments refereeing to this case. See Donahey (2002) *Ibid* at pp. 7-9.

<sup>21</sup> Schwartz (2006) *Ibid* at 91-92 referring to *Bally's Total Fitness v. Faber* 29 F. Supp. 2d 1161 (C.D. Cal. 1998) and *Lucent Technologies, Inc. v. LucentSucks.com* 95 F. Supp. 2d 528 (E.D. Va. 2000).

343 corresponding to the domain name in connection with a bona fide  
 344 offering of goods or services; or  
 345 (ii) you (as an individual, business, or other organization) have  
 346 been commonly known by the domain name, even if you have ac-  
 347 quired no trade mark or service mark rights; or  
 348 (iii) you are making a legitimate non commercial or fair use of the  
 349 domain name, without intent for commercial gain to misleadingly  
 350 divert consumers or to tarnish the trade mark or service mark at  
 351 issue.<sup>22</sup>

352 These three grounds are not exhaustive so registrants can  
 353 produce other situations that may prove 'rights or legitimate  
 354 interests in respect of the domain name'. In practice, however,  
 355 it seems that respondents have been unsuccessful in finding  
 356 new circumstances.<sup>23</sup>

357 It has been very controversial whether the use of domain  
 358 names for criticizing trade marks is a legitimate use, or by  
 359 contrast, tarnishes the trade marks. Panels have expressed  
 360 different views. On one hand, it has been decided that the  
 361 right to criticize does not include the right to register a domain  
 362 confusingly similar to a trade mark. On the other hand, it has  
 363 also been decided that, since the domain name is just an Inter-  
 364 net address different from a trade mark, the use of free speech  
 365 without a commercial gain is legitimate, even when it tar-  
 366 nishes or dilutes a trade mark.<sup>24</sup> This last approach has been  
 367 more prevalent among US panelists referring to the First  
 368 Amendment of the US Constitution.<sup>25</sup> Donahey states that of-  
 369 ten mixed websites – with criticism and minimum commer-  
 370 cial activities, i.e. one commercial banner, (*Daniel J. Quirk v.*  
 371 *Michael J. Maccini*) – may strip away the registrant protection  
 372 in 'making a legitimate non commercial or fair use of the do-  
 373 main name'.<sup>26</sup> However, solicitations of donations and adver-  
 374 tisements for another criticism website have not been  
 375 considered as commercial use.<sup>27</sup>

376 On a different note, it appears that when the domain name  
 377 lures Internet users that are looking for the trademark to its  
 378 own site then, regardless of the legitimacy of its critics, it  
 379 will be considered against the UDRP (*Justice for Children v. R*

380 *netso/ Robert W. O'Steen*).<sup>28</sup> Overall, it is not clear whether  
 381 the use of a domain name to criticize a trade mark will be  
 382 allowed under the UDRP unless a clear non-commercial inten-  
 383 tion is shown. Furthermore, panels when dealing with free-  
 384 dom of speech issues appear to be cautious, transferring  
 385 only those where there are clear intentions of extortion or  
 386 blackmail from registrants.<sup>29</sup>

387 Another type of controversial domain is the fans' sites that  
 388 are active and do not pursue commercial interest. In some  
 389 cases panelists found that there is a legitimate interest in its  
 390 use even when using the complainant's trade mark (*Chivas*  
 391 *USA Enterprises, LLC, et al. v. Cesar Carbajal*). In other cases pan-  
 392 elists stated that respondents were misrepresenting them-  
 393 selves by pretending to be the official website (*David Gilmour*  
 394 *Music Limited v. Ermanno Cenicolla*).<sup>30</sup> Nevertheless, in *Tom*  
 395 *Cruise v. Network Operations Center/Alberta Hot Rods* the panel  
 396 held that personal names can be protected when they are be-  
 397 ing used as a common law trade mark.<sup>31</sup> But, in *Weather Shield*  
 398 *Mfg., Inc. v. Lori Phan* the panel stated that when using generic  
 399 words protected by trade mark laws, it will be also necessary  
 400 to prove a legitimate interest to maintain the domain name.<sup>32</sup>

401 It has also been fully debated whether authorised distribu-  
 402 tors, licensees, franchisees and resellers have a legitimate in-  
 403 terest in using the trade mark in their domain name. On these  
 404 issues the cases differ significantly. However, the majority of  
 405 cases allow the use of the disputed domain when the regis-  
 406 trant – mainly or exclusively – deals with trade mark  
 407 products.<sup>33</sup>

### 408 2.3. Complainants must prove that there is bad faith in 409 the registration and in the use of the disputed domain name

410 The UDRP does not define the meaning of bad faith but it sets  
 411 a number of non-exhaustive circumstances that if found by  
 412 the panel will be sufficient to prove bad faith in the use and  
 413 registration of the disputed domain name:

414 <sup>28</sup> WIPO D2004-0175. The panel observed that "[u]nder the Policy  
 415 the most revered and thoughtful critic or political speaker may  
 416 not increase his audience by taking advantage of the renown or  
 417 attraction that attaches to another's protected mark". See also  
 418 Schwartz (2007) Ibid at p. 120.

419 <sup>29</sup> Hedley (2006) Ibid at p. 184; Schwartz observed that "the UDRP  
 420 panels interpret the policy with a particular outcome in mind [...] in  
 421 order to produce 'just' results". See Schwartz (2006) Ibid at  
 422 p. 108.

423 <sup>30</sup> View 1: *Chivas USA Enterprises, LLC, et al. v. Cesar Carbajal*  
 424 D2006-0551, Denied; View 2: *David Gilmour Music Limited v. Er-*  
 425 *manno Cenicolla* WIPO/D2000-1459, Transfer.

426 <sup>31</sup> *Tom Cruise v. Network Operations Center/Alberta Hot Rods*  
 427 D2006-0560, Transfer; *Julia Fiona Roberts v. Russell Boyd* WIPO/  
 428 D2000-0210, Transfer; and *Dr. Michael Crichton v. In Stealth Mode*  
 429 *WIPO/D2002-0874*, Transfer. Common law trade marks are only  
 430 recognised in common law countries, and often refer to case  
 431 law, e.g. *Your Golf Travel Limited v. Hardelot Holidays Limited*  
 432 *D2007-1058* where the panel referred to *Phones4u Limited & anor.*  
 433 *v. phone4u.co.uk Limited and ors.* [2006 EWCA Civ. 244].

434 <sup>32</sup> *Weather Shield Mfg., Inc. v. Lori Phan*, D2007-1247, Denied.

435 <sup>33</sup> *Jerome Stevens Pharmaceuticals, Inc. v. Watson Pharmaceuticals,*  
 436 *D2004-1029*, Denied; *Control Techniques Limited v. Lektronix Ltd,*  
 437 *D2006-1052*; Transfer.

382 <sup>22</sup> UDRP Policy para. 4(c).

383 <sup>23</sup> Hedley (2006) Ibid at p. 185.

384 <sup>24</sup> View 1 *The Royal Bank of Scotland Group plc, National West-*  
 385 *minster Bank plc A/K/A NatWest Bank v. Personal and Pedro Lopez*  
 386 *WIPO/D2003-0166*, Transfer; View 2: *Bridgestone Firestone, Inc.,*  
 387 *Bridgestone/Firestone Research, Inc., and Bridgestone Corporation v.*  
 388 *Jack Myers* WIPO/D2000-0190, Denied; The number of cases fol-  
 389 lowing the first view is nearly twice as many as the number fol-  
 390 lowing the second view. See Barrett (2007) Ibid at 1049 (footnote).

391 <sup>25</sup> *Joseph Dello Russo M.D. v. Michelle Guillaumin* D2006-1627,  
 392 Transfer and Denied. See also Schwartz (2006) Ibid at pp.  
 393 109-120; Burshtein (2007) Ibid at p. 61.

394 <sup>26</sup> UDRP Policy para. 4(c) (iii). Donehay refers to two cases with  
 395 opposing reasoning on this issue: *Daniel J. Quirk v. Michael J. Mac-*  
 396 *cini NAF/FA94964* which a single commercial banner did not  
 397 impede the non-commercial protection; *The New York Times Com-*  
 398 *pany v. New York International Services*, WIPO/D2000-1072. See Do-  
 399 nehay (2002) Ibid at p. 14.

<sup>27</sup> See *Ladner v Wetmore NAF FA 305190*. See also Burshtein  
 (2007) Ibid at p. 61.

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trade mark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trade mark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.<sup>34</sup>

Several of these factors indicating bad faith overlap with the first two elements. The burden of proof is on the complainant, although some panels have shifted the onus to the respondent.<sup>35</sup> When the registration of a domain name is established before the trade mark right, it will be considered as a *prima facie* of good faith. Under these circumstances the complainant may prove otherwise, e.g. in *Optimum Digital Enterprises v. Intership Limited* the expectation of a merger between two companies proved to be a bad faith registration.<sup>36</sup> In the case of an inactive website, it does not usually prove lack of bad faith 'use', or the existence of bad faith, but it can be counted as a factor to determine bad faith (*Telstra Corporation Limited v. Nuclear Marshmallows*).<sup>37</sup> Other factors can be the resemblance to a well-known trade mark; having former abusive registrations; the use of a false identity during the registration; and lack of response to the complaint, etc (*Playboy Enterprises International Inc. v. Joao Melancia*).<sup>38</sup>

WIPO has denounced the fact that cybersquatting is growing rapidly using 'domain parking sites' on which 'pay-per-click' links are listed.<sup>39</sup> The bulk of domain names are

<sup>34</sup> UDRP Policy para. 4(b).

<sup>35</sup> *Sormac B.V. v. Domains by Proxy Inc. and James McCrory*, D2007-1338, Denied; *Playboy Enterprises International Inc. v. Joao Melancia*, D2006-1106, Transfer.

<sup>36</sup> *John Ode dba ODE and ODE - Optimum Digital Enterprises v. Intership Limited* WIPO/D2001-0074, Denied; Transfer; *Madrid 2012, S. A. v. Scott Martin-MadridMan Websites* WIPO/D2003-0598, Transfer.

<sup>37</sup> The lack of use of domain has had different interpretations, the majority of panels sustain that the passive holding of a domain name satisfies the 'use' requirement, e.g. *Telstra Corporation Limited v. Nuclear Marshmallows* WIPO/D2000-0003. By contrast a minority number of cases found that a non active website was the deciding circumstance to state bad faith, i.e. *Sporoptic Pouilloux S.A. v. William H. Wilson*, WIPO/D200-0265.

<sup>38</sup> *Playboy Enterprises International Inc. v. Joao Melancia*, D2006-1106, Transfer.

<sup>39</sup> *Cybersquatting Remains on the Rise with Further Risk to Trademarks from New Registration Practices*. WIPO Press Release (2007) Ibid PR/479/2007; See also Stephen Saxby, *News and Comment on Recent Developments from Around the World*, 23 (2007), *Computer Law and Security Report*, p. 224.

registered taking advantage of the five days grace period (free of charge), which is re-registered automatically under a different registrant.<sup>40</sup> It was also found that the failure to conduct prior checks for third party rights in certain circumstances would represent bad faith under the UDRP (*Mobile Communications Services Inc. v. WebReg RN*).<sup>41</sup>

In other cases evidence of an offer to sell the domain name may suffice when there is a clear intention to extort, as happened in *CBS Broadcasting, Inc. v. Gaddoor Saidi*.<sup>42</sup> The majority of panels admit the offer to sell from the respondent as a proof of bad faith, although a minority considers that the mere offering, without more, does not indicate circumstances suggesting the respondent "registered the domain name primarily for the purpose of selling" it (*LifePlan v. Life Plan c/o Relational Dynamics, Inc.*).<sup>43</sup>

### 3. UDRP rules assessment

#### 3.1. UDRP accusations of bias

The UDRP has been strongly accused of forum shopping and of using a biased procedure financially supported by trade mark owners. The two first major studies reporting grounds of bias to the UDRP were the statistical analyses of Mueller and Geist.<sup>44</sup> These reports raised significant concerns about the impartiality and independence of the UDRP proceedings. They will now be discussed in the light of the published rebuttals.

3.1.1. *Biased dispute resolution providers: Mueller's analysis*  
Muller's study was the first statistical study that raised concerns about forum shopping of the two main dispute resolution providers. The study criticizes WIPO and NAF for being biased in favour of claimants.<sup>45</sup> His main contention is that WIPO and NAF have obtained the majority of the market share (61% and 31%, respectively) by deciding more often in favour of trade mark interests (complainant wins 82% with WIPO and 81% with NAF).<sup>46</sup> This market share is contrasted with the now out of business eResolution that despite charging cheaper fees, obtained a smaller market share (7%) because it resolved in a less complaint friendly way (complainants

<sup>40</sup> Ibid.

<sup>41</sup> WIPO/D2005-1304; See also *Media General Communications, Inc. v. Renames, WebReg*, WIPO/D2006-0964.

<sup>42</sup> WIPO/D2000-0243, Transfer; or even without the need of offering the domain name for sale, e.g. *Fifth Third Bancorp v. Joseph Robinson*, D2006-1183, Transfer.

<sup>43</sup> NAF/FA0005000094826.

<sup>44</sup> M. Mueller, *A New Profile of Domain Name Trademark Disputes under ICANN's UDRP*. Syracuse University School of Information Studies (2002); M. Geist, 'Panel II: ICANN and WIPO at Work: Towards a Paradigm of International Telecommunications Governance? Fair.com? An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP' (2002) *Brooklyn Journal of International Law*, p. 903.

<sup>45</sup> This data was originally based on 1.200 case-studies. Mueller (2000) Ibid at p. 1.

<sup>46</sup> Mueller (2002) Ibid at p. 16.

won in 51% of cases).<sup>47</sup> These circumstances have not changed in recent years.<sup>48</sup>

The above findings may explain why the Canadian eResolution went into bankruptcy after two years in business. Its former president, Mr. Benyekhlef, stated that the lower complainant win rate with eResolution diverted many cases to other dispute resolution providers that were more complainant-friendly.<sup>49</sup> Benyekhlef argued that this situation was so obvious that even the Canadian Government selected the more expensive and foreign WIPO service rather than the national and cheaper service of eResolution. This was in order to assure a more convenient outcome.<sup>50</sup> As Froomkin has appropriately suggested, the bias goes further than mere forum shopping because the future of dispute resolution providers and the income of the panelists depend mainly on the complainants' lawyers' views of which dispute resolution provider would benefit them most.<sup>51</sup>

Mueller's statistical analysis has received many criticisms. One of the most contentious was from the International Trade mark Association (INTA) which declared that the study undermined the UDRP achievement in creating a cost-effective procedure to fight cybersquatting.<sup>52</sup> INTA argued that the selection of dispute resolution providers was not based mainly on their decisions (favouring claimants) but rather upon their international reputation.<sup>53</sup> It also reports that Muller's presumption that a non-biased procedure would have a 50/50 result was mistaken since the UDRP was designed for abusive cases.<sup>54</sup> Finally, it is stressed that respondents can always seek court redress, which Mueller rightly marked as "an often useless resource" for respondents given their inferior economic means.

Mueller proposes that in order to avoid the existing forum shopping, registrars, instead of claimants, should be responsible for selecting the dispute resolution provider. This was

<sup>47</sup> Note that CPR was excluded because the number of cases processed by CPR was too small to use in a statistical analysis. Geist based on its own statistical analysis also suggests that there is forum shopping in favour of complainants with WIPO and NAF. Geist's analysis was based on 4000 case-studies which found that WIPO - with a market share of 59.2% of all UDRP disputes - complainants win 80.6% of the time; NAF - with a market share of 34.5% - complainants win 83.3% of the time; by contrast, eResolution - with 5.6% market share - complainant's win percentage is only 61.1%. See Geist (2002) *Ibid* at p. 910.

<sup>48</sup> WIPO has revealed that in 2006 84% of cases were in favour of complainants. See WIPO Press Release (2007) *Ibid* PR/479/2007.

<sup>49</sup> eResolution was approved the 1 January 2000 and provided services until the 30 November 2001. It was based in Montreal, Canada. The President of eResolution, K. Benyekhlef stated: "It is but an open secret that lawyers advising their clients in domain name cases have no scruples about quoting the figures and saying that the odds are better with a given provider". See Bonisteel, S., *Arbitration Firm Quits Domain Name Business*, Newsbytes, (3 December 2001).

<sup>50</sup> *Ibid*.

<sup>51</sup> Froomkin, A.M., *ICANN Uniform Dispute Resolution Policy, Causes and (Practical) Cures*, 67 (2002), *Brooklyn Law Review*, p. 690.

<sup>52</sup> Ned Branthover, *UDRP - A Success Story: A Rebuttal to the Analysis and Conclusions of Professor Mueller in "Rough Justice"* INTA Internet Committee (2002).

<sup>53</sup> INTA *Ibid* at p. 4.

<sup>54</sup> INTA *Ibid* at p. 6.

because registrars' incentives are more balanced than litigants' incentives. It is arguable whether registrars would be as effective as complainants in maintaining competent fees among all the providers, because registrars could also be biased: for example, a registrar may attempt to attract cybersquatters by selecting the most expensive dispute resolution providers or the most respondent friendly provider.

### 3.1.2. Biased appointment of panelists: Geist's analysis

Geist found that a handful of panelists resolved a significant proportion of the cases with a very high complainant-winning rate.<sup>55</sup> INTA attempted to justify this by stating that panelists had busy schedules, which made it impossible to make an even distribution of case load among panelists. Geist proposes the use of a minimum and maximum caseload system to each panelist in order to avoid case allocation to complainant friendly panelists.<sup>56</sup> Geist's report found that in single panel cases (appointed by the provider) complainants win more often than in three member panel cases (appointed equally by the parties' preferences).<sup>57</sup> In those cases where respondents voluntarily pay part of the fees (for a three member panel) it may be because they have enough economic means and a stronger case. Geist argues that by stating that respondents have stronger cases, parties want to evade biased panelists and bad reasoned decisions from single member panels.<sup>58</sup> In order to change this situation, he proposes compulsory three member panels for all contested (as opposed to default) decisions, which must be paid for only by the complainant.<sup>59</sup>

Geist indicated that there are less default cases in three member panels than in the single panels.<sup>60</sup> Thus, the different rate of complainant winning possibilities may not stem exclusively from the biased single panels but from a higher number of default cases in single panels.<sup>61</sup> This becomes clearer when

<sup>55</sup> The most notorious example found by Geist was with the six busiest panelists with NAF, which had resolved 1379 cases that corresponds with 56.4% of all NAF single panel cases. In these cases the complainant winning rate was 95.1%. Geist Update (2002) *Ibid* at p. 6.

<sup>56</sup> Geist (2001) *Ibid* at p. 29.

<sup>57</sup> In single member panels complainant win 83% of the time while in three member panel cases this percentage drops to 58%. See Geist Update (2002) *Ibid* at p. 6.

<sup>58</sup> Geist stated that complainants request more often the three panelists (62% of the time) than the respondents do. Geist (2001) *Ibid* at p. 20.

<sup>59</sup> Geist points out that the NAF Supplemental Rule para. 9(c) - which allows the conversion from the three member panel to a single member panel when a dispute is not contested by the respondent-, could be applied to his proposal of a mandatory three member panel. This approach has taken on board by the Canadian Internet Regulation Authority (CIRCA) for the ccTLD .ca. See Geist (2002) *Ibid* at p. 933. See also Kesan, J., & Gallo, A., *The Market for Private Dispute Resolution Services - An Empirical Re-assessment of ICANN-UDRP Performance*, 11 (2005), *Michigan Telecommunications Technology Law Review*, p. 371.

<sup>60</sup> Geist reported that there are less default cases in three member panel (only 24%) than in the overall default cases - both single and three members panel - is much higher (54%). See Geist *Fundamentally Fair.com? An Update on Bias Allegations and the ICANN UDRP* (2002) at p. 7.

<sup>61</sup> Donahey, S., *The UDRP - Fundamentally Fair, But Far From Perfect*, 6 (2001), *Electronic Commerce and Law Reports*, p. 937.

taking into account the fact that complainant winning expectation in default cases was 94%.<sup>62</sup> It has been observed that the number of default cases in eResolution was lower than among the rest of the providers because eResolution was the only provider that at the time admitted full online applications. This may be a reason why complainants avoided it.<sup>63</sup> These circumstances have now changed, since currently UDRP providers offer full online services.

It could be argued that before changing to a compulsory three member panel and consequently increasing considerably the price of the UDRP it should be necessary to prove that single panelists are biased with something more than merely comparing decisions' data. INTA rightly stated that statistical analysis in dispute resolution cannot evaluate fairness, indicating that bias can only be asserted by the merits of the cases decided by the panelists.<sup>64</sup> An appellate review may be more appropriate to monitor unjust decisions.

It has been suggested that it may not be an intentional or direct bias but it may be an indirect bias because reading the publicly available CVs of panelists it appears that most of the panelists are practising intellectual property lawyers.<sup>65</sup> Froomkin suggests that UDRP providers' lists should also include people from other legal backgrounds such as civil liberty lawyers.<sup>66</sup> Furthermore, in order to provide independent panelists it would be necessary that the UDRP Rules explicitly prevent panelists from representing other parties in UDRP proceedings.<sup>67</sup>

### 3.1.3. Default cases

Geist reported that 54% of all UDRP cases were default cases, and these decisions were mostly in favour of claimants (94%).<sup>68</sup> It is not surprising that a high rate of successful default claims exist since, when the defendant does not respond, "panels find in favour of the complainant because of the presumption afforded to complainant's factual allegations."<sup>69</sup> As for the lack of responses there may be many possible reasons

for these high rates of default cases. On one hand, trade mark and UDRP advocates assert that a significant group of cybersquatters do not participate in the procedure. This is because they may foresee very little chance of succeeding, therefore deciding not to waste time in defending themselves. On the other hand, it can be argued that a procedure managed by trade mark lawyers with high complainant success rates may intimidate domain name holders who may not be fully aware of their rights from participating. According to Froomkin, the main reason for high default rates may be that the time limit of 20 days for respondents is too short in order to give the respondent a fair chance of preparing a proper defence.<sup>70</sup>

## 3.2. Other procedural shortcomings

### 3.2.1. Language issues

The language of the proceedings must be the one used in the registration contract, unless the parties agree a different language.<sup>71</sup> However, the panel may change the language taking into account relevant circumstances, such as the nationality of the parties, the language of the documentation, etc.<sup>72</sup> Panels may also require parties to translate the documents that are not in the language of the procedure.

The UDRP has not been officially translated from English to any other language. All the existent translations have been done by dispute resolution providers and registrars. This lack of official translation has been criticised for violating many national laws that require that information forming part of a consumer contract be translated into the consumers' local language in order to be valid.<sup>73</sup> To avoid this ICANN should carry out official translations of the UDRP policy and rules.

### 3.2.2. Costs issues

For trade mark owners the UDRP has been a great success because they do not have to rely on the multi-jurisdictional litigation reducing costs in terms of time and money. This has been also achieved given the simplicity of the proceedings where each party only makes a single written submission on which the panel will make its decision.<sup>74</sup>

The complainant always pays the fee unless the complainant applies for one panelist and the defendant applies for three. In these circumstances parties split the fee. This fee varies by the number of domain names involved, the dispute

<sup>62</sup> Geist Update (2002) Ibid at p. 7.

<sup>63</sup> Donahey (2001) Ibid at p. 2; Froomkin (2002) Ibid at p. 705.

<sup>64</sup> INTA rebuttal (2002) Ibid at p. 6.

<sup>65</sup> Froomkin (2002) Ibid at p. 674.

<sup>66</sup> Froomkin (2002) Ibid. Initially, UDRP dispute resolution providers were characterised by having panelists from specific areas, i.e. it was said that WIPO's roster was primarily formed by trade mark attorneys and law professors, NAF's described as retired American judges, and eResolution for having international law professors. However, the growing number of cross-listed panelists makes it difficult to classify the rosters lists in these terms anymore. In addition eResolution allowed the selection of panelists from any of the ICANN approved providers' lists. See Benyekhlef, K., & Gélinas, F., *Online Dispute Resolution*, 10 (2005), *Lex Electronica*, p. 119; Geist (2002) Ibid at p. 907.

<sup>67</sup> For instance the WIPO panelist Marino Porzio (known for his controversial former decision on the domain Barcelona.com WIPO/D2000-0505) represented the Chilean bank in claiming the domain bancochile.com. See WIPO/D2001-0695. See also Elizabeth G. Thornburg, *Privatisation and Power: Dispute Resolution for the Internet*, in: Charles E.F. Rickett, & Thomas G.W. Telfer, (ed.), *International Perspectives on Consumers Access to Justice* (New York, Cambridge University Press, 2006), p. 313.

<sup>68</sup> As to February 18, 2002 it was reported that 2339 of 4332 of all cases were default cases. See Geist Update (2002) Ibid at p. 7.

<sup>69</sup> Schwartz (2006) Ibid at p. 99.

<sup>70</sup> Froomkin (2002) Ibid at p. 674.

<sup>71</sup> UDRP Rules para. 11(a).

<sup>72</sup> UDRP Rules para. 11(b) *L'Oreal S.A. v. Munhyunja* WIPO/D2003-0585, Transfer; and *Deutsche Messe AG v. Kim Hyungho* WIPO/D2003-0679, Transfer.

<sup>73</sup> See for example article 4(2) of the Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts. Froomkin (2002) Ibid at p. 707.

<sup>74</sup> This is without prejudice that panels exceptionally may accept complementary submissions. See NAF Supplementary Rules para. 7 allowing presenting further information five days after the response. This rule was marked by some commentators as bias because allows the complainant to put in a surprise pleading. See Froomkin (2002) Ibid at p. 703.

799 resolution provider, and the number of panelists involved.<sup>75</sup> In  
800 very exceptional circumstances, the panel in its discretion  
801 may require hearings, including teleconference, videoconfer-  
802 ence and Internet conference; in such cases parties will have  
803 to cover their expenses on the top of the regular fee.<sup>76</sup>

804 In addition, the various dispute resolution providers have  
805 been set with competitive fees in order to attract complain-  
806 ants. This, however, cannot be confused with forum shop-  
807 ping. It appears clear that forum shopping always implies an  
808 unfair competence where there is a bias to draw claimants  
809 in detriment of defendants' rights. This raises questions as  
810 to why one of the most expensive dispute resolution providers  
811 (WIPO) has the biggest share in the dispute resolution market.  
812 This may be for two reasons: first, when all the legal costs of  
813 a UDRP action are taken into account, the fee difference  
814 among providers may be not very relevant.<sup>77</sup> Second, Geist  
815 and Mueller maintain that the higher complainant-friendly  
816 rates are a major aspect, whereas the fee is an unimportant el-  
817 ement among trade mark owners because they have econ-  
818 omic power.<sup>78</sup> Also INTA assured that factors such as  
819 international reputation are also very important in selecting  
820 providers.

821 Under the UDRP it is not possible to order economic com-  
822 pensation or to impose the payment of legal costs; to recover  
823 this, it would be necessary to claim it in litigation.<sup>79</sup> This issue  
824 was debated during the WIPO consultations, but it was de-  
825 cided the no inclusion of the allocation of legal costs in the  
826 UDRP because these legal costs could intimidate the registra-  
827 tion of new domains. Furthermore, it would be difficult and  
828 expensive to recover small costs, particularly from registrants.

### 829 3.2.3. Time limits

830 One of the main objectives of the UDRP was to accomplish an  
831 expedited procedure. The flip side is that a fast procedure may  
832 skip due process issues. In the UDRP this is noticeable by im-  
833 posing strict word limits, only one plea, limiting evidence and

834 <sup>75</sup> At the time of writing WIPO establishes in US\$1500 the partic-  
835 ipation in the UDRP procedure for the resolution of disputes by 1  
836 panelist in relation up to five domain names and US\$2000 for 6-10  
837 domain names. The fee rises to US\$4000 when there are three  
838 panelists to resolve up to five domain names and US\$5000 for  
839 6-10 domains. See WIPO Supplemental Rules para. 9 and Annex  
840 D. NAF, for 1-2 domain names in disputes the fee is US \$1300  
841 with one panelist and \$2600 with three panelists; from 3 to 5  
842 names in disputes the fee is US \$1450 with one panelist and US  
843 \$2900 with three panelists. See NAF Supplemental Rules para. 17.

844 <sup>76</sup> UDRP Rules para. 13.

845 <sup>77</sup> Geist (2002) Ibid at p. 907.

846 <sup>78</sup> Geist (2002) Ibid at p. 904; Mueller (2001) Ibid at p. 15.

847 <sup>79</sup> National legislations allow the recovery of statutory damages,  
848 i.e. The US Anticybersquatting Consumer Protection Act (ACPA)  
849 Pub. L. No. 106-43 para. 3(a) (2), 5, 113 Stat. 218, 220 (1999) and  
850 Lanham Act s. 43(d), 15 U.S.C. para. 1125(d) (2000). See Barrett,  
851 M., Domain Names, Trademarks and the First Amendment:  
852 Searching for Meaningful Boundaries, 39 (2007), *Connecticut Law*  
853 *Review*, p. 1033 et seq.; Wang, F., Domain Names Management  
854 and Legal Protection, *International Journal of Information Manage-*  
855 *ment*, 26 (2006), pp. 116-127. The Austrian Supreme Court ruled  
that the costs incurred by a successful complainant in an ICANN  
UDRP case must be paid by the defendant because these costs  
were caused by the defendant's unlawful bad faith conduct. See  
ABGB para. 1293 (2004).

856 hearings, and establishing short time limits. These limits may  
857 be justified as long as they are equally applied to both parties.  
858 Additionally, ~~it is arguable that~~ the UDRP proceeding is not  
859 a judicial procedure but an administrative procedure which  
860 decisions are not legally enforceable by any court, ~~therefore~~  
861 the same legal standards expected in a the judicial system  
862 ~~should not be applied to the UDRP.~~

863 Nonetheless, the time limitation has been strongly criti-  
864 cized for benefiting more the complainant than the respon-  
865 dent because complainants have no time limit for initiating  
866 a UDRP complaint. Froomkin highlights that UDRP time limits  
867 are just too short for respondents:

868 *Running a procedure of this sort without actual notice or a method*  
869 *reasonably calculated to achieve notice prior to the commence-*  
870 *ment of the proceedings must be contrary to the public policy of*  
871 *all civilized nations. It risks producing results that are, or at least*  
872 *should be, unenforceable in the courts of all civilized nations.*<sup>80</sup>

873 Froomkin proposes that the period for responding should  
874 be at least 60 days, and this period should start counting  
875 once the complaint is received by the registrant.<sup>81</sup> It must  
876 be noted that on one hand, this time extension would be  
877 necessary in order to give respondents a fair chance to pre-  
878 pare their defence. On the other hand, changing from the  
879 sender's rule to the receivers' rule might raise some practi-  
880 cal difficulties, especially when the registrant had changed  
881 his address.

882 In relation with the enforcement of decisions it appears the  
883 same problem, the 10 days limit may be far too short, and  
884 what seems to be the same rule for both parties certainly fa-  
885 vours the complainant because the latter would have not  
886 changed his *status quo* - neither the lack of domain name  
887 that the complainant claims, nor the type of claim where he  
888 is still the claimant.<sup>82</sup> The UDRP attempted to balance this  
889 by favouring respondents with the mutual jurisdictions,  
890 which is the respondents' or the registrars' jurisdiction.<sup>83</sup> In  
891 any case, the present time limits seem to be too short for pre-  
892 paring a legal action.

### 893 3.2.4. Need of legal advice to respondents

894 It is possible that a certain number of registrants will fail to de-  
895 fend their domain in their best interests, or even fail to defend  
896 it at all, particularly if they are not familiar with the procedure.  
897 Despite the fact that the UDRP proceeding is rather simple for  
898 a lawyer, it may appear confusing for registrants that are le-  
899 gally untrained. This may be particularly burdensome for re-  
900 spondents who are not companies but individuals that may  
901 not easily find legal advice on the UDRP.

902 The legitimacy of the UDRP has been questioned given the  
903 existing imbalance of power between the parties in the UDRP  
904 procedure which is noticeable from the initial adhesion  
905

906 <sup>80</sup> Froomkin (2002) Ibid at p. 675.

907 <sup>81</sup> Froomkin (2002) Ibid at p. 702.

908 <sup>82</sup> Thornburg, E., Fast, Cheap, and Out of Control: Lessons from  
909 ICANN Dispute Resolution Process, 7 (2002), *Journal of Small &*  
910 *Emerging Business. Law*, p. 191; Froomkin (2002) Ibid at p. 652.

911 <sup>83</sup> See 'mutual' jurisdiction at UDRP Rules para. 1 and 3(b)(xiii).  
912



contract agreed by the registrant.<sup>84</sup> This imbalance is apparent along the whole proceeding. Where there are a high number of default cases, respondents are less represented and the time limits are particularly short for respondents. In 20 days, if promptly notified, respondents have enough time to draft legal responses (i.e. of up to 5000 words with WIPO) proving effectively a legitimate interest and good faith in their domain names. Moreover, if it is assumed that complainants have no time restrictions and more economic power, it might be expected that their arguments be better prepared than the respondent's, which creates a new imbalance in the UDRP procedure. Thornburg states "[t]hese power disparities also illustrate that even technologically accessible processes may not function equitably unless the system provides some kind of representative for the weaker party."<sup>85</sup> She proposes the assistance of an ombudsperson that as a repeat player could assist the weaker party.<sup>86</sup>

In order to balance the power between the parties, registrants could be offered some type of free and accessible legal advice. This legal advice could be offered by ICANN or the providers. If dispute resolution providers prefer not to supply this service in order to avoid accusations of bias in favour of respondents, they should at least refer to institutions that can offer this type of service. Experts could provide some type of personalized information about previous cases, helping in finding panelists,<sup>87</sup> answering respondents' enquiries and explaining their entitlements. The aim is not to help cybersquatters but, on the contrary, it is to assist those registrants that have a lawful right to keep their domain names.

## 4. The need for uniformity

### 4.1. Abuse of the UDRP

The UDRP regulates a very specific type of violation of trade marks rights related to cases of abusive registrations. These cases are supposed to be very easy to prove in a fast cost-effective written proceeding where certain procedural guarantees are excluded, i.e. hearings, evidence, etc. However, some UDRP proceedings have assumed with illegitimacy the role of the courts, which violates the procedural guarantees that can only be provided by the courts.<sup>88</sup> Froomkin argues that several panels formed by trade mark lawyers have transferred domain names based on grounds which were completely outside the scope of the UDRP.<sup>89</sup> In this respect Hedley points out that when registrants clearly breach trade mark laws some panels will find very difficult to recognise that they have a legitimate interest or good faith in doing so.<sup>90</sup> This

<sup>84</sup> For a discussion of a lack of legitimacy of ICANN where some countries (US) and some interest groups (Trade mark lobbies) control ICANN policy making process. See Froomkin (2002) *Ibid* at pp. 712–713.

<sup>85</sup> Thornburg (2002) *Ibid* at p. 191.

<sup>86</sup> *Ibid*.

<sup>87</sup> Froomkin (2002) *Ibid* at p. 704.

<sup>88</sup> It is the role of the national courts to maintain the checks on the UDRP decisions. See Dinwoodie (2006) *Ibid* at p. 214.

<sup>89</sup> Froomkin (2002) *Ibid* at p. 654.

<sup>90</sup> Hedley (2006) *Ibid* at p. 182.

misappropriation is favoured by the high degree of freedom given to panelists who can decide many issues using their own discretion. This creates two main problems: first, panelists do not use their discretion in the same way so consequently decisions are inconsistent. Second, as a result of the above, there is a lack of legal certainty.

The lack of uniformity of decisions and the low cost of the UDRP proceedings may encourage frivolous complaints hiding the Reverse Domain Name Hijacking (RDNH) intentions.<sup>91</sup> The current slap on the wrist (the RDNH statement) might not be enough to discourage this abuse. WIPO seems to be the one to be blamed for this; Froomkin has pointed out: "As WIPO's prime concern was the protection of trade marks, not protection against trade marks abuse, it made no recommendation to address this problem".<sup>92</sup> In order to stop this it has been suggested that a fine be included for those frivolous complaints whereby if a panel finds RDNH the claimant would have to pay an economic compensation to the respondent.<sup>93</sup> It could, however, be questioned why a trade mark owner should compensate the registrant for an attempt to RDNH while the cybersquatter is not responsible for extortion. The answer is clear: the cybersquatter, unlike the trade mark owner accused of RDNH, does not abuse from the UDRP procedure in order to hijack a domain name.

### 4.2. The role of precedent

The UDRP, like arbitration, is informed by the adversarial principle,<sup>94</sup> but it does not follow a strict doctrine of precedent.<sup>95</sup> Panels nonetheless consider former decisions on similar facts in order to preserve predictability and fairness. It is thus unquestionable that the persuasive nature of the former decisions is taken into account, in particular when they refer to registrants that have records of abusive registrations.<sup>96</sup> Despite this, it is not surprising that the lack of a strict doctrine of precedent, plus the lack of an appeal review, contributes to the creation of contradictory decisions and the subsequent confusion. Colin Rule proposes the use of more effective and organised search engines to assure that parties and panelists

<sup>91</sup> *Proto Software, Inc. v Vertical Axis Inc/PROTO.COM* D2006-0905, Denied; *Jazeera Space Channel TV station v. AJ Publishing* D2005-0309, Denied; *Dreamgirls.com v. Dreamgirls Entertainment* D2006-0609, Denied.

<sup>92</sup> Froomkin proposes the imposition to the complainant of a fee bond of US\$ 5000. See Froomkin (2002) *Ibid* at p. 649; Hedley (2006) *Ibid* at p. 180.

<sup>93</sup> Froomkin (2002) *Ibid* at p. 693.

<sup>94</sup> It is debatable whether a panelist can use public available information, i.e. check a website that help to inform his decision; in spite that it is generally acceptable that the panel should not conduct independent investigation, see *Ferrari S.p.A. v. Pierrangelo Ferrari*, WIPO/D2001-1004.

<sup>95</sup> *His Holiness Phakchok Rinpoche v. Kim Joe*, D2006-0328, Transfer. See Schwartz (2006) *Ibid* at p. 108. According to WIPO *Telstra Corporation Limited v. Nuclear Marshmallows* WIPO/D2000-0003 was the most cited decision with over 1400 times.

<sup>96</sup> See *Ferrocarril Metropolitana de Barcelona, S.A. v. D. Ignacio Allende Fernández* WIPO/D2000-0873 referring k.o. the resolution WIPO/D2000-0467; See also *Guildline Instruments Limited v. Anthony Anderson*, D2006-0157, Denied.

do not miss reference to significant cases.<sup>97</sup> To date, domain name providers have compiled their own decisions but without including the decisions of the other providers.<sup>98</sup>

An undeniable achievement of the UDRP is its transparency, which is manifested from the policy and rules, easily accessible online, to all decisions that are reasoned and published. Transparent systems have many benefits because they promote accountability and stay open to criticism in how to improve them. However, transparency may have opposing consequences: in an effective procedure this promotes confidence but in an unfair procedure it produces the opposite effect to legal certainty creating confusion and unpredictability.

#### 4.3. Approaches for increasing uniformity

Panelists coming from different countries with diverse values have produced inconsistent interpretations of the UDRP.<sup>99</sup> Since the UDRP does not fall within the concept of arbitration and is not subject to its laws, there are no possibilities for reviews or appeals. The courts are the only institutions which can reverse a UDRP decision, but even judicial review cannot be considered as a way of unifying the interpretation of the UDRP because cases are treated *ex novo* disregarding UDRP decisions. Additionally, courts apply the national trade mark laws and not the UDRP.<sup>100</sup>

A more uniform approach in the interpretation of the UDRP could raise legal certainty and more predictability. This could be achieved by writing guidelines, reforming the UDRP and creating an appellate review.

First, creating new guidelines can be useful in inspiring uniformity but it may not be enough to persuade those minority views with strong arguments, as often seen in the three panel members.<sup>101</sup> Additionally, the existing public guidelines are directed to the parties and not to panelists. It would be more persuasive if they were official guidelines, i.e. approved by ICANN.

Second, is the reform of the UDRP to clarify those aspects that have caused different interpretation among the panelists, i.e. clarifying the discharge of the claimants' burden of proof; to spell out the meaning of 'tarnish' in relation to parody sites<sup>102</sup>; defining trade marks and common law trade marks; regulating the RDNH; grounds for recusal panelists and dispute resolution providers; banning complainants from using the UDRP more than once against the same domains; etc. In addition, the UDRP proceedings should support the use of technology and consensual procedures such as negotiation

<sup>97</sup> Colin Rule *Online Dispute Resolution for Businesses* (San Francisco, Jossey Bass, 2002) at p. 207.

<sup>98</sup> At the time of writing the most updated compilation is WIPO's with its last update made the 8th November 2007 (web).

<sup>99</sup> Donahey (2002) *Ibid* at p. 3.

<sup>100</sup> Ponte, L.M., & Cavenagh, T.D., *Cyberjustice, Online Dispute Resolution for E-Commerce*, (New Jersey, Parson Prentice Hall, 2005) at p. 141. Thornburg (2002) *Ibid* at p. 47.

<sup>101</sup> See UDRP Opinion Guide from Harvard University, (web); WIPO Guide to UDRP, (web); Overview of WIPO of Panel Views on Selected UDRP Questions, (web).

<sup>102</sup> UDRP Policy para 4 (c).

and mediation as long as the parties voluntarily agree their use.<sup>103</sup>

Third, an appellate review would be the best option in order to create precedents and legal certainty. The aim of an appellate review is to correct bad decisions and give uniformity and fairness to what is becoming the 'law' of ICANN. The downside of an appellate review is the consequence that it might benefit more trade mark owners, leaving registrants exposed to two administrative procedures to defend their domains. It has been also argued that an appellate review will increase costs and delay the whole procedure. Mueller does not support the use of an appellate review because "it undermines the fundamental goal of the UDRP, to create a lightweight, fast, inexpensive method of dispute resolution to handle the most egregious cases of abusive registrations ... [the appellate review is] more like a global law and less like alternative dispute resolution".<sup>104</sup> However, the desire for minimum costs and speed does not outweigh the fairness and predictability that should emanate from an appeal process.<sup>105</sup> Furthermore, appellate reviews have been implemented successfully by national laws to resolve ccTLD disputes.<sup>106</sup>

## 5. Conclusion

ICANN with the UDRP has achieved the development of transparent global online dispute resolution procedures based on contractual adherence that allows trade mark owners to fight cybersquatting efficiently. This is a positive accomplishment for the development of e-commerce because it favours consumers' confidence in the Internet by reducing the number of fraudulent registered domain names. This success, particularly among trade mark owners, has been attained by creating a cost-effective procedure which has compulsory participation and a self-enforceable mechanism.

The UDRP has also been harshly criticized for the use of proceedings that are seen to operate in favour of complainants, which may damage the "weak legitimacy" of ICANN. The main reason for this appears to be that the interests of the parties are not equally represented within the law maker (ICANN and WIPO) and those who apply this law (UDRP dispute resolution service providers and panelists). From the creation of the UDRP up to now the UDRP has not shown any

<sup>103</sup> Wang, F. (2006) *Ibid* at p. 125; WIPO has reached a high number of settlements in 2006 with ccTLDs: 121 settlements from a total of 446 cases. See WIPO Press Release (2007) *Ibid* PR/479/2007. For an overview on ODR see Tang, Z., *An Effective Dispute Resolution System for Electronic Consumer Contracts*, 23 (2007) *Computer Law and Security Report*, pp. 42-52. See also Patrikios, A., *The Role of Transnational Online Arbitration in Regulating Cross-Border e-Business - Part I*, 24 (2008), *Computer Law and Security Report*, pp. 66-76.

<sup>104</sup> Mueller (2000) *Ibid* at p. 19. Against an appellate review see Zhao, Y., *Dispute Resolution in Electronic Commerce* (The Netherlands, Koninklijke Brill NV, 2005), p. 191 and D. Maher, *The UDRP: The Globalization of Trade mark Rights*, 33 (2002), *ICC International Review of Intellectual Property & Copyright*, p. 924.

<sup>105</sup> A. Kesan and A. Gallo maintain that procedural duration is the main indicator to measure the efficiency of the UDRP system. A. Kesan and A. Gallo (2005) *Ibid* at p. 343.

<sup>106</sup> See Nominet in the UK.

1141 intention of engaging in reform despite existing criticisms. Af- 1159  
1142 ter nearly a decade of experience, it appears to be clear that 1160  
1143 the UDRP needs to be reviewed if it is going to provide not 1161  
1144 just an efficient but a fair procedure too. 1162

1145 It is this author submission that the UDRP should take the 1163  
1146 necessary steps to implement the following changes. Firstly, 1164  
1147 the UDRP needs to clarify those issues which have provoked 1165  
1148 conflicting interpretations, i.e. burden of proof, parody web- 1166  
1149 sites and the meaning of common law trade marks. Secondly, 1167  
1150 there is an imperative need for designing an effective appel- 1168  
1151 late system to contribute to legal certainty; otherwise, it will 1169  
1152 be more the rule of the individual panelist rather the applica- 1170  
1153 tion of a 'uniform' policy. Thirdly, respondents need more 1171  
1154 help and guidelines and they should be provided with free ad- 1172  
1155 vice as to their rights. Fourthly, a more effective RDNH control 1173  
1156 should be put in place. Fifthly, time limits need to be extended. 1174  
1157 1175  
1158 1176

Sixthly, the UDRP should mandate a transparent non-biased selection of single panelists. It should also include the grounds on which panels and dispute resolution providers can be recused and it should expressly exclude panelists from representing other parties and complainants from using the UDRP more than once in respect of the same domain. Finally, UDRP proceedings should support the use of technology and consensual procedures whenever parties voluntarily agree upon their use.

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