

### A NEW PARADIGM IN THE UDRP

01 December 2010

#### Jappy GmbH v Satoshi Shimoshita. WIPO Mediation and Arbitration Center

"It is in my mind a paradigm shift," says Matthew Harris of Waterfront Solicitors about the so-called *Octogen* line, a reinterpretation of one limb of the uniform domain-name dispute policy (UDRP) in certain circumstances, which points to tensions in how to interpret the language and the nature of the UDRP.

The shift first arose when California panellist Scott Donahey decided a trio of cases between July and August in 2009, the final of which included the disputed domain octogen.com, hence the name.

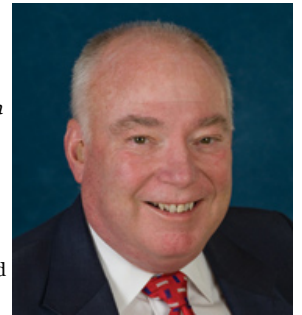
Donahey's reinterpretation rippled slowly through the UDRP, affecting as it does only a small number of cases (see box), but it garnered a lot of attention because of its "sexy nature" says UDRP panellist Andrew F Christie. "It was so clear cut," he says. "You either agreed with *Octogen* or you didn't."

The UDRP says that a domain name must both be registered in bad faith and used in bad faith to infringe a trade mark. This meant sites that were registered genuinely but later used in bad faith escaped prosecution. Donahey interpreted the UDRP to mean either registration or use, rather than both.

In the *Octogen* cases Donahey outlined his belief that panellists – including him – had over the UDRP's short 10-year existence misinterpreted or misread the policy. He believed panellists had ignored paragraph 2, which made reference to future use of the domain, and the language of paragraph 4(b).

But while Donahey's "new paradigm" gained some followers, such as Christie, panellists finding against it started to stack up to the point where Donahey told *Managing Internet IP* after a WIPO Arbitration and Mediation decision in September that he was in a small minority. "The issue has been effectively settled against my view," he concluded.

The Californian's pronouncement proved premature, however. A short time later *Jappy GmbH v Satoshi Shimoshita*, a WIPO UDRP decision made on September 28, was published. The decision was particularly salient because it was the first three-person panel to back *Octogen*, strongly underlining that the debate over the appropriateness of *Octogen* was not finished.



Scott Donahey

#### The traditional interpretation

*Octogen* only arises in cases where a domain is registered with good faith intentions or at least is originally used in way that infringes no company's mark. Subsequently, the domain is used in a way that clearly infringes trade mark rights of a third party.

For a complainant to win a UDRP, a complaint must meet three tests: that the domain is identical or similar to a mark; that the registrant has no rights or legitimate interest in the domain; and that the domain was registered and used in bad faith.

Historically, over the 10 years of the UDRP the third limb – registered and used in bad faith – has been a bifurcated test: bad faith must be intended at the time the domain was registered and also when the domain name was first used.

Over the years this interpretation has meant that even if a domain was flagrantly abusing trade mark rights, if the domain was judged to have been registered in good faith there was little a rights owner could do.

Many panellists that have spoken with *Managing IP* have pointed out that other domain-dispute policies, such as those run by the .uk registry Nominet and by the .au registry Australian Domain Name Administrator, have recognised the binary nature of the language. And in their own dispute policies, which are almost identical to the UDRP, they have changed this test to read bad faith use *or* bad faith registration.

In *Jappy*, Shimoshita's defence rested on the traditional interpretation of bad faith registration and use.

He argued that it cannot be right that a later domain name registrant, such as complainant Jappy, can then acquire a trade mark, which leads to the later registrant obtaining transfer of the respondent's earlier registration.

"The Panel finds that, in principle, that proposition must be correct," wrote the panel in *Jappy*. "However, the registrant of a domain name must comply with the representation made under paragraph 2 of the Policy."

#### The consensus view

This closely aligns with what Donahey set out in the *Octogen* trio; that the remedy to this particular problem was already within UDRP, it had just been missed.

He argued that paragraph 2 of the UDRP, which makes reference to future use, and the examples of either bad faith registration or bad faith use given in paragraph 4(b), which states "shall be evidence of the registration and use of a domain name in bad faith" both allow for the outcomes in *Octogen* and other cases.

Donahey believes that part of the reason why the binary interpretation was the consensus position is the examples in the panellists' bible, the WIPO Overview of WIPO Panel Views, which many panellists defer to in the decision-making process.

"None of the examples involve registration and use," says Donahey, "panels have never looked at that section of the policy, to look at future use. The example is of one or the other, but the fact doesn't make much logical sense."

#### Evolution not revolution

Australian panellist Andrew Christie – who featured on the three-person panel that decided *Jappy* – was the first to follow Donahey and apply *Octogen* in a couple of cases in late 2009. He believes that UDRP panellists that applied *Octogen* have reread the policy and looked at it more thoughtfully now because of the way the domain-name industry has evolved.

Christie is also insistent, however, that the language of the UDRP allows for *Octogen*.

"A simple straightforward reading of paragraph 4 [of the UDRP] leads you to that outcome [such as in *jappy.com*]," says the Australian. "Separately a reading of paragraph 2 confirms that outcome."

Another UDRP panellist David H Bernstein of Debevoise & Plimpton looks at it a little differently, preferring to focus solely on paragraph 2. "So the interesting question is how we [UDRP panellists] interpret the Policy looking at paragraph 2. In that paragraph the registrant promises 'I will not knowingly use the domain name illegally in the future'.

"If the registrant later does knowingly use the domain name in an illegal, bad faith manner, panellists may conclude that the registrant broke its promise at the time of registration, and hence support a finding that the domain was registered and used in bad faith."



David Bernstein

**What price consensus?**



Some other considerations, other than previously ignored or misinterpreted parts of the UDRP come into the equation too. Panellist Tony Willoughby of Rouse – who went against *Octogen* in a dispute over *walkydogusa.com* – says that those taking the *Octogen* route justify their approach by asserting that they are not making new law, but interpreting the UDRP in a new and permitted way.

"I understand the argument," he says, "but believe that it is flawed because it ignores the consensus built up by over 10 years of decisions."

Willoughby says that he might have accepted the *Octogen* line if it was espoused at the beginning: "However, for me, loss of consensus is too high a price to pay for the new thinking."

Before *Jappy* a number of panellists – such as Alan Limbury, Matthew Harris and Warwick Smith – had said for different reasons that the wording of the policy does not allow for *Octogen*.

Tony Willoughby

While part of the problem is over interpreting language and whether 'and' literally means 'and' in this case, and also how the future use element in paragraph 2 should be applied, the debate over *Octogen* also highlights tension between those who believe that the UDRP needs consensus and those who believe that it should be dynamically interpreted, to move with the constantly evolving internet.

But the importance of the *Jappy* decision means that many other panellists will now have the chance, when the facts allow, of having their say as to whether *Octogen* is correct and even whether it is appropriate.

**KEY DECISIONS**

**July 3 2009** City Views Limited v Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE – Panellist Scott Donahey introduces the concept of retroactive bad faith in a dispute over the domain *mummygold.com*

**July 11 2009** Phillip Securities Pte Ltd v Yue Hoong Leong - Donahey makes a similar argument to the *mummygold* case. This time in an ADNDRC decision



**August 19 2009** Octogen Pharmacal Company, Inc v Domains By Proxy, Inc / Rich Sanders and Octogen e-Solutions - The seminal case that gave birth to the name *Octogen*.

**November 19 2009** Ville de Paris v Jeff Walter - Australian panellist Andrew Christie is the first to back *Octogen*, describing it as "logical and incremental evolution of panel thinking".

**January 10 2010** Torus Insurance Holdings Limited v Torus Computer Resources - Panellist Warwick Smith is the first to go against the *Octogen* line. "Panels must still adhere to the provisions of the Policy," he wrote.

**January 29 2010** Validas, LLC v SMVS Consultancy Private Limited - Panellist Alan Limbury says following the *Octogen* line would in "effect turn 'and' into 'or'".

**March 12 2010** Camon SpA v Intelli-Pet, LLC – WIPO panellist Tony Willoughby wrote a carefully considered rejection of the *Octogen* line, which proved influential.

**March 22 2010** BioClin BV v MG USA – Warwick Smith follows the reasoning set out in *Validas*.

**March 23 2010** Heraeus Kulzer GmbH v Dr Walt Stoll – Limbury reaffirms position in dispute over *venussmile.com*.

**May 19 2010** Burn World-Wide, Ltd d/b/a BGT Partners v Banta Global Turnkey Ltd – The first three-person panel to unanimously reject the *Octogen* line.

**June 1 2010** Tata Communications International Pte Ltd (f/k/a VSNL International Pte Ltd) v Portmedia Inc / TRUEROOTS.COM c/o Nameview Inc. Whois - Donahey is a dissenting panellist in a majority decision that denies the complaint.



**June 10 2010** Editions Milan v Secureplus, Inc - Panellist Sir Ian Barker declares that the *Octogen* line is "misinterpreting the Policy wording".

**June 16 2010** India Infoline Ltd v Myles Hare - Another three-person panel rejects the *Octogen* line.

**July 9 2010** RapidShare AG and Christian Schmid v The holder of the domain name *rapidshare.net* - A three-person panel cites the reasoning in *Canon* to reject the *Octogen* line.



**August 17 2010** RapidShare AG and Christian Schmid v Ilya, Ilya Efimov - Matthew Harris rejects the *Octogen* line for the first time as an individual panellist.

**August 31 2010** A Nattermann & Cie GmbH and Sanofi-aventis v Watson Pharmaceuticals, Inc - Donahey makes an eloquent defence of the *Octogen* line as a dissenting panellist but admits to *Managing Internet IP* that he is in a small minority.

**September 28 2010** Jappy GmbH v Satoshi Shimoshita – A three-man panel comprising David Perkins, Doug Clark and Andrew F Christie endorses *Octogen*.



German firm Rechtsanwalte Bettinger Schneider Schramm represented Jappy. Satoshi Shimonshita appeared pro se

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