CHAPTER THREE

THE SCOPE OF THE UDRP

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3.01 The UDRP is Not a Trademark Court

The UDRP is a special purpose regime designed for trademark owners to challenge registrations of allegedly infringing domain names. It is not a trademark court. The conduct that justifies canceling or transferring domain names concerns violations of rights as defined by the Policy. The essence of the claim and the regime's limited jurisdiction is trespass on complainants' intellectual property rights. Whether the respondent may also be committing trademark infringement is not the primary focus in an administrative proceeding, which gives rise to an anomaly that a complainant may fail to prove abusive registration of a domain name that under
trademark law would be an actionable infringement.\(^1\) Although both the Anticybersquatting Consumer Protection Act (ACPA) and UDRP condemn cybersquatting the regimes differ in striking ways. The principal distinction that has already been alluded to is that the UDRP is designed as a conjunctive and the ACPA a disjunctive model. In addition, the UDRP is asymmetrical, meaning that only the complainant has a substantive remedy, a mandatory injunction, while both parties are treated equally under the ACPA for injunctive and monetary remedies.\(^2\) The ICANN Panel has no authority to assess damages, which is the exclusive jurisdiction of a court of law.

Infringement in a Policy sense occurs when a respondent acquires a domain name in bad faith, and without permission uses it for a proscribed purpose. A

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\(^1\) *Ni Insan Kaynaklari Personel ve Danismanlik Limited Sti v. Timothy Michael Bright*, D2009-0315 (WIPO May 7, 2009) (“It is possible for a respondent to be infringing the trademark rights of a complainant, yet be found not to have acted in bad faith.” The Panel also points out that a “proceeding under the Policy is not an assessment of civil trademark infringement.” See also *Disney Enters. Inc. v. Meyers*, FA 697818 (Nat. Arb. Forum June 26, 2006) (<disneyparks.com>) (Respondent questioned the validity of Complainant’s DISNEY mark. The Panel held that “recognition of [equitable remedies] ... requires the Panel to make a legal determination regarding the continuing validity of Complainant’s DISNEY mark. Such action is beyond the scope of the UDRP proceeding and if Respondent desires such an outcome it should avail itself of the proper judicial proceedings by which such a result might be accomplished.”)

\(^2\) The ACPA grants statutory damages to the prevailing party discretionary with the court up to one hundred thousand ($100,000) dollars plus reasonable attorney’s fees for either party’s misjudgment of its rights. Discussed further in “Submitting Dispute to a Court of Competent Adjudication,” (Sec. 8.01-A).
respondent has the right upon initiation of UDRP proceeding (or before) to remove the dispute to a court of law, but if the dispute continues under the UDRP the Panel's jurisdiction is limited to determining whether a respondent's registration and use of the disputed domain name (or inactively holding it without proof of any conceivable non-infringing use) is consistent with its representation and warranty in acquiring it. Only if the Panel concludes that the respondent registered and is using the disputed domain name in bad faith can it grant complainant the relief requested in the complaint.

However, if respondent is found to have registered the domain name in good faith without intent to take advantage of a complainant's mark, but subsequently began using it in bad faith there is no basis under the Policy for canceling the respondent's registration or ordering the domain name transferred to complainant. That is a stage beyond the Policy's jurisdiction because subsequent use raises issues

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3 It has been noted above in “Registrant’s Responsibility for Determining Whether Domain Name Infringes a Third Party's Rights” that the representations and warranties provision of the registration agreement uses the word “infringes,” while paragraph 2 of the Policy uses “violates.” “Infringement” and “violation” are parallel terms. They refer to proscribed conduct which may also when examined by a court of law constitute infringement or dilution in a trademark sense. The conduct that warrants cancellation or transfer of the domain name is discussed more fully in Paragraphs 4(b) and 4(b) (i) through (iv).

4 Most complainants elect transfer, probably because cancelled domain names return to the pool while transfer may have some strategic benefits.
of trademark infringement and (in the U.S.) statutory cybersquatting under the ACPA.

Registration in good faith (even if bad faith use commences at some subsequent time) is an absolute defense under the Policy.\(^5\) Hence the formulaic conclusion in many UDRP cases dismissing the complaint that the decision is “not to be construed as a finding that there is no likelihood of confusion between the parties' respective uses of [the trademark].”\(^6\) Rather, “[g]iven the nature of this dispute, it is properly resolved ... in a forum of competent jurisdiction.”\(^7\)

The apparent anomaly that a respondent may maintain its registration yet may be infringing a statutory right strengthens the distinction between domain name and trademark law. The limited authority under the Policy extends no further than deciding which party is entitled to the disputed domain name. Disputants with “‘legitimate' disputes--such as where both parties had longstanding trademark rights in the name

\(^5\) However, there may be a basis for forfeiture under the Lanham Act. See *DSPT International v. Nahum*, 624 F.3d 1213 (9th Cir. 2010). The Court held that “[e]ven if a domain name was put up innocently and used properly for years, a person is liable under 15 U.S.C. § 1125(d) if he subsequently uses the domain name with a bad faith intent to profit from the protected mark by holding the domain name for ransom.” Also, *Newport News Holdings Corporation v. Virtual City Vision, Incorporated, d/b/a Van James Bond Tran*, 650 F3d 423 (4th Cir. 2011) (Registered in good faith; subsequent use in bad faith.)

\(^6\) *Credit Management Solutions, Inc. v. Collex Resource Management*, D2000-0029 (WIPO May 17, 2000) (“We merely conclude that Complainant is not entitled to relief on the record presented under the standards applicable to this proceeding.”)

\(^7\) *Meredith Corp. vs. CityHome, Inc.*, D2000-0223 (WIPO May 18, 2000).

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when it was registered as a domain name—[are relegated] to the courts.⁸ Not all domain names alleged to violate complainant’s rights constitute cybersquatting, but if a complainant believes the UDRP decision is wrongly decided or a respondent that a forfeiture is unwarranted then neither is barred by res judicata from pursuing statutory remedies in a court of law.⁹

3.02 Disputes Outside the Scope of the Policy

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

The WIPO Final Report states that the “scope of the procedure is limited so that it is available only in respect of deliberate, bad faith, abusive, domain name registrations ... and is not applicable to disputes between parties with competing rights acting in good faith”¹⁰ (emphasis added). The string of qualifiers—“deliberate,” “bad faith” and “abusive”—suggests that WIPO did not intend to pin down conduct to a formula for mechanical application.¹¹ Panelists have respected this in their decisions.

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⁸ ICANN’s Second Staff Report, Id.: “only cases of abusive registrations are intended to be subject to the streamlined administrative dispute-resolution procedure.”
⁹ Discussed further in “Plenary Adjudication After an Adverse Decision,” (Sec. 8.01-B).
¹⁰ The WIPO Final Report at paragraph 135(i).
¹¹ So too with the Anticybersquatting Consumer Protection Act. See Storey v. Cello Holdings, L.L.C., 347 F.3d 370, 385 (2d Cir. 2003) (“Congress intended the cybersquatting statute to make rights to a domain-name registration contingent on ongoing conduct rather than to make them fixed at the time of