

The Forum of Choice for Arbitrating Cybersquatting: The Uniform Domain Name Dispute Resolution Policy

By Gerald M. Levine

What we recognize today as self-evident about the world wide web with its mixture of opportunity and opportunism was hardly visible in the early 1990s when the Internet began its transformation from the online network created by the academy in the 1980s to the commercial marketplace of today. Then as now anyone, anywhere in the world, without oversight or restriction could register a domain name in any language and launch it into cyberspace for anyone, anywhere in the world to access. There are no gatekeepers at the acquisition stage to demand justification for a registrant's choice of domain name. By the mid-1990s business leaders, who had grown increasingly apprehensive about the predatory side of the Internet, began to demand a more efficient legal mechanism for challenging opportunists taking advantage of their intellectual property as an alternative to enduring the costs and delays of civil litigation.

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The turning point came in 1998. In that year the U.S. government created the Internet Corporation for Assigned Names and Numbers (ICANN)¹ and interest groups and governments meeting under the auspices of the World Intellectual Property Organization (WIPO) fashioned an arbitral regime² which ICANN adopted in 1999 as the Uniform Domain Name Dispute Resolution Policy (UDRP or the Policy).³ In the same year the U.S. Congress enacted the Anticybersquatting Consumer Protection Act (ACPA).⁴ The two regimes are constructed on different models for combating cybersquatting that reflect the different priorities that brought them into existence.

The UDRP is a *sui generis* alternative dispute resolution procedure that is available to any trademark owner in any jurisdiction in the world. Unlike domestic and international commercial arbitrations it is expressly non-exclusive. Complainants have a choice of fora. Decisions

are not *res judicata* against the aggrieved party commencing a post-hearing action in a court of law. Also unlike commercial arbitrations, the UDRP is a paper only, online regime. Panelists (as UDRP arbitrators are called) have created and apply a functioning jurisprudence specially fashioned to adjudicate claims of "infringement." In the UDRP context, infringement means violation of rights as defined in the Policy, not trademark infringement. The UDRP is not a substitute for the ACPA. Since its inception the UDRP has become the forum of choice to challenge infringing domain names. Astonishingly, through 2013 panelists have issued over 40,000 reasoned decisions, all of them publicly available on providers' databases.⁵ This contrasts with two or three dozen decisions from U.S. federal courts of which only a small number have received appellate review.

Every procedural step under the UDRP regime has been simplified, from the contents of pleadings and service on accused domain name holders to issuance of decisions and implementation of requested remedies. These are all important matters and deserve attention, but this article touches lightly only on one procedural feature, namely the agreement that binds respondents to submit to arbitration. The balance of the article focuses more broadly on the UDRP's substantive features, namely its requirements, its evidentiary demands, panelists' achievement in creating a supranational jurisprudence, and briefly the key structural difference between UDRP and the ACPA. The remedy in both fora for cybersquatting is a mandatory injunction to cancel or transfer disputed domain names; in essence, the domain name holder suffers a forfeiture of its domain name if its registration is found to be abusive. The UDRP has no provision for damages although it does have provision for a declaration of reverse domain name hijacking.⁶ The great benefit of the UDRP is that it is quick (decisions are filed within 40 to 60 days of commencement), efficient (template pleadings and no in-person appearances) and cost-effective (a minimal fee of \$1,300 to \$4,000 [depending on provider and 1- or 3-member Panel for up to 5 domain names] for filing a complaint and a few thousand dollars more if the parties retain counsel).

One might ask, What compels a domain name holder to arbitrate a claim? The answer lies in the web of contracts between ICANN and registrars on the one hand and registrars and registrants on the other. There are no independent registrars. The registration agreement which all purchasers must execute as a condition for taking possession of a domain name and which binds them to arbitration is drafted to conform with requirements promul-

gated by ICANN in a Registrar Accreditation Agreement (RAA).⁷

The RAA incorporates the UDRP's representation and warranty provision that "(a) the statements that you made in your Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations." The provision concludes with the statement that "[i]t is your responsibility to determine whether your domain name registration infringes or violates someone else's rights."⁸ "[T]he Policy does not aim to adjudicate between genuine conflicting interests."⁹ It is designed only to deal with clear cases of cybersquatting.

There are three separate requirements for proving cybersquatting: a) a trademark "right" by the complainant, b) a lack of right or legitimate interest by the respondent, and c) proof of abusive registration. The term "abusive registration," of which there are four nonexclusive examples, means respondent registered the domain name in bad faith *and* is using it in bad faith. The conjunctive requirement that distinguishes the UDRP from the "either/or" model of the ACPA¹⁰ is also one of the reasons for a substantial number of denied complaints, which average approximately 300 annually.¹¹

There are three distinct, although nonexclusive, affirmative defenses to cybersquatting. The first defense is that "before any notice of the dispute" the respondent is making a bona fide offering of goods or services. This is construed to include nominative fair use and a purely UDRP analogy to that doctrine based on commercial fair use. The second defense is that the respondent has been "commonly known by the domain name" which is construed to mean that it was known by the name before it registered the domain. The third defense is that the respondent is using the domain name in a noncommercial or fair use manner which includes uses constitutionally protected under the First Amendment.

A minority of denied complaints involve trademark owners selecting the wrong forum, sometimes purposefully.¹² This purposefulness is apparent where the trademark owner attempts to vindicate an alleged right acquired subsequent to the registration of the domain name for which it has standing but no actionable claim. Proof of a trademark right only gets a complainant to "first base."¹³ The reason for this is that the relative timing of domain name registration and trademark acquisition makes it impossible to prove registration in bad faith (that is, the complainant is "fouled out" by the conjunctive requirement).¹⁴ Alleged bad faith use subsequent to

good faith registration is actionable if at all in an ACPA action.¹⁵

However, the majority of denied complaints involve choices of domain names composed of lexical strings in which respondents either demonstrate a right or legitimate interest (paragraphs 4(a)(ii) and 4(c) of the Policy) or complainants are unable to marshal proof that the domain names were registered in bad faith (paragraphs 4(a)(iii) and 4(b) of the Policy, not holding a domain name for any proscribed purpose). Other reasons include claims found to be outside the scope of the Policy (e.g., personal and trade names that are not eligible for trademark registration) or go beyond UDRP jurisdiction (e.g., disputed rights and interpretation of contract terms). That the naming choices are either identical or confusingly similar to a complainant's trademark (paragraph 4(a)(i) of the Policy) is ultimately irrelevant if complainant is unable to prove that respondent both registered the domain name in bad faith *and* is using the domain name in bad faith (paragraph 4(b)(i-iv) of the Policy).

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What is generally underappreciated about an administrative proceeding is that the UDRP makes significant evidentiary demands on the parties to prove their contentions of good and bad faith registration. In explaining these demands it is useful to begin by pointing out that the Policy requires the parties or their counsel to certify to the truth of any factual statements and that the pleading "is not being presented for any improper purpose."¹⁶ A number of complainants have been tripped up alleging facts contradicted by actual facts that have entered the record through respondent. In still other circumstances, complainants offer conjecture of bad faith rather than demonstrable evidence of abusive registration. All of these situations raise issues of credibility that undermine a complainant's case.

From the beginning there has been criticism of inconsistency in decision making, which is not surprising given that the jurisprudence has developed without appellate review. The point was accepted in an early decision where the Panel warned his colleagues that "[a decision] should consist of more than, '[i]t depends [on] what panelist you draw.'"¹⁷ Some of the inconsistency occurs in areas where there are split views of the law (e.g., does the First Amendment protect the right to register a name identical to the trademark or only the expression within the website?). However, on the whole it can fairly be said that panelists have created and apply a function-

ing and able jurisprudence. It has been achieved (as stated in many UDRP decisions) through “a strong body of precedent” which “is strongly persuasive” even if not binding.¹⁸

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Endnotes

1. ICANN is “an internationally organized, non-profit corporation [formed in 1998] that has responsibility for Internet Protocol (IP) address space allocation, protocol identifier assignment, generic (gTLD) and country code (ccTLD) Top-Level Domain name system management, and root server system management functions.” [“Background Points” posted by ICANN on its web site at <icann.org/general/background.htm>.] Its mission “is to coordinate, at the overall level, the global Internet’s systems of unique identifiers, and in particular to ensure the stable and secure operation of the Internet’s unique identifier systems.”
2. The Management of Internet Names and Addresses: Intellectual Property Issues, Final Report of the World Intellectual Property Organization Internet Domain Name Process (April 30, 1999). The Final Report is available at <http://www.wipo.int/amc/en/processes/process1/report/finalreport.html>.
3. The UDRP and Rules are available at <http://www.icann.org/en/help/dndr/udrp>. ICANN Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy (October 24, 1999). Until September 29, 2009 ICANN operated as a quasi-administrative agency under a Memorandum of Understanding with the U.S. Department of Commerce. This relationship changed with the signing of The Affirmation of Commitments effective September 30, 2009. An explanation of the Affirmation and the text is available at <<http://www.icann.org/en/announcements/announcement-30sep09-en.htm>>.
4. The ACPA is a section in the Trademark Act of 1946, 15 U.S.C. §1125(d).
5. There are currently five providers, but two most productive are the World Intellectual Property Organization located in Geneva, Switzerland (WIPO) and the National Arbitration Forum located in Minneapolis, Minnesota (NAF). A consolidated database of decisions is available at <udrpsearch.com>.
6. Rule 15(e) of the Rules of the Policy.
7. The RAA is available at <http://www.icann.org/en/gsearch/registrar%2Baccreditation%2Bagreement>.
8. UDRP, ¶ 2.
9. *Rapido TV Limited v. Jan Duffy-King*, D2000-0449 (WIPO August 17, 2000).
10. 15 U.S.C. §1125(d)(1)(A): “A person shall be liable in a civil action by the owner of a mark...if, without regard to the goods or services of the parties, that person—(i) has a bad faith intent to profit from that mark...and (ii) registers, traffics in, or uses a domain name [in a proscribed manner].”
11. Statistics compiled by WIPO. No comparable statistics from NAF.
12. For decisions filed in 2013, 26 complainants were sanctioned for reverse domain name hijacking (WIPO, 14; NAF 11; ADR.eu 1).
13. *RapidShare AG, Christian Schmid v. N/A Maxim Tsvortsov*, D2010-0696 (WIPO June 22, 2010).
14. WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition. “Consensus view: Generally speaking, although a trademark can form a basis for a UDRP action under the first element irrespective of its date...when a domain name is registered by the respondent before the complainant’s relied-upon trademark right is shown to have been first established...the registration of the domain name would not have been in bad faith because the registrant could not have contemplated the complainant’s then non-existent right.” The Overview is available at <http://www.wipo.int/amc/en/domains/search/overview/index.html>.
15. 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”).
16. Paragraph 3(b)(xiv) of the Rules of the Policy: “Complainant certifies that the information contained in this Complaint is to the best of Complainant’s knowledge complete and accurate, that this Complaint is not being presented for any improper purpose, such as to harass, and that the assertions in this Complaint are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.”
17. *Time Inc. v. Chip Cooper*, D2000-1342 (WIPO February 13, 2001) (<lifemagazine.com>).
18. *Pantaloon Retail India Limited v. RareNames, WebReg*, D2010-0587 (WIPO June 21, 2010).

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