

# **DOMAIN NAME ARBITRATION**



# Domain Name Arbitration

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A Practical Guide  
to Asserting  
and Defending  
Claims of  
Cybersquatting

Under the Uniform  
Domain Name  
Dispute  
Resolution Policy

Gerald M. Levine

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*Foreword by*  
The Hon. Neil Brown QC

## **Domain Name Arbitration**

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# CONTENTS

Foreword *The Hon Neil A. Brown QC* xix

Preface xxiii

## **1 | Overview of the Procedure for the Administrative Proceedings 3**

### **1.01 FOUNDATION OF THE UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY 5**

A. Creating Legal Processes to Counter Cybersquatting on Trademarks 5

1. No Gatekeepers to Purchasing a Domain Name 5

2. Trademarks and the Value of Their Reputations 7

3. Crafting Remedial Measures 8

B. Domain Names and Trademarks Draw from a Common Linguistic and Cultural Heritage 12

1. Vulnerability of Trademarks to Cybersquatters 13

2. Cyber Adjudication 13

### **1.02 LEGISLATING DECEPTIVE PRACTICES 15**

A. Defining Proscribed Conduct 15

1. The Concept of Abusive Registration 15

2. Protecting Existing Trademarks from Predators and Parasites 17

B. Varieties of Predators and Parasites 19

1. Tension between Domain Name and Intellectual Property Systems 19

2. Four Varieties of Predatory/Parasitical Practices 20

C. Innocent and Good Faith Registration 22

### **1.03 ARCHITECTURE OF THE UDRP 25**

A. The 3-Part Structure 25

B. Complainant's Burden to Prove Its Case 27

C. Respondent's Rebuttal Burden 28

D. Complainant's Burden to Prove Bad Faith in the Conjunctive 29

**1.04 JURISPRUDENCE OF THE UDRP 31**

A. Sources of UDRP Law 31

B. Construing Basic Principles 34

1. Deliberative Conversations 34

2. Core Precedential Principles 37

C. The Role of Local Law 38

1. Creating a Supra-National Jurisprudence 38

2. Local Law versus Conflict of Laws 41

**1.05 CONSISTENCY AND PREDICTABILITY 42**

A. Fair Resolution Based on the Facts and the Law 42

B. Inconsistency in Applying the Law: Same Complainant, Different Cases and Panels 46

**2 | Contract Obligations 51**

**2.01 CONTRACTUAL BASIS FOR THE UDRP 53**

A. Conditions for Registering Domain Name 53

B. What “Mandatory” Means 55

**2.02 REGISTRANT’S RESPONSIBILITY FOR DETERMINING WHETHER DOMAIN NAME INFRINGES THIRD PARTY RIGHTS 57**

**2.03 SUNRISE RIGHTS AND REMEDIES 61**

A. No Prejudice for Failure to Take Advantage of the Sunrise Period 61

B. Canceling Domain Names in the XXX gTLD Space 62

C. Prospective Sunrises 64

**2.04 USE AND ABUSE OF PROXY AND PRIVACY SERVICES 66**

A. Legitimate Use of Proxy and Privacy Services 66

B. Abusive Use of Proxy and Privacy Services 67

**2.05 THE WHOIS DIRECTORY 69**

**3 | The Scope of the UDRP 73**

**3.01 THE UDRP IS NOT A TRADEMARK COURT 75**

**3.02 DISPUTES OUTSIDE THE SCOPE OF THE POLICY 77**

A. Policy Not Applicable to Disputes Between Parties with Competing Rights Acting in Good Faith 77

B. Factual Circumstances Outside the Scope of the Policy 79



**3.03 DISPUTES WITHIN THE SCOPE OF THE POLICY 80**

- A. Willingness to Consider Ancillary Principles and Issues 80
- B. Complexity Not Reason for Abdicating Making a Decision Under the UDRP 83
- C. Disputes Between Formerly Related Parties 85
  - 1. Business Disputes 85
  - 2. Employer/Employee Disputes 88
  - 3. Vendor/Agent Disputes 89

**4 | Complainant's Burden of Proof 91****4.01 SUBJECT MATTER JURISDICTION AND STANDING—  
PARAGRAPH 4(a)(i) OF THE POLICY 95**

- A. Threshold for Jurisdiction 95
  - 1. Standing to Maintain an Administrative Proceeding 95
    - a. A Trademark or Service Mark in Which Complainant Has Rights 95
    - b. Existing Trademarks 98
    - c. Potentially Existing Trademarks 99
  - 2. Comparing Domain Name and Trademark Side by Side 100
    - a. Identical and Confusingly Similar 100
    - b. Test for Confusing Similarity 102
      - i. Functional Necessities 102
      - ii. Visual and Aural Comparison 102
      - iii. When Top Level Suffix Forms Part of the Infringed Trademark 105
      - iv. Immaterial Changes 107
    - c. Similar, But Not Confusingly Similar 108
      - i. Incorporating Part of Trademark 108
        - I. Confusing to the Ordinary Internet User 108
        - II. Assessing When Similarity Gives Rise to Confusion 111
      - ii. Distinguishable Commercial Impressions 113
  - 3. Qualifying for a Trademark Right 115
    - a. Trademark Registered in Any Country 115
    - b. Principal Register: Presumption of Validity 116
    - c. No Right Accrues to Pending Application for Trademark 118
    - d. Making Application for Trademark Registration 119
      - i. “Intent to Use” Application 119
      - ii. Use-Based Application 121
- B. Unregistered Marks, Recognition in the Marketplace and Proof of Secondary Meaning 123
  - 1. Unregistered Trademark Rights Protected 123

2. Proving Unregistered Trademark Rights **125**
  - a. Distinctiveness of Unregistered Trademark Not Presumed **125**
  - b. Unregistered Right Disproved by Admission **129**
  - c. Supplemental Register **131**
3. Unregistered Rights Extended to Celebrities and Complainants in Civil Law Jurisdictions **132**
- C. Random Letters and Acronymic Trademarks **133**
  1. Legitimate Use by Many Third Parties **133**
  2. Disfavoring Respondent **138**
  3. Offers of Proof **140**
- D. Design-Plus-Word Trademarks **140**
  1. Rights to Lexical Elements in Design Trademark **141**
  2. Assessing Confusing Similarity **142**
  3. Disclaiming Lexical Elements **143**
  4. Persuasive Evidence of Secondary Meaning **145**
- E. A Question of Standing **147**
  1. Personal Names **147**
    - a. Not Source Indicators **147**
    - b. Source Indicators **150**
      - i. General Rule: Common Law Rights **150**
      - ii. Expanding the General Rule **152**
  2. Geographic Indicators as Domain Names **154**
    - a. Purely Descriptive of Location **154**
    - b. Geography as Source **157**
  3. Domain Names Mimicking Trade Names **160**
    - a. Trade Names as Such Outside Policy's Scope **160**
    - b. Trade Names Brought Within Policy's Scope **161**
- F. Timing of Trademark Acquisition Not a Factor in Determining Standing **162**
  1. Complainant's Acquisition of Trademark Right **162**
  2. Maturation of Trademark Reputation Over Time **164**
- G. Right of Trademark Owner to Recapture Domain Name After Lapse of Registration **165**
  1. Recapturing Domain Name **165**
    - a. Complainants Do Not Lose Their Statutory Priority **165**
    - b. Respondent's Conduct Not Condoned Where Trademark Not Abandoned **168**
  2. Uncertainty of Recapturing Lapsed Domain Name **169**
    - a. No Presumption of Bad Faith **169**
    - b. Respondent's Conduct **170**

#### **4.02 RESPONDENT'S LACK OF RIGHTS OR LEGITIMATE INTERESTS— PARAGRAPH 4(a)(ii) OF THE POLICY 171**

- A. Distinguishing Rights and Legitimate Interests 171
  - 1. Right by Priority 171
    - a. Priority as a Legally Enforceable Interest 171
      - i. Distinguishing “Owning” and “Holding” 171
      - ii. Neither Right nor Legitimate Interest 173
    - b. Conflicting Rights Favor Respondent 175
    - c. Rival Trademarks in Foreign Jurisdictions 177
      - i. No “Right” Where Trademark Registration is to Bolster Domain Name Registration 177
      - ii. Legitimate Trademark Registrations 179
    - d. Concurrent Use of Common Lexical Strings 180
  - 2. Legitimate Interests 182
- B. Proving a *Prima Facie* Case 183
  - 1. Lowering the Proof Bar 183
    - a. Respondent Controls the Facts to be Proved 183
    - b. Fulcrum for Both Parties 186
  - 2. Shifting the Burden to Respondent 187
- C. Knowledge and Targeting Are Prerequisites to Finding Bad Faith Registration 189
  - 1. Knowledge, Awareness, and Implausible Denial 189
    - a. Why Reputation Counts 189
    - b. Complainant’s Reputation 190
    - c. Actual Knowledge Demonstrated or Inferred from the Record 191
    - d. Website Content Probative of Knowledge 194
    - e. Examples of Awareness 196
    - f. No Imputed Knowledge 199
  - 2. Willful Blindness Standard 200
  - 3. Nearness and Remoteness in Proving Knowledge and Intention 202
  - 4. Targeting: Appropriating for Trademark Value 206
- D. Lawful Business, *Mala Fides* Use of Domain Name 208

#### **4.03 RESPONDENT HAS REGISTERED AND IS USING THE DOMAIN NAME IN BAD FAITH—PARAGRAPH 4(A)(iii) OF THE POLICY 210**

- A. Bad Faith in the Conjunctive 210
  - 1. Evidence of Bad Faith Registration 210
  - 2. Construction of the Phrase “Is Being Used” 212
  - 3. Content as a Factor in Determining Bad Faith Use 215
  - 4. Subsequent Bad Faith Use 216

- a. Good Faith Not Vitiating by Change of Use **216**
- b. Justifying Forfeiture Despite Good Faith Registration **217**
  - i. Misgivings About the Conjunctive Construction **217**
  - ii. Opportunistic Infringement **218**
  - iii. Good Faith Registration Not a Defense **221**
- c. Renewal of Registration **223**
- d. Inappropriate Alignment with the ACPA **225**
- 5. Concealment and Falsification **226**
  - a. Registration Information **226**
  - b. Falsifying the Record **227**
- B. Renewal of Registration vs. Registration by Transfer **228**
  - 1. Renewal: Not Equivalent to New Registration **228**
  - 2. Transfer/Subsequent Holders = New Registration **231**
    - a. Second and Subsequent Generations of Holders **231**
    - b. Examining Conduct: Retrospective **233**
    - c. Examining the Record: Prospective **236**
    - d. Transfer Between Commonly Controlled Persons **237**

## **5 | Evidence that Respondent Has Registered and is Using Domain Name in Bad Faith 245**

### **5.01 TORTIOUS CONDUCT—PARAGRAPH 4(b) OF THE POLICY 245**

- A. Circumstances of Bad Faith **245**
  - 1. Examples of Proscribed Conduct **245**
    - a. Defining the Burden **245**
      - i. Nonexclusive Circumstances for Conjunctive Bad Faith **245**
      - ii. Totality of the Circumstances **248**
    - b. Identifying the Right Theory of Predation **250**
  - 2. Parking for Revenue **252**
    - a. Revenue Model Not Condemned **252**
    - b. Mimicking Strong Marks **254**
- B. Interfering with the Proceedings **255**
- C. Registering Domain Names Opportunistically **258**
  - 1. Opportunistic Bad Faith **258**
    - a. Well-Known and Famous Marks **258**
    - b. Acting on Media Coverage and Insider Information **260**
  - 2. Pretending to Be Complainant **263**
    - a. Faux Registrant **263**
    - b. Fraudulent Transfer of Domain Names **264**

- c. Phishing **266**
  - d. Redacting Victims' Names **267**
- D. Initial Interest Confusion and Nominative Fair Use **268**
  - 1. Unauthorized Incorporation of Trademark **268**
  - 2. Initial Interest Confusion **269**
  - 3. Nominative Fair Use **270**
  - 4. Disclaimer in Website **271**
- E. Rights to Domain Name After Termination of Contract **273**
- F. Mixing Innocent and Infringing Elements **275**
  - 1. Transient Infringement **275**
  - 2. Incremental Infringement Over Time **276**
- 5.02 SELLING, RENTING, OR OTHERWISE TRANSFERRING—  
PARAGRAPH 4(b)(i) OF THE POLICY 278**
- A. The “Primary Purpose” Test **278**
  - 1. Violating the “Primary Purpose” **278**
  - 2. Proving “Primary Purpose” **281**
- B. Not All Offers to Sell Violate the Policy **285**
- 5.03 PATTERN OF CONDUCT—PARAGRAPH 4(b)(ii) OF THE POLICY 287**
- A. Acts Construed as a “Pattern of Conduct” **287**
- B. Enhanced Investigative Responsibilities for High-Volume Registrants **289**
  - 1. Imposing a Different Standard for High-Volume Registrants **289**
  - 2. Discomfort in Imposing a Higher Standard **292**
- 5.04 DISRUPTING BUSINESS OF COMPETITOR—  
PARAGRAPH 4(b)(iii) OF THE POLICY 294**
- A. Proscribed Conduct Must be Disruptive to Business of a Competitor **294**
- B. Weak Marks Employed for Their Semantic Meaning **297**
- 5.05 INTENTIONALLY ATTEMPTING TO ATTRACT FOR COMMERCIAL GAIN—  
PARAGRAPH 4(b)(iv) OF THE POLICY 298**
- A. Violating Complainant’s Right by Intentionally Attempting to Attract Internet Users for Commercial Gain **298**
  - 1. Conduct That Violates the Policy **298**
  - 2. Intentional Act **300**
- B. Commercial Gain Through Hyperlinking **302**
  - 1. Pay-Per-Click and Link-Farm Models **302**
  - 2. Redirection by Competitor to Its Own Website **305**
- C. Commercial Gain from Tarnishment **305**
  - 1. Pointing to Adult Oriented Website **305**

- 2. Adult Oriented Website, Legitimate Use **309**
- D. Forming a Domain Name by Incorporating Complainant’s Trademark Plus an Additional Term **310**
  - 1. When the Additional Term Leads Back to the Trademark **310**
  - 2. When the Additional Term is Added to a Weak Trademark **311**
- E. Letter and Word Ordering and Reordering **314**
  - 1. Typosquatting **314**
    - a. Implicit Knowledge of Mark **314**
    - b. Small Differences Matter **317**
  - 2. Contractions and Abbreviations **319**
- F. Populating Web Pages: The “Not Me” Defense **320**
  - 1. Responsibility for Content **320**
  - 2. Factual Circumstances Absolving Respondent of Bad Faith **322**

## **6 | Proving Rights or Legitimate Interests in the Disputed Domain Name 325**

### **6.01 SAFE HARBOR, PARAGRAPH 4(c) OF THE POLICY 329**

- A. Qualifying for Safe Harbor **329**
  - 1. “Any One of the Circumstances” **329**
  - 2. Tense, A Key Factor **331**
- B. Rights and Legitimate Interests Are Dictated by Conduct **332**
  - 1. Active Website **332**
  - 2. Inactive or Passive Use **334**
    - a. Inferring Bad Faith Registration from Passive Use **334**
    - b. Non-Use and No Evidence of Bad Faith Registration **337**
- C. Rights or Legitimate Interests: Expressly, Impliedly, and Lawfully **338**
  - 1. Permissive Use of Trademarks **338**
  - 2. Non-Authorized But Lawful Use of Trademarks **341**
    - a. Nominative Fair Use As Applied **341**
    - b. The Oki Data Test **344**
- D. Attracting Internet Traffic **348**
  - 1. Dictionary Words and Descriptive Phrases **348**
    - a. Trademarks Not Equally Protected **348**
    - b. Distinctive Value of Domain Names **352**
    - c. Common Words, Common Phrases **353**
    - d. Combinations and Compounds **355**
    - e. Family of Marks **358**

- 2. Descriptive Terms and Expressions Common in Everyday Life or in Industry and the Professions 359
- E. Sleeping on One's Rights 361
  - 1. Laches vs. Lapse of Time 361
  - 2. Delay + 4(a)(ii) = 4(c)(i) 364
- F. "First-Come First-Served" Doctrine 367
  - 1. Parties with Equal Rights 367
  - 2. Earlier Registered Domain Names; Subsequently Acquired Trademarks 369

**6.02 PRIOR USE OR DEMONSTRABLE PREPARATIONS TO USE BEFORE NOTICE—  
PARAGRAPH 4(c)(i) OF THE POLICY 372**

- A. Construing "Before Any Notice of the Dispute" 372
- B. Construing "*Bona Fide* Use" 374
- C. Cease-and-Desist Letter 376
- D. Construing "Demonstrable Preparations" 378
- E. Legitimate Activities 381
  - 1. Business Models 381
  - 2. Personalized (Vanity) E-Mail Service 382
  - 3. Advertising 385

**6.03 COMMONLY KNOWN BY THE DOMAIN NAME—  
PARAGRAPH 4(c)(ii) OF THE POLICY 386**

- A. What It Means to Be "Commonly Known By The Domain Name" 386
- B. Qualifying for the Defense 387
  - 1. Business Names 387
  - 2. Personal Names 388
  - 3. Nicknames, False Names, and Stage Names 390

**6.04 NONCOMMERCIAL OR FAIR USE, WITHOUT INTENT—  
PARAGRAPH 4(c)(iii) OF THE POLICY 391**

- A. Appropriating Complainant's Trademark for Noncommercial or Fair Use and Free Speech 391
  - 1. Structure of the Defense 391
  - 2. Ambivalence of Application 394
    - a. View 1—Limitations on Critical Speech 395
    - b. View 2—Critical Speech Without Limitations 398
    - c. Rejecting Views 1 and 2 in Favor of "Totality of the Circumstances" 402
  - 3. Political and Social Speech: Parody and Satire 403
  - 4. Celebrity Names and Fan Sites 405
    - a. View 1 405
    - b. View 2 408

- B. Adding Terms of Opposition or Pejorative Prefixes/Suffixes to Trademarks 408
  - 1. “Sucks” Cases 408
  - 2. Other Pejoratives Positioned in Front of and Following the Mark 410
- C. Intent to Tarnish 411
- D. Extreme Expression 413
- E. Affiliate Programs 415

## **7 | Selected Rules of the Policy 417**

### **7.01 RULE 3—CONCERNING COMPLAINANT 421**

- A. Proper Party Complainant(s) 421
  - 1. Single or Multiple Related Complainants 421
    - a. Trademark Owners 421
    - b. Licensees 422
  - 2. Multiple Domain Names—Aliases for Controlling Entity 424
    - a. Multiple Registrants in One Dispute 424
    - b. Multiple Disputes Consolidated 426
  - 3. Multiple Unrelated Complainants in Consolidated Proceeding 427
- B. Refiling a Complaint: New Facts or Fresh Evidence 430
  - 1. Standard for Reopening Closed Case 430
    - a. Eligibility for Refiling Complaint 430
    - b. New Acts by Respondent 432
  - 2. Dismissal as Outside the Scope of the Policy 434
  - 3. Complaint Dismissed With and Without Prejudice 435

### **7.02 RULE 5—CONCERNING RESPONDENT 437**

- A. Rule of Timely Submission or Lose Right to Defend 437
  - 1. Timely Submission 437
  - 2. Extension of Time to Submit 440
- B. Consequences of Default 440
- C. Certifying the Pleadings: Complaint and Response 442

### **7.03 RULES 6(d) AND 6(e)—CONSTITUTION OF THE ARBITRAL PANEL 442**

### **7.04 RULE 10(d)—ADMISSIBILITY, RELEVANCE, MATERIALITY, AND WEIGHT OF THE EVIDENCE 445**

- A. Prosecuting a UDRP Complaint and Defending Rights or Legitimate Interests in Disputed Domain Name 445
  - 1. Standards 445
    - a. Burden of Creating a Record 445
    - b. Evidentiary Expectations 447



- 2. Proof Requirements **449**
  - a. General Observations **449**
  - b. Complaint **451**
  - c. Response **452**
- 3. Varieties of Evidence **453**
  - a. Declaration or Affidavit **454**
  - b. Researching the Past: Historical Screenshots from the Wayback Machine **455**
- B. No Record, No Case **458**
  - 1. Satisfying the Burden of Proof or Production **458**
  - 2. Evidence Controlled By Party **461**
- C. Role of Credibility in a UDRP Proceeding **463**
- D. Admissibility of Communications Relating to Settlement **466**
- E. Making Changes to the Website After Notice and Filing of Complaint **468**
- 7.05 RULE 11(a)—LANGUAGE OF THE PROCEEDINGS 469**
- 7.06 RULES 12 AND 10(a)—WHAT PANELS CAN AND CANNOT DO 471**
- A. Procedural Orders **471**
- B. Researching on the Internet **475**
- 7.07 RULE 13—IN-PERSON HEARING 476**
- 7.08 RULE 14—INFERENCES 477**
- A. Drawing Inferences **477**
  - 1. Creating a Proper Foundation **477**
  - 2. Inferring from Evidence Withheld **480**
- B. Conflicting Inferences **482**
- 7.09 RULE 15(a)—LOOKING OUTSIDE THE FOUR CORNERS OF THE POLICY 484**
- 7.10 RULE 15(e)—COMPLAINT FILED IN BAD FAITH 486**
- A. Reverse Domain Name Hijacking **486**
  - 1. Intentional Act Directed at Domain Name Holder **486**
  - 2. False Certification of Merits **488**
- B. Complaints Without Merit **490**
  - 1. Objectively Groundless Complaint **490**
  - 2. Alternative Purchase Strategy **492**
- C. Standards for Granting RDNH **494**
- D. Different Standards: Appearing by Counsel and *Pro Se* **496**
  - 1. Appearing by Counsel **496**
  - 2. Appearing *Pro Se* **498**

**7.11 RULE 17—CONSENT TO TRANSFER 498**

- A. Terminating Proceeding: Respondent's Request **498**
- B. Terminating Proceeding: Complainant's Request **501**

**7.12 SUPPLEMENTAL RULES ADOPTED BY PROVIDERS 502**

- A. Supplementing the Record **502**
- B. Provider Supplemental Rules **503**
  - 1. WIPO Practice **503**
  - 2. Nat. Arb. Forum Practice **505**

**8 | Before, During, and After UDRP Proceedings 509**

**8.01 PARAGRAPH 4(k) OF THE POLICY 511**

- A. Submitting Dispute to a Court of Competent Jurisdiction **511**
- B. Plenary Adjudication After an Adverse Decision **513**
  - 1. No Deference to UDRP Award **513**
  - 2. Award Contested by Complainant **515**
  - 3. Award Contested by Respondent **516**
    - a. United States **516**
      - i. Action Commenced for Relief Under the ACPA **516**
      - ii. Action Commenced in Foreign Jurisdictions to Frustrate Mark Owner's UDRP Remedy **517**
    - b. United Kingdom **518**

**8.02 RULE 18 OF THE RULES OF THE POLICY 519**

- A. Suspending or Terminating, or Proceeding to a Decision **519**
- B. Retaining Jurisdiction over Dispute **522**

**| Appendices 525**

**APPENDIX A 527**

*Basic Documents Accessible on the Internet*

**APPENDIX B 528**

*Some Differences Between Dispute Resolution Policies of Self-Administered Authorities in English Speaking Countries and the Uniform Domain Name Dispute Resolution Policy*

## FOREWORD

**The Uniform Domain Name** Dispute Resolution Policy (the UDRP) was devised to achieve several objectives.

First and foremost, the objective was to provide a dispute resolution process as an alternative to court proceedings to resolve disputes concerning Internet domain names more quickly and efficiently; and, in particular, to determine whether the registration of a disputed domain name was abusive or improper in one way or another, conduct that is popularly known as cybersquatting. The regular structure of courts and law would normally be thought to be adequate for achieving this purpose, but it was felt that a different process was needed to address several specific needs of the domain name system, not least of which was the cost and difficulty of engaging in litigation against parties in different national jurisdictions. Had the resolution of disputes about domain names been left to the courts, and the different national laws usually applied to claims of infringement of trademark rights, the process would inevitably have been bogged down in never-ending arguments about the appropriate forum, choice of laws, procedure and the enforcement of any judgment that might be obtained.

It was rightly felt that it would simply be too cumbersome to have the regular courts and the law applied in them as the main means of solving domain name disputes. Naturally, there would still be a right to sue in the courts as a fallback procedure and even today, on occasion, parties turn to the courts to resolve domain name disputes, using the traditional causes of action like trademark infringement, passing off, breach of contract or breach of national statutes on false and misleading activities or other untoward conduct. But for the main and principal way of resolving these disputes, it was rightly felt that a separate forum was needed in which a specially tailored process could be applied to the unique nature of domain names themselves. The UDRP is that process and has been so since its inception at the end of 1999.

In turn, it was clear that the UDRP had to be fashioned to meet the unique needs of the domain name system. Thus, a particular need was to provide a system that was international in character, given that the person or company that registered a domain name could well be in a different country from that of the person or company making the complaint, a situation that has often turned out, although not always, to be the case.

If the process had been left to the courts, an immense problem would have arisen, namely in which country and which courts should an action be brought: the country of the party that registered the domain name or the party that claimed its rights were infringed? Following hot on the heels of that question came another one: what law should be applied to the dispute, the law of the state where the domain name was registered, the law of California where the Internet Corporation for Assigned Names and Numbers (ICANN) is based, or the law of the place of the claimant or perhaps somewhere else? And then still another question: who would be the defendant, the party in whose name the domain name was registered, a party using it or someone else, perhaps a nominal defendant?

Other questions came thick and fast: how would you find the defendant, given that some might have taken on assumed names and false addresses, as has sometimes turned out to be the case. Then, how would the proposed defendant be served with the claim? Moreover, what sort of service of documents would be required, personal or some form of substituted service? Then: what would be determined in the proceedings, that the claimant had the only claim to the domain name, a better claim, or an equal claim to the defendant and how would you express that claim? Moreover, what sort of procedure would be followed, what remedies would be available and how would any order or judgement be enforced? It was to such issues that those who drew up the UDRP turned their attention. Above all, they wanted the UDRP to be quick and efficient; it had to be reasonably cheap and reasonably straightforward, not too complicated in the law and, probably most important of all, the process had to end in a result that could be enforced.

The UDRP therefore had to be fashioned to meet those needs and I think it is reasonably safe to say that it has largely done so. The issue of identifying the defendant or respondent was resolved by deeming it to be the person in whose name the domain name was registered. There would be no real problem of service of the claim because the provider of arbitration services would simply send the Complaint to the address provided by the person registering the domain name and if it turned out that the address was nonexistent or fanciful, so be it; the proceeding still went ahead. Simple rules provided for the contents of the claim and any response to it that might be submitted and what information had to be included in both. Time limits for the major steps in the proceeding were included in the rules and they have largely--although not always--been complied with.

The cost of the proceedings was kept under control by imposing a fixed fee for filing a Complaint, so an aggrieved party may bring a claim under the UDRP by spending no more than the filing fee, although it could also retain its own lawyers if it wanted to. The issues to be determined in the proceeding were also set out in a reasonably straightforward manner, requiring the complainant to prove the three essential limbs set out in paragraph 4 of the Policy. When it came to the all-important requirement of execution and enforcement of orders for the transfer

or cancellation of a domain name, this was provided for by the requirement that the order be sent to the registrar on whose books the domain name is registered and the registrar be required to put the order into effect and, if the order so requires, transfer the registration of the domain name to the successful complainant under pain of incurring the wrath of ICANN by breaching the agreement that allows it to operate as a registrar of domain names.

So, the UDRP was an ingenious solution that arose to combat a particular problem connected with the invention of the Internet that promptly became the proceeding of choice for trademark owners alleging abusive registration of domain names and the main instrument for recovering them. It was a practical alternative to litigation in the courts and became recognised as a dispute resolution scheme that provided for the unique features of the Internet naming system. It is not perfect and it raises several unanswered questions of substance and procedure.

But what I have described above is only the start of the UDRP story. The very efficacy of the UDRP and its concern for speed and economy of time and money gave rise to significant gaps. For instance, the UDRP requires a complainant to have a trademark before it has standing to bring the complaint; but does this mean a registered trademark or is a common law trademark sufficient?

And a trademark where? If the parties are two U.S. companies engaged in trench warfare as they compete for a valuable domain name, is it enough for the complainant to show that it has a trademark registered in Tunisia or the European Community, but not in the U.S.?

When the UDRP requires a complainant to prove that the respondent does not have a right or legitimate interest in the domain name, does that not require it to prove a negative, an impossible task and, if so, how can it get around that requirement?

What is meant by the broad expression “bad faith”? Can bad faith be retrospective, that is, dated back to the time the domain name was registered because of the respondent’s bad faith conduct since then, although it may have registered the domain name in good faith? Do equitable remedies and principles apply to UDRP proceedings? For instance, can a respondent rely on laches or estoppel? What has to be proved to obtain a finding of reverse domain name hijacking against an oppressive complainant?

These questions are unanswered in the UDRP itself, but the answers were waiting to be discovered in its language. And discovered they have been in the thousands of decisions written since 2000 by panellists, as UDRP arbitrators are called, some of them expressing different views of the law before unifying into consensus on many of the core principles. In total, this great number of decisions make up a large body of learning that helps the UDRP function better by encouraging consistency and acts as a guide and reference for parties and their legal advisers to discern how similar fact situations might be decided in the future.

In other words, the bare bones of the Policy and its Rules will take you part of the way in understanding how it operates, but only part of the way. That is where *Domain Name Arbitration* comes in to perform its valuable role. It provides an in-depth examination of the evidentiary requirements of the Policy and its Rules and how panellists have construed and applied them in adjudicating parties' rights to continue holding or forfeiting disputed domain names. The author points out that the UDRP is a forum of limited jurisdiction; it is not a trademark court even though infringement is the underlying basis for the claim of abusive registration. He makes it clear that success in capturing or defending a domain name depends in large measure on the parties attending to the evidentiary demands of the Policy. If the registration is found to be abusive, the trademark owner has an option of remedies that in effect cause the respondent to forfeit its registration of the domain name. But, if the trademark owner fails to prove its case, then the registration remains with the domain name registrant.

*Domain Name Arbitration* is valuable too in providing a penetrating examination of all aspects of the UDRP, profusely illustrated with decided cases. The author has uncovered answers to a variety of questions that arise from the text of the UDRP as well as presenting useful analogies to many complex factual situations that might come along in the future and valuable insights into the philosophy of the UDRP and the view taken by panellists of the most contentious issues that continue to be debated. Having such a practical guide, therefore, is of immense value.

Readers will find the author's approach extremely forthright. He begins by first laying out the philosophy and origins of the UDRP and how it differs from other dispute resolution policies; its *sui generis* jurisprudence; its scope and core principles; the parties' evidentiary burdens; complainants' relatively low bar for proving standing; the concept of the *prima facie* case that respondent lacks rights or legitimate interests in the disputed domain name and the shifting of the burden of production to rebut that contention; complainants' higher bar for proving bad faith, which results from the conjunctive requirement; the all-important Rules made to support the UDRP; court proceedings before and after a UDRP case; and the hundred and one other subsidiary questions that arise.

*Domain Name Arbitration* puts flesh on the bones by illustrating how the jurisprudence crafted by panellists makes the UDRP a living and working dispute resolution regime. It should certainly be on the desk, or on the computer, of every activist in the domain name world, every practitioner and everyone else that works in the field. I already use it in my practice and find it an essential source of knowledge and opinion in this new and exciting field. I highly recommend it. It promises to be the *Grey's Anatomy* of domain name arbitration.

The Hon Neil A. Brown QC  
Melbourne  
5 January 2015

## PREFACE

**Domain Name Arbitration** is principally devoted to explaining the process, jurisprudence, and demands of the Uniform Domain Name Dispute Resolution Policy, popularly referred to by its acronym, UDRP. The regime was implemented by the Internet Corporation for Assigned Names and Numbers (ICANN) in 1999 following a two-year study by the World Intellectual Property Organization (WIPO). As Neil Brown points out in his Foreword, “the UDRP was an ingenious solution that arose to combat a particular problem connected with the invention of the Internet that promptly became the proceeding of choice for trademark owners alleging abusive registration of domain names and the main instrument for recovering them.”

The UDRP is unusual when compared with typical ADR regimes in several respects. There is no discovery and no in-person hearing. The proceeding is paper-only and conducted entirely online. Also, the UDRP is a nonexclusive alternative, and not a substitute for an action in a court of law. While the initial decision to commence a UDRP proceeding rests with the complainant, the respondent has the right (although it is rarely exercised) to remove the dispute to a court of law before it is heard. At the conclusion of the proceeding the aggrieved party is expressly permitted to challenge the award in a *de novo* legal action, which is also an unusual feature since arbitration awards are generally final and binding.

In the United States the other forum to which the UDRP is the alternative and the court to which a party goes either to challenge an award or for direct suit is a United States district court in an action under the Anticybersquatting Consumer Protection Act (ACPA). While the two regimes share a family resemblance they are profoundly different in essentials. For both, the ultimate remedy in a cybersquatting claim is either a mandatory injunction against the domain name holder or a finding in its favor, but the ACPA authorizes a judgment for damages topped with reasonable attorney’s fees to the prevailing party and the UDRP does not.

However important these immediate similarities and differences are, there is one further difference that is likely to be overlooked by general practitioners and uninitiated parties, which is that the regimes are constructed on different liability models: the UDRP is a conjunctive “and” model; the ACPA is a disjunctive “either/or” model. “Intent” is the key element in both, but under the UDRP a trademark owner cannot

succeed on its complaint unless it proves the domain name holder both registered the domain name in bad faith and is using it in bad faith. This view has been challenged, but the consensus is firm that bad faith use alone is insufficient to warrant forfeiture of the domain name. Under the “either/or” model of the ACPA “bad faith intent” can be found if the registrant either “registers, traffics in, or uses a domain name” in a proscribed manner.

Four other points should be highlighted: first, the Policy is designed only for a limited class of persons, namely trademark owners without regard to the national jurisdictions in which their trademarks were acquired; second, the Policy is not designed to adjudicate who has the better right to a disputed domain name; it is concerned with a different question, namely whether the registration infringes another’s right of exclusivity to a particular symbol in commerce; third, the Policy is effectively limited to trademarks whose existence predates domain name registration—this comes about because it is impossible for the registrant/respondent to have acted intentionally in bad faith (that is, with knowledge of another’s rights) when at the time of registration of the domain name there is no existing trademark; and fourth, the Policy is not available to complainants who may be injured by choices of domain names but whose names are not otherwise eligible for trademark protection, which (in the U.S.) includes prospective marks either not currently in commerce, pending registration or accepted on the Supplemental Register and (in all jurisdictions) personal names unless they have acquired distinctiveness.

An appellate court has remarked that the UDRP proceeding is “adjudication lite” because of “its streamlined nature and its loose rules regarding applicable law.”\* But to give the Policy its due, “lite” is not a flaw. Parties undercut their arguments by ignoring the substantive requirements that determine the outcome of a claim. It is not sufficient for parties to assert a right (or, for respondent, a defense) unsupported by factual evidence that validates their positions. The evidentiary demands for both parties are substantial: for complainants whose trademarks are on the lower end of protectability, as well as for respondents whose choices correspond with trademarks ascendant on the classification scale. Whether asserting or defending claims of cybersquatting, parties should know what to expect and what is expected of them. Parties who understand the expectations of a UDRP proceeding will fare better than those who ignore them.

Gerald M. Levine  
New York, N.Y.  
February 2015

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\**Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 624 (4th Cir. 2003).