

# ONLINE DISPUTE RESOLUTION – THE PHENOMENON OF THE UDRP

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## 1. INTRODUCTION

The intangible nature of intellectual property ('IP') makes it easily moved across national boundaries, with the consequence that infringement – and, hence, enforcement – of IP rights not uncommonly has a cross-border element. The opportunities for cross-border infringement of IP rights were significantly enhanced by the development of the Internet, and in particular by the adoption of the World Wide Web (the 'Web') as the mechanism of choice for the commercial dissemination of intangible subject matters. With the advent of the Web, copyright-protected creative material, trademark-protected badges of origin, and (to a lesser extent) patent-protected inventions could be made available to consumers across borders with ease and at relatively low cost.

Of the various IP subject matters, trademarks are particularly susceptible to infringement on the Web. This is because the embodiment of a trademark is, typically, less content-rich than is the embodiment of a copyright-protected creative material and much less content-rich than the embodiment of a patent-protected invention.<sup>1</sup> Thus, a trademark is the easiest of IP subject matters to disseminate electronically. Moreover, because one common embodiment of a trademark is as a simple text string, a trademark commonly can be incorporated into a domain name.<sup>2</sup> This gives rise to the potential for trademark infringement by the registration and use of a domain name that is the same or confusingly similar to a trademark.

In the late 1990s, courts in the United States and the United Kingdom were called upon to determine whether, and if so when, registration or use of a domain name containing a trademark constituted trademark infringement. The courts showed a willingness to apply – and, indeed, to extend – existing trademark infringement

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<sup>1</sup> A trademark typically consists of a relatively simple text string or image, or both. In contrast, copyright-protected creative material typically consists of text strings, sounds, and/or images (still and/or moving) of much greater substance; and patent-protected inventions that are capable of Web dissemination typically consist of code-based functional implementations of methods.

<sup>2</sup> A domain name is an alphanumeric string that acts as the alias for an Internet Protocol address, which is the means by which a website is accessed. See generally, Wikipedia, 'Domain name' <[http://en.wikipedia.org/wiki/Domain\\_name](http://en.wikipedia.org/wiki/Domain_name)> accessed 16 December 2013.

principles to capture activities involving domain names.<sup>3</sup> Nevertheless, it was apparent to many stakeholders that reliance on national courts to resolve disputes about domain names was problematic, for a number of reasons. First, and most significantly, because a domain name gives rise to a global presence, a dispute about it will often be multijurisdictional, in the sense that it may concern trademark infringement in multiple jurisdictions. This could require a trademark owner to bring separate court actions in multiple countries. It could also require those court actions to be brought against multiple parties, including, in particular, the domain name registrar, to ensure the availability of an effective remedy.

Secondly, even where there is no multijurisdictional element, litigation is expensive and time-consuming. As was noted by the World Intellectual Property Organization (‘WIPO’) in its report on *The Management of Internet Names and Addresses: Intellectual Property Issues* (‘WIPO Domain Names Report’):

a considerable disjunction exists between, on the one hand, the cost of obtaining domain name registration, which is relatively cheap, and, on the other hand, the economic value of the damage that can be done as a result of such a registration and the cost to the intellectual property owner of remedying the situation through litigation, which may be slow and very expensive in some countries.<sup>4</sup>

For these and other reasons, the WIPO Domain Names Report recommended the creation of an online “mandatory administrative procedure” to resolve disputes about abusive domain name registrations containing trademarks (“cybersquatting”).<sup>5</sup> Under this procedure, a neutral decision-maker would have the power to impose a binding decision on the parties regarding entitlement to the domain name, which decision would be given effect by the registrar of the domain name. While the online procedure would not exclude the jurisdiction of national courts, it was hoped that “with time and experience, confidence will be built up in the credibility and consistency of decisions

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<sup>3</sup> See, e.g., *Panavision International, L.P. v. Toepfen* 141 F.3d 1316 (9th Cir. 1998); *British Telecommunications Plc v. One in a Million Ltd* [1999] F.S.R. 1 (CA).

<sup>4</sup> WIPO, *The Management of Internet Names and Addresses: Intellectual Property Issues* <<http://www.wipo.int/amc/en/processes/process1/report/finalreport.html>> accessed 20 September 2013.

<sup>5</sup> WIPO, n4, paragraphs 152-153.

made under the procedure, so that parties would resort less and less to litigation”.<sup>6</sup> This recommendation was adopted, and was implemented by way of the *Uniform Domain Name Dispute Resolution Policy* (‘UDRP’).

Judged against its objective of providing an alternative to litigation in national courts for resolving domain name disputes, the UDRP has proved a phenomenal success. This chapter will analyse the reasons for, and the consequences of that success. In particular, it will explore the conceptual basis of the UDRP, to identify how a meaningful remedy can be obtained and implemented without the need to resort to a national law or a national court. It will then review the actual utilisation of the UDRP, to identify the extent to which it provides efficient, effective and consistent outcomes. Finally, it will identify and assess criticisms of the UDRP, to determine whether this phenomenon of online IP dispute resolution is a beneficial one.

## **2. THE UDRP IN CONCEPT**

The UDRP was developed to provide a solution to “the shortcomings of traditional legal processes and to provide a partial, but very effective, solution to the interface between trademarks and domain names”.<sup>7</sup> A proper understand of the concept that is the UDRP requires an appreciation of both its historical evolution and its structural features.

### **2.1 Evolution of the UDRP**

#### **(a) Background to the UDRP**

The development of the UDRP can be traced to the *Statement of Policy on the Management of Internet Names and Addresses* (‘US White Paper’) of the National Telecommunications and Information Administration, an agency of the United States Department of Commerce, issued on 5 June 5 1998, stating that the US government would call upon WIPO to initiate a process to develop “a uniform approach to resolving trademark/domain name disputes involving cyberpiracy (as opposed to conflicts

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<sup>6</sup> WIPO, n4, paragraph 153.

<sup>7</sup> Francis Gurry, ‘Foreword’, in David Lindsay, *International Domain Name Law – ICANN and the UDRP* (2007, Hart Publishing, Oxford and Portland, Oregon).

between trademark holders with legitimate competing rights)”<sup>8</sup> WIPO is the United Nations agency dedicated to the use of IP as a means of stimulating innovation and creativity. It promotes the development and use of the international IP system through running systems that make it easier to obtain protection internationally, developing the international IP legal framework, building collaborative networks and technical platforms to share knowledge and simplify IP transactions, and building capacity in the use of IP to support economic development.<sup>9</sup> As at the end of 2013, the number of nations that were WIPO member states was 186.<sup>10</sup>

As foreshadowed in the US White Paper, WIPO was subsequently requested to initiate a process to develop, among other things, recommendations for resolving disputes between trademarks and domain names. Having obtained approval to do so from its member states in September 1998,<sup>11</sup> WIPO undertook the ‘WIPO Internet Domain Name Process’, producing both an interim report,<sup>12</sup> published 23 December 1998, and a final report (the WIPO Domain Names Report), published 30 April 1999.<sup>13</sup> The WIPO Domain Names Report made numerous recommendations, in relation to four main issues: (i) best practices for domain name registration authorities; (ii) exclusion of famous and well known marks from domain name registration; (iii) new generic top level domains (gTLDs); and (iv) an administrative procedure concerning abusive domain name registrations, which became the UDRP.<sup>14</sup>

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<sup>8</sup> 63 Fed. Reg. 31,741 (5 June 1988) <<http://www.ntia.doc.gov/federal-register-notice/1998/statement-policy-management-internet-names-and-addresses>> accessed 20 September 2013.

<sup>9</sup> WIPO, ‘What is WIPO?’ <<http://www.wipo.int/about-wipo/en>> accessed 20 September 2013.

<sup>10</sup> WIPO, ‘Member States’ <<http://www.wipo.int/members/en/>> accessed 20 September 2013.

<sup>11</sup> Such approval was given at the meeting of the Assemblies of Member States in Geneva, 7-15 September 1998: *WIPO document A/33/8* (15 September 1998), para 156 <[http://www.wipo.int/edocs/mdocs/govbody/en/a\\_33/a\\_33\\_8.pdf](http://www.wipo.int/edocs/mdocs/govbody/en/a_33/a_33_8.pdf)> accessed 20 September 2013.

<sup>12</sup> WIPO, *Interim Report of the WIPO Internet Domain Name Process* <<http://www.wipo.int/amc/en/processes/process1/rfc/3/>> accessed 11 December 2013.

<sup>13</sup> WIPO, n4.

<sup>14</sup> WIPO subsequently undertook a ‘Second WIPO Internet Domain Name Process’, commenced in July 2000 following the receipt by the Director General of WIPO of a request, from the Government of Australia and 19 other member states, to develop, through a consultative process, recommendations on means of dealing with “bad faith, abusive, misleading or unfair use”, within the Internet domain name system, of: personal names;

Following publication of the WIPO Domain Names Report, the Internet Corporation for Assigned Names and Numbers ('ICANN') commenced a deliberative process in relation to these recommendations.<sup>15</sup> ICANN is a "nonprofit public benefit" corporation established under the law of California.<sup>16</sup> By virtue of various contracts it has with the US Department of Commerce, ICANN acts as the Department of Commerce's agent for the purpose of the administration of the technical aspects of the Internet.<sup>17</sup> As a result of work by the ICANN Domain Name Supporting Organization and an ICANN staff drafting committee,<sup>18</sup> the ICANN Board on 29 October 1999 approved the final version of the documents that implemented an online domain name dispute resolution system: the UDRP,<sup>19</sup> and the *Rules for Uniform Domain Name Dispute Resolution Policy* ('UDRP Rules').<sup>20</sup> These documents set out the principles and the procedure for a

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International Nonproprietary Names for pharmaceutical substances; names of intergovernmental organizations; geographical indications, geographical terms, or indications of source; and trade names. The final report of this process was published on 3 September 2001 under the title *The Recognition of Rights and the Use of Names in the Internet Domain Name System: Report of the Second WIPO Internet Domain Name Process* ('WIPO Second Report')  
<<http://www.wipo.int/amc/en/processes/process2/report/html/report.html>> accessed 20 September 2013.

<sup>15</sup> ICANN, 'Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy' <<http://www.icann.org/en/help/dndr/udrp/schedule>> accessed 20 September 2013.

<sup>16</sup> ICANN, 'Articles of Incorporation of Internet Corporation for Assigned Names and Numbers' (1998) <<http://www.icann.org/en/about/governance/articles>> accessed 20 September 2013. For a history of the administration of the technical aspects of the Internet, including the establishment of ICANN, see Froomkin, 'Wrong Turn in Cyberspace: Using ICANN to Route around the APA and the Constitution', (2000) 50 *Duke Law Journal* 17, 50-89. For subsequent reviews of ICANN's role in governing the Internet, see: Lee A. Bygrave and Terje Michaelsen, 'Governors of Internet' in Lee Bygrave and Jon Bing (eds), *Internet Governance – Infrastructure and Institutions* (OUP 2009); and Jonathan Weinberg, 'Non-State Actors and Global Informal Governance – The Case of ICANN' in Thomas Christiansen and Christine Neuhold (eds) *International Handbook On Informal Governance* (EE 2012).

<sup>17</sup> The various documents establishing ICANN's authority through the Department of Commerce are at <<http://www.icann.org/en/about/agreements>> accessed 20 September 2013.

<sup>18</sup> ICANN, 'Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy' <<http://archive.icann.org/en/udrp/staff-report-29sept99.htm>>, and 'Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy' <<http://archive.icann.org/en/udrp/udrp-second-staff-report-24oct99.htm>>, both accessed 20 September 2013.

<sup>19</sup> ICANN, Uniform Domain Name Dispute Resolution Policy  
<<http://www.icann.org/en/help/dndr/udrp>> accessed 21 September 2013.

<sup>20</sup> ICANN, Rules for Uniform Domain Name Dispute Resolution Policy  
<<http://www.icann.org/en/help/dndr/udrp/rules>> accessed 21 September 2013.

mandatory administrative proceeding to resolve a dispute between a trademark owner and a domain name holder in respect of an abusive domain name registration in any of the generic Top-Level Domains ('gTLDs').

**(b) Core content of the UDRP**

The core of the UDRP is paragraph 4, which sets out details of the proceeding to which a domain name registrant must submit in the event of a complaint being filed by a trademark owner.

UDRP Paragraph 4(a) provides:

You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (ii) you have no rights or legitimate interests in respect of the domain name; and
- (iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.

Paragraphs 4(b) and 4(c) provide guidance on when the requirements of paragraph 4(a)(iii) and paragraph 4(a)(ii), respectively, are satisfied.

UDRP Paragraph 4(b) states:

For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

- (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 trademark 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 trademark 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.

UDRP Paragraph 4(c) states:

Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
- (ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- (iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

The UDRP contains various other provisions, dealing with matters of both procedure and substantive policy. The most important of these concern: (i) the remedies available to a successful complainant (being either transfer or cancellation of the domain name);<sup>21</sup> (ii) the availability of court proceedings (these being available to either party, both before and after an administrative proceeding);<sup>22</sup> and (iii) the representation and warranties deemed made by the domain name registrant (which include that the registration of the domain name will not infringe upon or otherwise violate the rights of any third party, and that the domain name is not being registered for an unlawful purpose).<sup>23</sup> The UDRP Rules complement the UDRP, by specifying in greater detail the procedural aspects of the system.

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<sup>21</sup> UDRP, paragraph 4(i).

<sup>22</sup> UDRP, paragraph 4(k).

<sup>23</sup> UDRP, paragraph 2.



**(c) Extension of the UDRP**

The UDRP took effect on 1 December 1999, when it was adopted by all but three of then ICANN-accredited registrars for the then-existing open gTLDs.<sup>24</sup> At the time of commencement, the open gTLDs were <.com>, <.net>, and <.org>. As of October 2013, just prior to delegation of the first TLDs under the ‘New gTLD Program’,<sup>25</sup> there were 16 open gTLDs to which the UDRP applied. By the time the first phase of the New gTLD Program has been fully implemented, the UDRP will apply to more than 1,500 gTLDs.

In addition to the gTLDs, the Internet addressing space includes country-code Top Level Domains (‘ccTLDs’). Although the UDRP applies only to the gTLDs, ccTLD administrators soon saw the value of a mandatory administrative proceeding for resolving disputes in respect of abusive domain name registrations in their domains. Accordingly, many adopted dispute resolution procedures based closely on the UDRP. As of late 2013, the vast majority of the more than 120 ccTLDs with dispute resolution policies had adopted policies that are either the same as, or substantially similar to, the UDRP.<sup>26</sup>

The adoption of the UDRP as a model for domain name dispute resolution did not stop with its use in ccTLDs. The early 2000s saw the introduction of further gTLDs beyond the original three open gTLDs, and a number of these adopted, in addition to the UDRP, dispute resolution mechanisms in respect of disputes about *entitlement* to registration.<sup>27</sup> Each of these mechanisms bore significant similarity to the UDRP.

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<sup>24</sup> ICANN, n15. The other registrars, America Online, the NameIT Corp., and Network Solutions, Inc. adopted the UDRP on 1 January 2000. The three open gTLDs in operation on 1 December 1999 were <.com>, <.net>, and <.org>.

<sup>25</sup> ‘New Generic Top-Level Domains’ <<http://newgtlds.icann.org/en/about>> accessed 20 October 2013.

<sup>26</sup> ‘Arbitration and Mediation Center ccTLD Database’ <[http://www.wipo.int/amc/en/domains/cctld\\_db/output.html](http://www.wipo.int/amc/en/domains/cctld_db/output.html)> accessed 9 December 2013.

<sup>27</sup> The mechanisms were: (i) the <.info> Sunrise Registration Challenge Policy <<http://info.info/get-info/dispute-resolution/sunrise-challenge-policy-original>> accessed 20 September 2013; (ii) the <.biz> Start-up Opposition Trademark Policy <[http://www.domainregister.com/dotbiz\\_stop.html](http://www.domainregister.com/dotbiz_stop.html)> accessed 20 September 2013; (iii) the <.name> Eligibility Requirements Dispute Resolution Policy <<http://www.icann.org/en/help/dndr/erdrp>> accessed 20 September 2013; (iv) the <.pro> Intellectual Property Defensive Registration Challenge Policy <<http://www.icann.org/en/help/dndr/ipdrp>> accessed 20 September 2013; and (v) the

The use of the UDRP as the inspiration for domain name dispute resolution has continued with the most recent expansion of the gTLDs through ICANN's New gTLD Program. Associated with the New gTLD Program are seven new dispute resolution mechanisms – four of which apply pre-delegation,<sup>28</sup> and three of which apply post-delegation.<sup>29</sup> In addition, the UDRP has been the subject of streamlining for application to disputes about 2nd-level registrations occurring in the TLDs delegated under the New gTLD Program. This mechanism, the Uniform Rapid Suspension procedure, is a direct descendent of the UDRP.<sup>30</sup>

Although these various mechanisms contain differences from the UDRP, it is nevertheless fair to say that they are inspired by the concept, and the success, of the UDRP.

## 2.2 Structural Features of the UDRP

The structural features of the UDRP system are illustrated diagrammatically in Figure 1, below. At the top of the structure is ICANN. Among the various powers exercised by ICANN are the accreditation of gTLD registrars (illustrated by arrow A), the adoption of the UDRP as the mandatory dispute resolution policy (arrow B), and the accreditation of UDRP service providers (arrow C).

The two key stakeholder groups to which the UDRP is relevant are trademark owners (illustrated by the box labelled 'Trademark Owners') and domain name registrants ('Registrants'). The population of trademark owners contains within it a subgroup ('Complainants'), being those who own a trademark to which a domain name, registered by a subgroup of Registrants ('Respondents'), is either identical or

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<.mobi> Sunrise Challenge Policy  
<<http://www.wipo.int/export/sites/www/amc/en/docs/mobisunrisechallengepolicy.pdf>>  
accessed 20 September 2013.

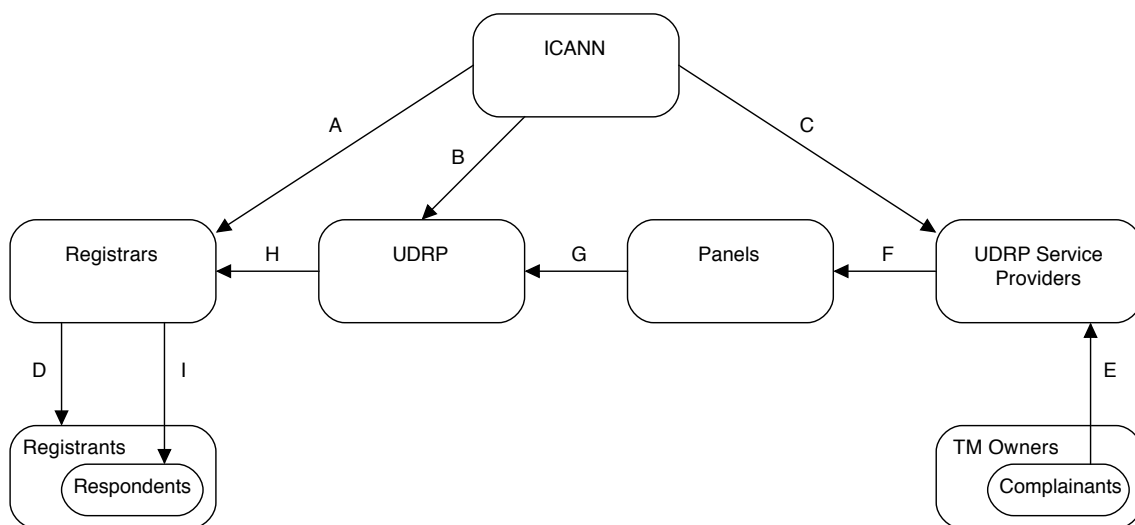
<sup>28</sup> ICANN, 'Object and Dispute Resolution' <<http://newgtlds.icann.org/en/program-status/odr>> accessed 20 September 2013. A 'pre-delegation' mechanism is one that applies to disputes filed about entitlement to apply for the new gTLD.

<sup>29</sup> ICANN, 'Post-delegation Dispute Resolution Procedures' <<http://newgtlds.icann.org/en/program-status/pddrp>> accessed 20 September 2013. A 'post-delegation' mechanism is one that applies to disputes filed about utilisation of the new gTLD by the Registry operator.

<sup>30</sup> ICANN, 'Uniform Rapid Suspension' <<http://newgtlds.icann.org/en/applicants/urs>> accessed 20 September 2013.

deceptively similar and who seek a remedy against the registration under the UDRP. Complainants have the power to choose (arrow E) with which particular UDRP Service Provider to file a complaint under the UDRP.

UDRP Service Providers appoint the Panels (arrow F) to decide the cases filed with them under the UDRP. Panels apply the UDRP (arrow G) to the cases to which they are appointed. The decisions of Panels are binding on Registrars (arrow H). Where the Panel orders the remedy of either transfer or cancellation of the domain name, Registrars give effect to that remedy by removing the Respondent as the holder of the domain name (arrow I).



**Figure 1: Structural Features of the UDRP System**<sup>31</sup>

*Note:* The arrows show the relationships between the various entities, as follows:

- A: Accreditation of Registrars by ICANN
- B: Adoption of UDRP by ICANN
- C: Accreditation of UDRP Service Providers by ICANN
- D: Imposition of UDRP on Registrants by Registrars
- E: Selection of UDRP Service Providers by Complainants
- F: Appointment of Panels to cases by UDRP Service Providers
- G: Application of UDRP to cases by Panels

<sup>31</sup> This figure is a modified and updated version of the one appearing in Andrew Christie, 'The ICANN Domain-Name Dispute Resolution System as a Model for Resolving other Intellectual Property Disputes on the Internet', [2002] 1 *The Journal of World Intellectual Property* 105-117.

H: Imposition of Panels' decisions on Registrars

I: Execution of UDRP remedies against Respondents by Registrars

**(a) *Foundation of UDRP's power***

The UDRP provides an online mechanism for resolving one particular type of cross-border IP dispute, cybersquatting, without the need to instigate curial proceedings, and thus without the problems and limitations of private international law – including, in particular, the thorny issues of jurisdictional forum, applicable national law, and enforcement of judgments in other jurisdictions. It achieves this outcome because of two key operational features: (i) the uniform application of the UDRP to all potential respondents to a cybersquatting action; and (ii) the automatic execution of an effective remedy for successful complainants under the UDRP.

Both of these operational features derive from the fact that ICANN, though its management of the Internet Assigned Numbers Authority ('IANA'),<sup>32</sup> has control over the 'root zone' file. The 'root zone' file is a list of the names and numeric Internet Protocol addresses of the authoritative Domain Name System ('DNS') servers for all Top-Level Domains (TLDs).<sup>33</sup> Other name servers forward queries for which they do not have any information about authoritative servers to a root name server. The root name server, using its root zone file, answers with a referral to the authoritative servers for the appropriate TLD or with an indication that no such TLD exists.

By virtue of its control over the root zone file, in practice ICANN has the sole power to determine who can act as a registrar for the various gTLDs. In turn, ICANN has effective power to determine the conditions of operation of gTLD registrars,<sup>34</sup> including the mandatory terms of the registration agreement between a registrar and a

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<sup>32</sup> IANA is a department of ICANN that allocates and maintains unique codes and numbering systems that are used in the technical standards that drive the Internet: <<http://www.iana.org/about>> accessed 21 September 2013.

<sup>33</sup> Wikipedia, 'DNS Root Zone' <[http://en.wikipedia.org/wiki/DNS\\_root\\_zone](http://en.wikipedia.org/wiki/DNS_root_zone)> accessed 21 September 2013.

<sup>34</sup> ICANN, 'Registrar Accreditation Agreement' <<http://www.icann.org/en/resources/registrars/raa/raa-12may99-en.htm>> accessed 21 September 2013.

domain name registrant, and the circumstances in which involuntary cancellation or transfer of domain name ownership will occur.

**(b) *Uniform application to all potential respondents***

One of the terms of the registration agreement between a gTLD registrar and a domain name registrant mandated by ICANN is that the registrant agrees to bound by ICANN's standard dispute resolution policy, the UDRP. Because all ICANN-accredited gTLD registrars include the UDRP as a mandatory term in their registration agreements, it is not possible for a would-be registrant of a domain name in those gTLDs to shop around for a registrar offering a registration agreement that does not contain the UDRP. By this mechanism, all registrants of domain names in these gTLDs become contractually bound to submit to the UDRP in the event of a dispute being commenced in relation to their domain name.<sup>35</sup>

**(c) *Automatic execution of an effective remedy***

There are two remedies available to a successful complainant under the UDRP: cancellation of the domain name, and transfer of the domain name to the complainant.<sup>36</sup> For most practical purposes, however, there is only one remedy: transfer of the domain name. As of late 2013, the remedy of cancellation had been ordered in less than 2% of cases.<sup>37</sup> Cancellation is not sought in most cases because, following cancellation, the domain name becomes available once again for registration by any person, on a first-come first-served basis – meaning it is possible for the unsuccessful respondent or some third person to re-register the domain name, and so further frustrate the complainant.

Transfer of the disputed domain name to the successful complainant is an effective remedy from the complainant's point of view, since it delivers the disputed property from the respondent (who, having failed in the case, by definition has no

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<sup>35</sup> The position is essentially the same in relation to the ccTLDs that adopt either the UDRP or a UDRP-like dispute resolution policy. For those ccTLDs, the relevant administrative authority requires that all registrars approved for registering domain names in that domain space make submission to the dispute resolution policy a mandatory term of the registration agreement entered into by all registrants.

<sup>36</sup> UDRP, paragraph 4(i).

<sup>37</sup> WIPO, 'Case Outcome (Consolidated): All Years' <[http://www.wipo.int/amc/en/domains/statistics/decision\\_rate.jsp?year=>](http://www.wipo.int/amc/en/domains/statistics/decision_rate.jsp?year=>) accessed 21 September 2013.

legitimate right to or interest in it) to the complainant (who, by virtue of its trademark, must be considered as having a valid claim to it). The automatic execution of this effective remedy for successful complainants under the UDRP is achieved by virtue of the fact that ICANN makes it mandatory for its accredited gTLD registrars to implement the decisions of all panels adjudicating under the UDRP. The transfer of ownership of a domain name is given effect by changing the details (including the name) of the registrant of the domain name in the relevant TLD registry. Where this remedy is ordered by the panel, the relevant registrar must, upon notification of this remedy, “immediately communicate” to each party the date for implementation of the decision.<sup>38</sup>

The UDRP does not specify a date by which the registrar must implement the decision. The UDRP does provide, however, that the registrar must wait ten business days following notification before the remedy can be implemented.<sup>39</sup> The purpose of this delay is to allow an unsuccessful respondent who wishes to challenge the decision a period of time in which to file a lawsuit against the successful complainant.<sup>40</sup> The expectation is that registrars will implement the remedy of transfer immediately upon the expiration of this ten-day period. Thus, in the absence of a lawsuit against the complainant by the unsuccessful respondent, the effective remedy desired by a complainant (transfer of the domain name) is executed without the need to resort to a national court or other jurisdiction-specific enforcement agency.

### **3. THE UDRP IN PRACTICE**

The practical operation of the UDRP will be analysed in respect of three characteristics: efficiency, effectiveness, and consistency.

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<sup>38</sup> UDRP Rules, paragraph 16(a).

<sup>39</sup> UDRP, paragraph 4(k).

<sup>40</sup> Where such a challenge is filed in a jurisdiction to which the complainant has submitted under paragraph 3(b)(xiii) of the UDRP Rules, the registrar will not implement the panel decision until it receives evidence that either the dispute between the parties has been resolved, the lawsuit has been dismissed or withdrawn, or the court has ordered that the respondent does not have a right to continue using the domain name: UDRP, paragraph 4(k).

### 3.1 Efficiency

Determining the efficiency of a dispute resolution mechanism is a relatively objective exercise. Typically, such an assessment would be undertaken by considering measures such as throughput, timeliness, and cost – that is, how many cases are resolved, how long it takes to resolve them, and how much it costs to do so. According to these measures, the UDRP is a highly efficient dispute resolution mechanism.

The first dispute resolution service provider to be approved by ICANN for handling UDRP cases was the WIPO Arbitration and Mediation Center (‘WIPO AMC’),<sup>41</sup> on 29 November 1999.<sup>42</sup> The first case under the UDRP was commenced with the WIPO AMC on 9 December 1999.<sup>43</sup> Since then, around 50,000 cases have been filed under the UDRP or the ccTLD equivalent policies,<sup>44</sup> involving parties from at

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<sup>41</sup> Details of the operation of the WIPO AMC’s operations are at <<http://www.wipo.int/amc/en/index.html>> accessed 20 September 2013.

<sup>42</sup> ICANN, n15. As of late 2013, four institutions were in operation as service providers for disputes filed under the UDRP, with a fifth expected to commence in early 2014. The operative service providers, in addition to the WIPO AMC, are the Asian Domain Name Dispute Resolution Center <<https://www.adndrc.org/index.html>>, the National Arbitration Forum <<http://domains.adrforum.com/>>, and the Czech Arbitration Court Arbitration Center for Internet Disputes <<http://www.adr.eu/index.php>>, all accessed 20 September 2013. The fifth service provider, approved by ICANN on 18 May 2013, is the Arab Center for Domain Name Dispute Resolution – see ICANN, ‘List of Approved Dispute Resolution Service Providers’ <<http://www.icann.org/en/help/dndr/udrp/providers>> accessed 20 September 2013.

<sup>43</sup> The case was *World Wrestling Federation Entertainment, Inc. v. Michael Bosman*, WIPO Case No. D1999-0001, concerning the domain name <[worldwrestlingfederation.com](http://www.wipo.int/amc/en/domains/decisions/html/1999/d1999-0001.html)>, a copy of which is at <<http://www.wipo.int/amc/en/domains/decisions/html/1999/d1999-0001.html>> accessed 20 September 2013.

<sup>44</sup> This is the author’s estimate, calculated as follows. As of 11 October 2013, the WIPO AMC identified that a total of 27,108 cases had been filed with it: WIPO, ‘Total Number of Cases per Year’ <<http://www.wipo.int/amc/en/domains/statistics/cases.jsp>> accessed 11 October 2013. According to 23 April 2013 online news report, more than 20,000 UDRP cases had been filed with the National Arbitration Forum since 1999: PRNewswire, ‘National Arbitration Forum Prepares for Uniform Rapid Suspension System as 2012 UDRP Filings Hold Steady’ <<http://www.prnewswire.com/news-releases/national-arbitration-forum-prepares-for-uniform-rapid-suspension-system-as-2012-udrp-filings-hold-steady-204253831.html>> accessed 20 September 2013. Although the precise number of cases filed with the other UDRP service providers over time is not known, it seems reasonable to assume that they total some thousands – meaning the total number of cases filed is in the vicinity of 50,000.

least from 175 countries.<sup>45</sup> While not every filed case proceeds to a determination, the vast majority – around three-quarters – do.<sup>46</sup> Thus, it is reasonable to estimate that approximately 38,000 cybersquatting disputes have been resolved using the UDRP model since its commencement.

These cases have been dealt with in very short timeframes and at extremely low costs, especially compared with the timeframes and costs that would apply if the cases had been pursued as litigation in domestic courts. The typical time for resolution of a dispute under the UDRP, from filing of the complaint to the rendering of the panel’s decision, is two months.<sup>47</sup> This compares very favourably with the typical time for resolving a trademark dispute in a national court – which is likely to be around 1-2 years for a bench trial.<sup>48</sup> The typical filing fee is in the vicinity of USD 1,500,<sup>49</sup> with the fees of a lawyer/attorney (where used) likely to be some further low-to-mid thousands of dollars. Again, this compares very favourably with the cost litigating a trademark dispute in a national court, where the likely costs are in the hundreds of thousands of dollars.<sup>50</sup> When judged by the volume of cases processed in such a short period of time

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<sup>45</sup> WIPO, ‘Geographical Distribution of Parties (Alphabetical)’ <[http://www.wipo.int/amc/en/domains/statistics/countries\\_a-z.jsp](http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp)> accessed 27 September 2013.

<sup>46</sup> According to the author’s calculations using statistics on case outcomes published by WIPO, ‘Case Outcome by Year(s) (Breakdown)’ <<http://www.wipo.int/amc/en/domains/statistics/outcome.jsp>> accessed 27 September 2013, 23% of filed cases were ‘terminated’ (either the parties or by the panel) – meaning that 77% of filed cases proceeded to a decision.

<sup>47</sup> InterNIC, ‘FAQs on the Uniform Domain Name Dispute Resolution Policy (UDRP)’ <<http://www.internic.net/faqs/udrp.html>> accessed 27 September 2013. Of this period, deliberation and decision writing by the panel consume a mere 14 days. The UDRP Rules, paragraph 15(b), provides that “In the absence of exceptional circumstances, the Panel shall forward its decision on the complaint to the Provider within fourteen (14) days of its appointment.”

<sup>48</sup> See, e.g., William Landes, ‘An Empirical Analysis of Intellectual Property Litigation: Some Preliminary Results’ (2004) 41 *Houston Law Review* 749, 773; and Jason Bosland, Kimberlee Weatherall and Paul Jensen, ‘Trade Mark and Counterfeit Litigation in Australia’ (2006) 4 *Intellectual Property Quarterly* 347, table 2.

<sup>49</sup> This is for a dispute concerning up to five domain names, resolved by a single panelist. Where a three-member panel is chosen, the equivalent filing fee is USD 4,000. See WIPO, ‘Schedule of Fees under the UDRP’ <[www.wipo.int/amc/en/domains/fees/index.html](http://www.wipo.int/amc/en/domains/fees/index.html)> accessed 27 September 2013.

<sup>50</sup> See Firestone Insurance, ‘IP – AIPLA Survey’ <[http://www.riskplans.com/intellectual\\_property/aipla-survey/](http://www.riskplans.com/intellectual_property/aipla-survey/)> accessed 27 September 2013.



and at such a relatively low cost, it is clear that the UDRP is a highly efficient form of cross-border enforcement of IP rights.

### 3.2 Effectiveness

Determining the effectiveness of a dispute resolution system is more difficult than determining its efficiency, because effectiveness is more subjective than is efficiency. One measure of effectiveness is the extent to which the party bringing an action under the UDRP – the complainant – achieves the desired outcome. This measure of effectiveness is called herein the ‘complainant success rate’.

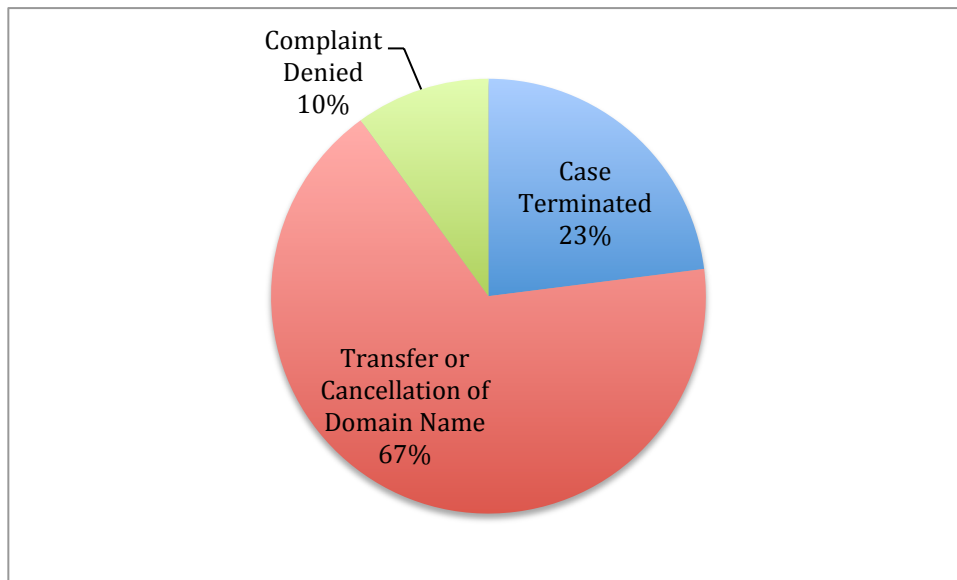
According to data published by WIPO, 23% of UDRP cases filed with it settle, in the sense that the complaint is terminated by request of the complainant.<sup>51</sup> It seems reasonable to assume that, in most instances, termination occurs because the complainant has obtained, through negotiation with the respondent, a satisfactory outcome. Thus, it is likely that the majority of terminated cases would be considered successful from the complainant’s perspective.

As shown in Figure 2, the vast majority of the cases that are *not* terminated result in the award of a remedy to the complainant – almost always an order that the disputed domain name be transferred to the complainant.<sup>52</sup> Only 10% of filed complaints result in a determination in favour of the respondent – that is, denial of complaint. Thus, it seems reasonable to conclude that close to 90% of filed UDRP cases result in an outcome – either through negotiation or determination – that is favourable to the complainant.

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<sup>51</sup> WIPO, ‘The Uniform Domain Name Dispute Resolution Policy and WIPO’ (August 2011), Table 5 <<http://www.wipo.int/export/sites/www/amc/en/docs/wipointaudrp.pdf>> accessed 3 October 2013. The settlement rate at the other main service provider, NAF, is slightly lower (18.4%).

<sup>52</sup> WIPO, ‘Case Outcome (Consolidated): All Years’ <[http://www.wipo.int/amc/en/domains/statistics/decision\\_rate.jsp?year=>](http://www.wipo.int/amc/en/domains/statistics/decision_rate.jsp?year=>) accessed 11 October 2013. In only 2% of decided cases is the outcome an order that the disputed domain name be cancelled.



**Figure 2: Outcome of UDRP Filings at WIPO<sup>53</sup>**

Of the WIPO UDRP cases that proceed to a determination by the panel, 87% result in the award of a remedy to the complainant.<sup>54</sup> While this rate looks high, it must be noted that nearly three-quarters (72%) of UDRP cases are undefended cases – that is, are cases in which the respondent does not file a response.<sup>55</sup> As Figure 3 shows, the complainant success rate for undefended cases is around 94%, whereas for defended cases it is about 66%.<sup>56</sup> These success rates appear to have remained largely constant since commencement of the UDRP.<sup>57</sup>

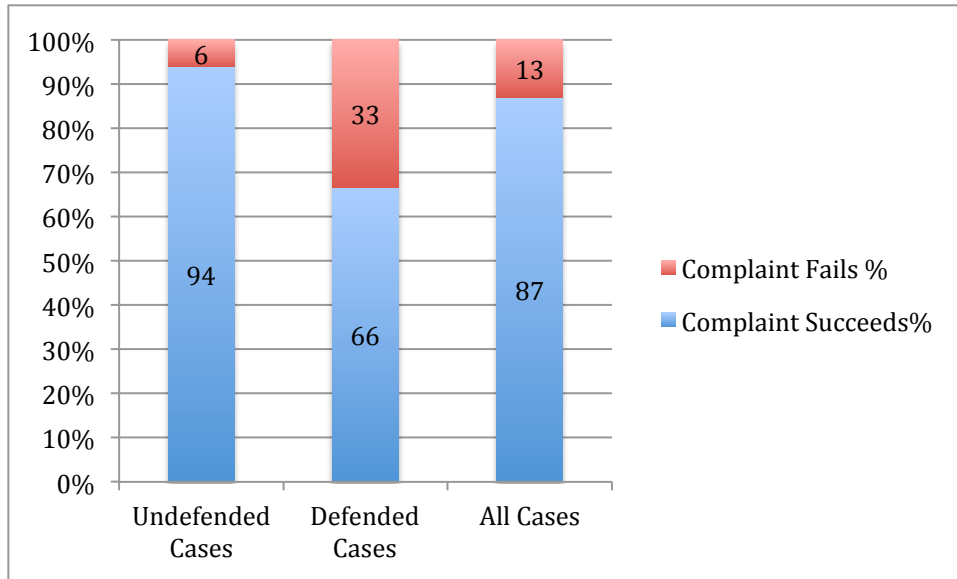
<sup>53</sup> Data compiled by author, from data cited in n51 and n52, above.

<sup>54</sup> WIPO, ‘Case Outcome (Consolidated): All Years’  
<[http://www.wipo.int/amc/en/domains/statistics/decision\\_rate.jsp?year=>](http://www.wipo.int/amc/en/domains/statistics/decision_rate.jsp?year=>) accessed 11 October 2013.

<sup>55</sup> This calculation is derived from the data disclosed in WIPO, n51, Table 2 and Table 12. Table 2 shows that nearly 14,500 cases were filed with WIPO as at 8 August 2011. The two columns on the right hand side of Table 12 disclose that, of those 14,500 cases, only about 4,000 cases were defended.

<sup>56</sup> WIPO, n51, Table 10 and Table 11. The figures of 94% and 66% are estimates, calculated by approximating from Table 12 the proportions of defended to undefended cases for both single member and three member panels, and applying these proportions to the data in Table 10 and Table 11.

<sup>57</sup> According to an analysis conducted by Geist about two years after the first UDRP case, the success rate for complainant’s in all cases filed with WIPO was 83%; in undefended cases, the success rate was 92%: Michael Geist, ‘Fundamentally Fair.com? An Update on Bias



**Figure 3: Complainant Success Rate in WIPO UDRP Decisions<sup>58</sup>**

What do these data indicate about the effectiveness of the UDRP? One way to answer that question is to compare the data with success rates in the closest alternative dispute resolution mechanism, namely trademark infringement litigation. A study by Bosland, *et. al.*, of the outcomes of trademark litigation in Australia found that the applicant’s first instance success rate was 96% for actions concerning counterfeit goods, and 38% for other all other trademark infringement actions.<sup>59</sup> These data are comparable to the data on UDRP outcomes. The non-counterfeit trademark infringement cases are like defended UDRP cases, in that the respondent’s case is professionally advocated.<sup>60</sup> However, in nearly all of the counterfeit cases in the Bosland, *et. al.* study, the respondent was not legally represented<sup>61</sup> – presumably because the defendant had no plausible defence. Thus, the counterfeit cases in that study

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Allegations and the ICANN UDRP’ <<http://aix1.uottawa.ca/~geist/fairupdate.pdf>> accessed 11 October 2013.

<sup>58</sup> Data compiled by the author, using data cited in n55 and n56, above.

<sup>59</sup> Bosland, *et. al.*, n 48, Table 3.

<sup>60</sup> Bosland, *et. al.*, n 48, Figure 4.

<sup>61</sup> Bosland, *et. al.*, n 48, Figure 3. Indeed, in more half of the counterfeit cases there was no appearance by the respondent in court at all.

are like undefended UDRP cases, in that the respondent's case is not professionally, or at all, advocated – most likely because the respondent is an unmeritorious cybersquatter.

Comparing the trademark infringement data with the UDRP data, it is observed that the success rate of the complainant in an undefended UDRP case is about the same as in an undefended trademark infringement case (94% and 96%, respectively). Where the UDRP case is defended, however, the complainant's success rate is nearly twice as high as in a defended trademark infringement case (66% compared with 38%).

Thus, it seems reasonable to conclude that, judged in terms of the complainant's success rate, the UDRP is highly effective.

### 3.3 Consistency

Determining the consistency of a dispute resolution system is a very difficult exercise. The 'consistency' of a system is the extent to which it produces like outcomes in cases with like facts. Such consistency is important for at least two reasons: fairness, and integrity. It is only fair to the parties that like cases should be treated alike. Also, consistency enhances respect for the system, because public confidence in a dispute resolution system depends on a perception that outcomes are determined by the principles of the law, rather than by the whims of the decision makers.

Given the enormous volume of cases resolved under the UDRP system, it is not practically feasible to attempt a direct assessment of consistency. Instead, an indirect assessment will be undertaken. This indirect assessment considers the extent to which the UDRP operates as a precedential system – that is, operates under the 'doctrine of precedent'.

Although the doctrine of precedent has been described in various, and often conflicting, ways,<sup>62</sup> it has at its core two components: the principle of *stare decisis*, and the concept of *ratio decidendi*. In simple terms, the principle of *stare decisis* is that a

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<sup>62</sup> According to one judge of the High Court of Australia, the doctrine of precedent is 'the hallmark of the common law': Anthony Mason, 'The Use and Abuse of Precent' (1988) 4 *Australian Bar Review* 93, 93. According to another judge of that court, however, the doctrine is 'eminently suitable for a nation overwhelmingly populated by sheep': Lionel Murphy, 'The Responsibility of Judges', opening address for the First National Conference of Labor Lawyers, 29 June 1979 in Gareth Evans (Ed), *Law Politics and the Labor Movement* (Legal Service Bulletin, Melbourne: 1980), cited in Michael Kirby 'Precedent law, practice and trends in Australia' (2007) 28 *Australian Bar Review* 243, 243-244.

court must follow and apply the *ratio decidendi* of an earlier court decision where the earlier court is above the first court in the judicial hierarchy.<sup>63</sup> The *ratio decidendi* of a court decision is the legal reason that determined the outcome of the decision.<sup>64</sup> The decision of court containing a *ratio decidendi* that must be followed by virtue of the principle of *stare decisis* is called a ‘precedent’.

It can be discerned from this description that the doctrine of precedent is implemented by way of a number of features. First, there are past decisions (precedents) from which legal reasoning (*ratio decidendi*) can be discerned. Secondly, there is a rule (*stare decisis*) that past legal reasoning must be followed by lower courts. As a matter of practice, the reasoning of past decisions will be discernable only if the decision is in writing, contains reasons, and is published. Thirdly, the rule must be enforceable. As a matter of practice, such a rule will be enforceable only if there is a hierarchy of courts in which a decision of a lower court can be appealed to a higher court (an appellate court) for review. Where the lower court has failed to follow the precedent of a higher court, the appellate court will either reverse the lower court’s decision to make it consistent with the precedent or will reverse or otherwise modify the precedent itself.<sup>65</sup>

Despite the absence of both an appellate body and a doctrine of *stare decisis*, the UDRP system has evolved a comprehensive body of precedent that provides clear guidance to parties on most of the legal and procedural issues involved in a domain name dispute. The evidence for this can be seen in the results of the author’s analysis of a sample of the first 200 WIPO UDRP cases for which a decision was published in 2013.<sup>66</sup> This analysis discloses that 79% of those cases cited other UDRP decisions,

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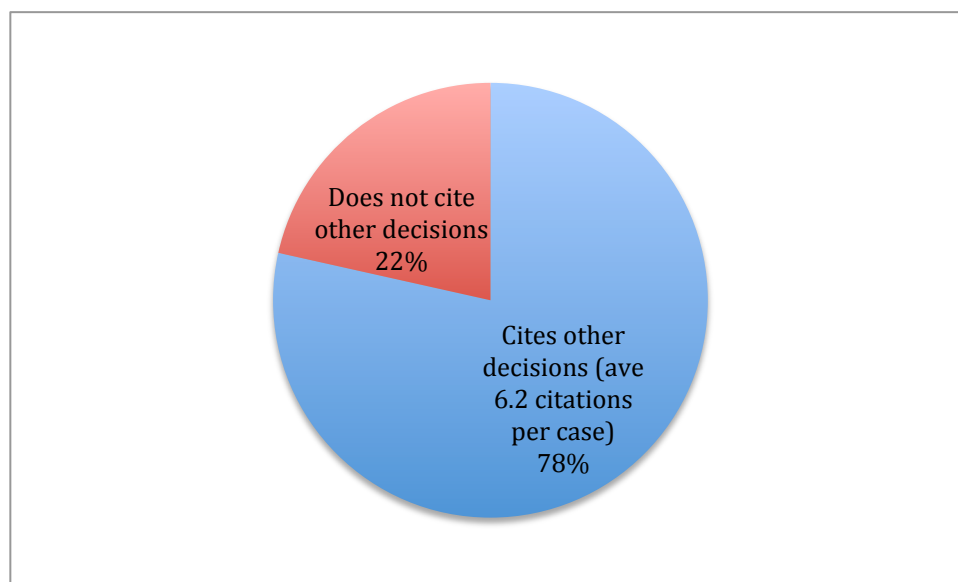
<sup>63</sup> Mason, n 62, 95. According to this commentator, at 98, the doctrine also applies to a court at the *same* level in the hierarchy as the earlier court: ‘This doctrine [of *stare decisis*] expresses the proposition that a superior court is bound by its *own* previous decision or ought not depart from it’ (emphasis added). This proposition is, however, debateable. It is noted, for example, that the High Court of Australia, the final court of appeal in Australia, has rejected the proposition that it is strictly bound by legal holdings contained in its past decisions: *Attorney-General (NSW) v Perpetual Trustee Company Ltd* (1952) 85 CLR 237, 244 (Dixon J).

<sup>64</sup> Kirby, n62, 245.

<sup>65</sup> Andrew Christie and Fiona Rotstein, ‘The Evolution of Precedent in Mandatory Arbitration – Lessons from a Decade of Domain Name Dispute Resolution’, (2011) 30(1) *The Arbitrator and Mediator* 65-74, 66.

<sup>66</sup> The sample is the 200 published decisions that resulted from the first 242 cases filed with WIPO in 2013 – i.e. from the cases in the range D2013-0001 to D2013-242, obtained from

with an average of 6.2 decisions per citing case. These findings, which are shown in Figure 4, are highly consistent with those from an earlier (2006) study conducted on a smaller sample (110) of UDRP cases by Kaufmann-Kohler, which found 77% of cases cited decisions, at an average of 6.4 decisions per citing case.<sup>67</sup>



**Figure 4: Proportion of WIPO UDRP Decisions that Cite other Decisions<sup>68</sup>**

The total volume of citations in UDRP decisions is impressive. As of late 2013, a mere 25 decisions alone account for more than 13,000 case citations in the decided cases filed with the WIPO AMC – with just 5 of those decisions accounting for more than 7,000 citations.<sup>69</sup> The utilisation of precedent by UDRP panels in reaching

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<[http://www.wipo.int/amc/en/domains/decisionsx/list.jsp?prefix=D&year=2013&seq\\_min=1&seq\\_max=199](http://www.wipo.int/amc/en/domains/decisionsx/list.jsp?prefix=D&year=2013&seq_min=1&seq_max=199)> accessed 4 October 2103. There is no reason to think that this sample is not representative of WIPO UDRP decisions in general. An analysis of the outcome of these decisions produces results fairly similar to that for all WIPO UDRP decisions. For example, the termination rate for the 242 filed cases was 17% (compared with 23% across all 17,000+ WIPO cases), while the complaint denied rate was 7% (10%).

<sup>67</sup> Gabrielle Kaufmann-Kohler, ‘Arbitral Precedent: Dream, Necessity or Excuse?’ (2007) 23(3) *Arbitration International* 357, 367.

<sup>68</sup> Data compiled by author, as described in n66, above.

<sup>69</sup> The author has calculated these figures in the following manner. The WIPO website provides a list of the 25 decisions most cited in complaints: <[http://www.wipo.int/amc/en/domains/statistics/cases\\_cited.jsp?party=C](http://www.wipo.int/amc/en/domains/statistics/cases_cited.jsp?party=C)> accessed 4 October 2013. The case numbers of these 25 decisions were inserted into the facility for full text searching of WIPO decisions: <<http://www.wipo.int/amc/en/domains/search/>> accessed

decisions is not lost on the parties to these disputes. Both complaints and responses invariably cite UDRP decisions in support of their contentions.<sup>70</sup>

These facts put beyond doubt that the UDRP operates a *de facto* system of precedent. This, in turn, is strong, albeit indirect, evidence that there is a high degree of consistency in decision-making under the UDRP.

#### 4. CRITICISM AND ASSESSMENT OF THE UDRP

The UDRP has not been without its detractors. Criticism of the system was especially strident in its early days.<sup>71</sup> With nearly a decade and a half of experience of the system, however, has come a more balanced assessment of its strengths and weakness.<sup>72</sup> Nevertheless, there remains amongst some commentators, almost invariably those from the academy, the view that the UDRP is fundamentally flawed and in need of revision.<sup>73</sup>

The various criticisms of the UDRP can be grouped in three main categories of complaint – systemic, procedural, and policy – each of which will be summarised, and assessed, in turn.

##### 4.1 Systemic Concern – Bias

The systemic concern, being one that has been expressed from the earliest days of the UDRP, is “bias”. This concern has been expressed in two different, but related, ways: “service provider bias”, and “panelist bias”.

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4 October 2013. The number of unique cases returned by each search was counted, and these counts were added together to give a total number of citations for these 25 decisions.

<sup>70</sup> This is illustrated by the fact that WIPO generates lists of the 25 most cited decisions in complaints and in responses: <[www.wipo.int/amc/en/domains/statistics/](http://www.wipo.int/amc/en/domains/statistics/)> accessed 4 October 2013.

<sup>71</sup> See, in particular, Michael Geist, ‘Fair.com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP’ (August 2001) <<http://aix1.uottawa.ca/~geist/geistudrp.pdf>> accessed 4 October 2013; A. Michael Fromkin, ‘ICANN’s “Uniform Dispute Resolution Policy” – Cause and (Partial) Cures’, (2002) 67(3) *Brooklyn Law Review* 605-718.

<sup>72</sup> See, for example, the summary of community views on the current state of the UDRP submitted to ICANN in 2011: ICANN, ‘Final GNSO Issue Report on The Current State of the Uniform Domain Name Dispute Resolution Policy’ <[gns0.icann.org/issues/udrp/udrp-final-issue-report-03oct11-en.pdf](http://gns0.icann.org/issues/udrp/udrp-final-issue-report-03oct11-en.pdf)> accessed 4 October 2013.

<sup>73</sup> See, for example, the various statements on the UDRP by Dr Konstantinos Komaitis <<http://www.komaitis.org/1/category/udrp/1.html>> accessed 4 October 2013.

*(a) Service provider bias*

The foundation of the concern of service provider bias is the fact that the complainant gets to choose the service provider with which to file a complaint. According to Geist, this would mean that “complainants would engage in forum shopping by rationally selecting arbitration providers who tended to rule in their favour”, with the consequence that there would be “an incentive for arbitration providers to curry favour with potential complainants in order to attract future cases”.<sup>74</sup>

Geist claims to find evidence of this outcome in that fact that “[t]he two ICANN-accredited providers with the most favourable outcomes for complainant ... quickly captured the lion’s share of the caseload at the expense of ... the least complainant-friendly of the major ICANN-accredited providers”.<sup>75</sup> A similar conclusion was reached by another researcher analysing market share and complainant success rate at the various service providers.<sup>76</sup> According to Mueller, “the data show that complainant loss rate, though not the only factor correlated with the choice of provider, is a highly significant one”.<sup>77</sup>

However, later researchers have pointed out the various flaws with Geist’s methodology and reasoning. These flaws include, in particular: (i) the failure to analyse the relative merits of decided cases, and rely instead on simple observation of outcomes; (ii) the failure to consider other reasons for high complainant success rates, such as the effect of default cases, and the fact that the UDRP was designed for the most egregious acts of cybersquatting; and (iii) the failure to consider other factors affecting a complainant’s forum selection, such as quality and reputation of panellists, and degree of familiarity with the service providers.<sup>78</sup>

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<sup>74</sup> Geist, n71, 3.

<sup>75</sup> Geist, n71, 3. See also Geist, n57.

<sup>76</sup> Milton Mueller, ‘Rough Justice – An analysis of ICANN’s Uniform Dispute Resolution Policy’ <<http://ccent.syr.edu/PDF/roughjustice.pdf>> accessed 8 November 2013.

<sup>77</sup> Mueller, n76, 18.

<sup>78</sup> See, e.g., INTA Internet Committee, ‘The UDRP by All Accounts Works Effectively – Rebuttal to Analysis and Conclusions of Professor Michael Geist in “Fair.com?” and “Fundamentally Fair.com?”’ <<http://www.inta.org/Advocacy/Documents/INTAUDRPSuccesscontraGeist.pdf>> accessed 8 November 2013; Matthew Hall, et al., ‘UDRP: Criticisms and Solutions’ (2002)



Kesan and Gallo in a later, more sophisticated, study of UDRP outcomes conclude, in relation to the studies of Geist and Mueller, that “the emphasis of the different empirical studies of this bias problem was also ‘biased’ or at least incomplete”.<sup>79</sup> According to Kesan and Gallo:

The alleged bias of the providers towards the complainants is not the main variable complainants are looking at in order to decide the most suitable provider. Instead, complainants seem to regard provider performance as the main concern in choosing a provider.<sup>80</sup>

Nevertheless, the fact remains that a system that allows the complainant to choose the service provider does have built into it the *potential* for service provider bias to arise. What are the chances that this potential will be realised in practice? It would seem that the chances are not as great as some fear, for the following reasons. First, three of the four ICANN-accredited UDRP service providers are not-for-profit entities.<sup>81</sup> Being not-for-profit would seem to reduce significantly, even if not remove entirely, the incentive for a service provider to “curry favour” with complainants by upholding complaints too readily. Developing and maintaining a reputation for a quality service – judged by factors such as speed, integrity, and cost – is much more likely to be the dominant factor motivating a not-for-profit service provider’s performance. This reasoning seems consistent with the findings of Kesan and Gallo that complainants’ main concern is with “provider performance” not complainant success rate.<sup>82</sup>

In any case, service providers don’t decide the outcome of UDRP cases; panelists do. So, how could service provider bias, if it exists, result in case outcomes that unfairly favour complainants? The answer, according to Geist, is that a complainant-friendly

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<[http://www.cs.duke.edu/courses/fall03/cps182s/oldproj/mth6\\_1/finalpaper.pdf](http://www.cs.duke.edu/courses/fall03/cps182s/oldproj/mth6_1/finalpaper.pdf)> accessed 8 November 2013.

<sup>79</sup> Jay P. Kesan and Andres A. Gallo, ‘The Market for Private Dispute Resolution Services – An Empirical Re-Assessment of ICANN-UDRP Performance’, (2005) 11 *Michigan Telecommunications & Technology Law Review* 285-380, 370.

<sup>80</sup> Kesan and Gallo, n79, 370.

<sup>81</sup> By virtue of being part of a UN agency, the WIPO AMC is clearly a not-for-profit entity, and the Asian Domain Name Dispute Resolution Centre and the Czech Arbitration Court both self-identify as being not-for-profit. The National Arbitration Forum, however, is a privately owned, for-profit company: Bloomberg BusinessWeek, ‘Banks vs. Consumers (Guess Who Wins)’ <<http://www.businessweek.com/stories/2008-06-04/banks-vs-dot-consumers-guess-who-wins>> accessed 8 November 2013.

<sup>82</sup> Kesan and Gallo, n79, 370.

provider will ensure “that a majority of cases are steered toward complainant-friendly panelists”.<sup>83</sup> Hall, et. al. put the issue even more bluntly:

The provider is given an incentive to rule in favor of the complainant more often since the more likely a complainant is to win at a particular provider, the more likely they are to choose that forum for their dispute. Therefore, the provider wants to put the panelists who have the highest rate of favoring the complainant on cases. This, in turn, makes the panelists want to rule in favor of the complainant to get more cases and make more money.<sup>84</sup>

Geist claims that there is evidence for this occurring in the fact that the complainant success rate for a single-member panel case is much higher than for a three-member panel case. On the basis of this different in success rates, he concludes that “influence over panel composition is likely the most important controlling factor in determining case outcomes”.<sup>85</sup>

What this conclusion fails to take into account, however, is that the cases decided by three-member panels are almost certainly different in character from the cases decided by single-member panels. This is because a three-member panel is appointed only if one of the parties requests it.<sup>86</sup> Choosing to have a case determined by a three-member panel incurs a greater filing fee – typically USD 4,000, compared with USD 1,500 for a single-member panel.<sup>87</sup> If the complainant makes the request for a three-member panel, the complainant bears the entirety of the filing fee. If the respondent makes the request, however, the filing fee is borne equally between the complainant and the respondent.<sup>88</sup> In the case of a single-member panel, by contrast, the complainant bears the entire filing fee.<sup>89</sup>

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<sup>83</sup> Geist, n71, 8.

<sup>84</sup> Hall, et. al., n78, 15.

<sup>85</sup> Geist, n71, 8.

<sup>86</sup> UDRP Rules, rule 6(b).

<sup>87</sup> See, e.g., WIPO, ‘Schedule of Fees under the UDRP (valid as of December 1, 2002)’ <<http://www.wipo.int/amc/en/domains/fees/index.html>> accessed 8 November 2013.

<sup>88</sup> UDRP Rules, rule 6(c).

<sup>89</sup> UDRP Rules, rule 6(b).

Because a party which requests a three-member panel incurs a greater expense, logic suggests that a party will do so only if it believes a three-member panel is more likely to find for it. This, in turn, suggests that a complainant will elect to have the case decided by a three-member panel only when it considers the outcome maybe a close call – since, for a straightforward case, there will be no need for the complainant to incur the additional expense of a three-member panel. Because the choice of a three-member panel results in the respondent incurring a fee (where none is incurred in a single-member panel case), it is reasonable to assume that a respondent is more likely to choose a three-member panel when it believes it has a viable defence.<sup>90</sup>

It can be seen, therefore, that the typical three-member panel case is different in character from the typical single-member panel case. Thus, Geist’s analysis of complainant success rates for the two types of cases is not comparing apples with apples; and Geist’s analysis cannot be said to prove the existence of service provider bias.

**(b) *Panelist bias***

The fear of service provider bias has at its foundation the assumption that panelists are biased – that is, that not all panelists have the same propensity to find for the complainant. This is because if all panelists did have the same propensity to find for the complainant, then a service provider could not seek to win a greater share of cases by maintaining a pool of panelists who are more “complainant-friendly” than the panelists of other service providers.

How valid is the assumption that panelists are biased? To respond to that question as a matter of fact is not possible, since there is no evidence establishing the different propensities of panelists to find for one party over the other, when all other things are equal. To produce such evidence would require a comparison of outcomes from cases with identical, or very substantially similar, facts – something that has not been undertaken to date.

However, a response to the question can be given as a matter of principle. The main point worthy of note is that panelists are independent of the service provider, in the sense that they are neither employed by nor otherwise under the control of the

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<sup>90</sup> INTA, n78, 6

service provider. The vast majority of panelists are highly experienced, legally qualified, professionals whose main sources of income are unrelated to the activities of the service provider. Moreover, the fee paid to a UDRP panelist is sufficiently modest to make it highly unlikely he or she would be motivated in their decision-making by financial considerations.<sup>91</sup> Instead, it is reasonable to conclude that the dominant factor motivating the decision-making performance of a panelist is the desire to develop and maintain a reputation for quality and integrity. Thus, even if a service provider was motivated to appoint only biased (in the sense of being “complainant-friendly”) panelists, it is likely to have difficulty in finding them.

An early critic of the UDRP expressed concern that the policy lacked an effective mechanism to allow a party to challenge the appointment of a panelist whom it considered to be biased.<sup>92</sup> It is true that the UDRP text does not contain any provision on challenge to panelist appointment. However, cases decided under the UDRP have recognised that the requirement for procedural fairness means a panelist must give due consideration to the merits of a party’s challenge to the panelist’s independence or impartiality,<sup>93</sup> at least in the case of a single-member panel.<sup>94</sup> This approach provides an important, albeit not fool-proof, safe-guard against the potential for panelist bias (whether induced by service provider bias or otherwise).

**(c) *Removing the possibility of bias***

Even though evidence of actual bias is lacking, and the potential for bias is limited, it is nevertheless still worth asking how the possibility of bias could be removed. A range of proposals (for precluding service provider bias) have been made, but none are without problems.

Froomkin thought “there are many simple and fair ways to reduce or eliminate this source of real or apparent bias”, including: (i) assigning cases by lot; (ii) requiring

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<sup>91</sup> The typical panelist fee, in a single panel case, is USD 1,000: see, e.g., WIPO, n87. It is noteworthy that this fee has not increased in more than a decade.

<sup>92</sup> Froomkin, n71, 689.

<sup>93</sup> *Building Society v. Britannia Fraud Prevention*, WIPO Case No. D2001-0505.

<sup>94</sup> The position seems to be different in respect of a challenge to a panelist’s appointment to a three-member panel – see *Kathleen Kennedy Townsend v. B. G. Birt*, WIPO Case No. D2002-0030; *Two Way NV/SA v. Moniker Privacy Services, LLC / [4079779]*, WIPO Case No. D2012-2413.

parties to agree the provider, with the decision to be taken by lot in the absence of agreement; and (iii) having a third party choose the provider.<sup>95</sup> Unfortunately, however, these solutions are substantially imperfect – as Froomkin himself largely acknowledges. Assigning cases by lot has the problem that a service provider doing substandard work or charging unreasonably high prices will continue to get the same share of randomly assigned cases. Having the parties agree the service provider runs the risk of stalemate where each side perceives different providers to be favourable to them – meaning the outcome is assignment by lot, with the attendant problem noted above. Also, it is difficult to implement given that notice of a complaint is brought to the attention of the respondent by the service provider with whom the complaint is filed, meaning that the respondent is not able to express a preference for a service provider until after one has already be chosen.<sup>96</sup>

Having a third party choose the service provider is problematic in that there is no obvious third party to charge with responsibility for making the decision. Froomkin’s preferred option of having the domain name registrar decide is problematic, in that it introduces the potential for the converse of the problem it seeks to solve – namely, a service provider bias in favour of the *respondent*. Registrars are for-profit entities, and there is a real financial incentive for registrars to choose respondent-friendly service providers. This is because the respondent is the registrar’s customer. A domain name registrant intending to engage in cybersquatting has an incentive to register the domain name with a registrar who allocates UDRP complaints to a “respondent-friendly” service provider, so as to maximise the chances of keeping the domain name in the event a UDRP complaint is brought in relation to it.

Woodard has suggested that ICANN should be responsible for allocating complaints to service providers.<sup>97</sup> She recognises, however, that this could result in the perception that some providers are used more often than others.<sup>98</sup> As an alternative,

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<sup>95</sup> Froomkin, n71, 691

<sup>96</sup> Froomkin, n71, 691.

<sup>97</sup> Elizabeth C. Woodard, ‘The UDRP, ADR, and Arbitration: Using Proven Solutions to Address Perceive Problems with the UDRP’ (2009) 19(4) *Fordham Intellectual Property, Media and Entertainment Law Journal* 1169-1213, 1206.

<sup>98</sup> Woodard, n97, 1206.

Woodard proposes that ICANN assign the service provider randomly<sup>99</sup> – but, this has the same problem identified by Froomkin in relation to allocation by lot.

One further, very curious, proposal by Woodard is to prohibit the publication of panel decisions.<sup>100</sup> The logic of this suggestion appears to be that complainants can't take advantage of any service provider bias if they don't know which service providers produce the most complainant-friendly decisions. There are a number of problems with this proposal, most of which Woodard acknowledges. First, it would require ICANN to make an express change to the UDRP text, which currently mandates that all decisions “will be published in full over the Internet” except when a panel determines in an exceptional case to redact portions of its decision.<sup>101</sup> Secondly, even if such a change were made it would not impact on the very large number of decisions currently available on the Internet. Thirdly, such a change runs counter to the calls to increase the “transparency” of the system – which are based on the assumption that greater transparency results in greater fairness. Fourthly, such a change would remove the ability of panels to know how other panels have decided like cases, thereby reducing consistency of outcomes.<sup>102</sup>

The upshot of all this is that a practical mechanism for removing the potential for bias in the UDRP has yet to be identified.

## **4.2 Procedural Concern – Inconsistency**

While various procedural concerns have been expressed from time to time,<sup>103</sup> one procedural concern has dominated commentary on the UDRP since its

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<sup>99</sup> Woodard, n97, 1206.

<sup>100</sup> Woodard, n97, 1204.

<sup>101</sup> UDRP, paragraph 4(j).

<sup>102</sup> Woodard, n97, 1205.

<sup>103</sup> According to ICANN, ‘Final GNSO Issue Report on the Current State of the Uniform Domain Name Dispute Resolution Policy’, Annexe 2 <[gnso.icann.org/issues/udrp/udrp-final-issue-report-03oct11-en.pdf](http://gnso.icann.org/issues/udrp/udrp-final-issue-report-03oct11-en.pdf)> accessed 15 November 2013, the various procedural concerns identified to ICANN by stakeholders include: (i) difficulty in identifying the respondent (when a privacy/proxy service is listed in the WHOIS data as the registrant, the rules are not clear on who is the correct respondent and what is the proper jurisdiction for the case); (ii) the language of the UDRP text (the only official version of the UDRP is in

inception: “inconsistency”. The concern of inconsistency is that like cases are not decided alike. This concern has been stated to be due to two, interconnected, procedural flaws of the policy – the absence of an appellate tribunal, and the lack of a requirement for panelists to follow precedent.

**(a) *No appellate tribunal***

The primary motivation of those who propose the introduction of an appellate body into the UDRP is to “reconcile divergent bodies of precedent, and allow panelists to rely on appellate decisions as the model for resolving a particular class of disputes”.<sup>104</sup> In particular, an appellate body would “establish principles and precedent under the UDRP, which other lower level Panels would be required to follow”.<sup>105</sup> In addition, an appellate tribunal would correct determinations “in which incorrect rules were applied or incorrect decisions made”, and would provide “a more accessible forum” for doing so than a court challenge.<sup>106</sup>

Kelley, a key proponent of an internal UDRP appellate review mechanism, has proposed three models for such a tribunal: (i) the US Supreme Court model, consisting of nine panelists hearing appeals in groups of three, with the possibility of an *en banc* hearing before the entire body; (ii) the (now defunct) Keyword Dispute Resolution Policy model of RealNames, which provided for rehearing of cases for which “manifest injustice” of the decision could be shown; and (iii) the Nominet Dispute Resolution Service model, which incorporates a three-member appeal body.<sup>107</sup> He recognises, however, that each of the three models has problems: the US Supreme Court model would likely lead to “a significant increase in costs to the parties involved, and significant delays”; the Keyword Dispute Resolution Policy model’s requirement of

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English, so there is a need to translate it into various other languages); (iii) the timing of the response (respondents have only 20 days from notification of complaint in which to file a response, which is too short); (iv) the rules on supplemental submissions (additional rules are needed regarding supplemental submissions so as to reduce delays into the process); and (v) reverse domain name hijacking (a finding of reverse domain name hijacking is rarely found, and panelists should be encouraged to make this finding when appropriate).

<sup>104</sup> Patrick D. Kelley, ‘Emerging Patterns in Arbitration under the Uniform Domain-Name Dispute-Resolution Policy’, (2002) 17 *Berkeley Technology Law Journal* 181-204, 195.

<sup>105</sup> David Wotherspoon and Alex Cameron, ‘Reducing Inconsistency in UDRP Cases’, (2003) 2 *Canadian Journal of Law and Technology* 71-79, 78.

<sup>106</sup> Kelley n104, 195.

<sup>107</sup> Kelley n104, 195.

manifest injustice would mean that “some cases that warrant appellate review may not meet the eligibility requirements”; and the Nominet model’s “absence of binding precedent would still allow panels to resolve similar cases in different ways”.<sup>108</sup>

The problems identified by Kelley are specific instances of the general difficulty of incorporating a fair and an effective appellate mechanism in a procedure that was designed to deal with cybersquatting disputes cost-effectively and expeditiously. According to Wotherspoon and Cameron, an appellate mechanism “will add to the cost and time needed to resolve some disputes ... contrary to the goal of resolving cybersquatting disputes quickly and efficiently”.<sup>109</sup> The cost and time burden of adding an appellate mechanism to the UDRP would be non-trivial. As Woodard notes:

Adding an additional layer (even an optional one) to the UDRP would increase the complexity and decrease the speed of proceedings, crucial objectives for UDRP participants (particularly complainants). In addition, to ensure consistency of decisions, any internal UDRP-specific review board would need to have either permanent panelists and/or extremely detailed rules (possibly even a governing law).<sup>110</sup>

Furthermore, implementing an inexpensive and simple appeal process, even if possible, has other disadvantages. This is because “it would encourage losing cybersquatters to file an appeal, since the additional delay would allow them to continue to profit from the domain name”.<sup>111</sup> For these reasons, Woodard concludes “the appeals board would only benefit two groups – cybersquatters and some critics of the UDRP”.<sup>112</sup>

For all these reasons, it seems that not including an appellate process in the UDRP was the correct decision.

***(b) No requirement to follow precedent***

A number of commentators have expressed concern at the fact that the UDRP is not, formally, a precedential system (in the sense in which that concept is explained in

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<sup>108</sup> Kelley n104, 195-199. A further problem, identified by Mueller, is that “it would seem to impose an additional layer of forum shopping on the process”: Mueller, n76, 19.

<sup>109</sup> Wotherspoon and Cameron, n105, 78.

<sup>110</sup> Woodard, n97, 1202.

<sup>111</sup> Woodard, n97, 1202.

<sup>112</sup> Woodard, n97, 1202.



section 3.3, above).<sup>113</sup> They consider that this “contributes in the creation of contradictory decisions and ... subsequent confusion”.<sup>114</sup>

A number of observations can be made about this assertion. First, the critics provide no evidence to prove the existence of the asserted problem. At most, reference is made to a handful of cases that are considered to be self-evidently “bad”. However, the existence of a small number of bad decisions does not prove that inconsistency in outcome is rife in the system; nor, for that matter, does it prove that a precedential system would have prevented the bad decisions being made. Secondly, the fact is that a *de facto* doctrine of precedent *does* apply in the UDRP, at least as far as decisions of WIPO panels are concerned. As discussed above, about four-fifths of WIPO panels cite the reasoning of other panels when reaching and explaining their decisions, despite the absence of a principle of *stare decisis*.<sup>115</sup>

**(c) *Reasons for evolution of a precedential system***

It is worth considering why a *de facto* precedential system has evolved under the UDRP when none is mandated by the policy nor imposed by an appellate tribunal. The simple answer to this question is because panelists have *chosen* to follow past decisions. This answer, however, merely begs the question as to *why* they have chosen to do so. The answer to that question would appear to be because the justifications for the doctrine of precedent – fairness, efficiency, and integrity<sup>116</sup> – are compelling.

The desire for fairness – to have like cases treated alike – is as applicable to dispute resolution under the UDRP as it is in litigation. Indeed, the very volume of UDRP cases may mean that this justification applies with greater strength to the UDRP than it does to litigation, because the chances of a case arising that is very similar to or the same as an earlier case is the greater the more cases there are. The desire for efficiency – to avoid re-inventing the wheel every time an issue is argued – again

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<sup>113</sup> Juan Pablo Cortés Diéguez, ‘An Analysis of the UDRP Experience: Is it Time for Reform?’ <[https://futureoftheinternet.org/redmine-prod/files/100707201540\\_Cortes\\_2008\\_An\\_Analysis\\_of\\_the\\_UDRP\\_Experience-Is\\_it\\_Time\\_for\\_Reform.pdf](https://futureoftheinternet.org/redmine-prod/files/100707201540_Cortes_2008_An_Analysis_of_the_UDRP_Experience-Is_it_Time_for_Reform.pdf)> accessed 9 November 2013; Hall, et. al., n78; Kelley, n104; Wotherspoon and Cameron, n105.

<sup>114</sup> Diéguez, n113, section 4.2.

<sup>115</sup> Figure 4, above.

<sup>116</sup> See Christie and Rotstein, n65, 67.

applies with equal, if not greater, force under the UDRP as it does in litigation. The fact that a panel has a mere 14 days following appointment in which to issue a written decision provides a strong motivation for efficiency, the most justifiable form of which is to adopt the persuasive reasoning contained in an earlier decision that dealt with the same issue. The desire for integrity – to have the system held in high regard – is also strongly present under the UDRP. As shown above, the system has been controversial since inception, and public scrutiny of it remains high. In these circumstances, it is not surprising that panelists seek to maintain the integrity of the system by following established precedents on contentious issues.

There are two procedural requirements of the UDRP, and two resources of a particular service provider, that have been critical in permitting panelists to develop a *de facto* precedential system. The procedural requirements are, first, that a panel's decision "shall be in writing [and] provide the reasons on which it is based";<sup>117</sup> and, secondly, that the service provider "shall publish the full decision ... on a publicly accessible web site".<sup>118</sup> These two requirements, together, satisfy the essential feature necessary for development of a precedential system: published past decisions containing reasons.

It is, however, unlikely that this feature alone would have been sufficient to enable development of a *de facto* precedential system under the UDRP. Although the past decisions are accessible, the huge volume of them – nearly 40,000 in more than one decade – gives rise to the problem of information overload. With so many decisions, it is not possible for a complainant or respondent, let alone a panelist, to read and understand them all. A precedential system could evolve only if there is a mechanism whereby the content of the decisions – or, at least, of the important decisions – are digested.<sup>119</sup>

It is here that the two resources of the WIPO AMC have been critical. The first of these resources, the 'Index of WIPO UDRP Panel Decisions',<sup>120</sup> indexes decisions

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<sup>117</sup> UDRP Rules, paragraph 15(d).

<sup>118</sup> UDRP Rules, paragraph 16(b).

<sup>119</sup> See Christie and Rotstein, n65, 73.

<sup>120</sup> 'Index of WIPO UDRP Panel Decisions'  
<<http://www.wipo.int/amc/en/domains/search/legalindex.jsp>> accessed 12 November 2013.

against more than 200 criteria. It thereby permits interested persons to search the decisions database to find cases dealing with very specific issues. The second of these resources, the WIPO Overview of panel views on selected UDRP questions,<sup>121</sup> was originally described (rather modestly) as an “informal overview of panel positions on key procedural and substantial issues”.<sup>122</sup> In practice, the Overview amounts to a codification of the developed jurisprudence of the UDRP. It identifies the “consensus view” reached by panels on the most significant issues under the UDRP, summarises these consensus views in simple terms, and lists the leading decisions that provide persuasive analysis and reasoning on those issues.

On the question of “what deference should be owed to past UDRP decisions dealing with similar factual matters and legal issues?”, for example, the WIPO Overview 2.0 identifies the consensus view as follows:

The UDRP does not operate on a strict doctrine of precedent. However, panels consider it desirable that their decisions are consistent with prior panel decisions dealing with similar fact situations. This ensures that the UDRP system operates in a fair, effective and predictable manner for all parties, while responding to the continuing evolution of the domain name system.<sup>123</sup>

It can be seen from this consensus view that the fear of rampant inconsistency of panelist reasoning in UDRP cases is unlikely to be well-founded.

#### **4.3 Policy Concerns – Legitimate Use, Bad Faith**

While concerns have been expressed about a number of substantive principles of the UDRP,<sup>124</sup> two issues have attracted the most concern: when use constitutes a

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<sup>121</sup> ‘WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition (“WIPO Overview 2.0”)’  
<http://www.wipo.int/amc/en/domains/search/overview2.0/index.html> accessed 12 November 2013.

<sup>122</sup> ‘WIPO Overview of WIPO Panel Views on Selected UDRP Questions’:  
<[www.wipo.int/amc/en/domains/search/overview/](http://www.wipo.int/amc/en/domains/search/overview/)> at 21 February 2011. This version of the Overview has now been superseded by WIPO Overview 2.0, n121.

<sup>123</sup> WIPO Overview 2.0, n121, paragraph 4.1.

<sup>124</sup> ICANN, n103, lists other policy concerns identified to ICANN by stakeholders in 2011. These include: (i) the lack of a doctrine of “laches” (meaning delay in filing a complaint does not bar a remedy); (ii) the lack of a “choice of law” provision (no law specified as the

“legitimate non-commercial or fair use” under paragraph 4(c)(iii); and when bad faith use without bad faith registration satisfies the requirements of paragraph 4(a)(iii).

**(a) *Legitimate use***

According to paragraph 4(c)(iii) of the UDRP, “a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue” demonstrates that a registrant has a right or legitimate interest in the domain name for the purpose of paragraph 4(a)(ii). This means that a registrant who is able to show use of the type specified in paragraph 4(c)(iii) has a defence to a complaint filed under the UDRP.

The most common factual scenario in which a respondent pleads “legitimate noncommercial or fair use” is where the domain name is used as the website address for either a “gripe site” or a “fan site”. A gripe site is a website that is critical of the trademark owner whose trademark is incorporated into the domain name. A typical example is where the domain name <walmartsucks.com> is used to resolve to a website containing criticism of the Walmart company, owner of the trademark WALMART. A fan site is an unofficial website that pays homage to the celebrity whose trademark name is incorporated in the domain name resolving to the website, such as <tomcruise.com>. In both scenarios, a person other than the trademark owner is using the trademark to attract Internet users to a website containing comments about the trademark owner, which are either critical (in the case of a gripe site) or laudatory (in the case of a fan site).

Gripe site and fan site cases are two of the very few instances in which a consensus view has not been reached. Instead, panel decisions have split into two groups – those which have found that such uses of a domain name constitute a “fair use” and those which have found they do not.<sup>125</sup> The panel decisions that have found such uses to be a fair use tend to do so because they consider that commentary on the trademark owner, whether critical or laudatory, should be permitted as “free speech”.<sup>126</sup> The panel decisions that have come to the contrary view tend to do so because they

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law applicable to a dispute); and (iii) the lack of a definition “trademark” (resulting in uncertainty about when unregistered trademark rights apply).

<sup>125</sup> See WIPO Overview 2.0, n121, paragraphs 2.4 and 2.5.

<sup>126</sup> See *Bridgestone/Firestone Research, Inc., and Bridgestone Corporation v. Jack Myers*, WIPO Case No. D2000-0190.

believe “the right to express one’s views is not the same as the right to use another’s name to identify one’s self as the source of those views”.<sup>127</sup>

This split of panel decisions into two groups has been seen as problematic, in that it suggests the outcome of a gripe site or fan site case will depend on an essentially random variable – namely, which particular panelist is appointed to the panel to decide it.<sup>128</sup> However, the issue is not so straightforward. The fact is, the panelists deciding these types of cases have been sensitive to whether it is appropriate to import a US-style free speech doctrine into the decision-making. They tend to do so either when both parties are US-based, or when the “mutual jurisdiction” elected by the complainant is the US,<sup>129</sup> otherwise, they tend to adopt the alternative view.<sup>130</sup> Because a respondent will know its location and that of its domain name registrar, a respondent will know in advance whether a US-style free speech approach is applicable to its uses of the domain name.

Thus, in practice there seems to be little that is random, or unfair, about the decision-making approach that has evolved on this issue.

**(b) *Bad faith***

For a remedy to be available under the UDRP, paragraph 4(a)(iii) requires the complainant to establish that “the domain name has been registered and is being used in bad faith”. At first glance, this appears to require that the complainant prove two, separate, matters: that the registration of the domain name was in bad faith, and that the current use of the domain name is in bad faith. Under this understanding of the Policy, a complaint will not succeed unless the complainant can prove the respondent registered the domain name in bad faith, even if the complainant can prove the respondent is using the domain name in bad faith.

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<sup>127</sup> See *Monty and Pat Roberts, Inc. v. Bill Keith*, WIPO Case No. D2000-0299.

<sup>128</sup> See, e.g., David A. Simon, ‘An Empirical Analysis of Fair Use Decisions Under the Uniform Domain-Name Dispute-Resolution Policy’ (2012) 53 *Boston College Law Review* 65-129.

<sup>129</sup> UDRP Rules, rule 3(b)(xiii) requires the complainant to specify in the complaint at least one jurisdiction in which it will submit to the jurisdiction of the courts with respect to any challenges to the administrative proceeding. This jurisdiction must be the location of either the principal office of the domain name registrar or the domain name registrant’s address: UDRP Rules, rule 1.

<sup>130</sup> See *Howard Jarvis Taxpayers Association v. Paul McCauley*, WIPO Case No. D2004-0014; WIPO Overview 2.0, paragraph 2.4.

This interpretation of the UDRP text has been criticised by some panels, as a matter of construction. As this author has explained in one UDRP decision:

The Policy itself expressly recognizes that, where the disputed domain name is identical or confusingly similar to the complainant's trademark and the respondent has no rights or legitimate interests in the domain name, in certain circumstances bad faith use of a domain name *alone* is sufficient to entitle the complainant to a remedy. The Policy describes, in Paragraph 4(b)(iv), one instance of such circumstances.<sup>131</sup>

Paragraph 4(b)(iv) states that where the respondent has “intentionally attempted to attract, for commercial gain, Internet users to [its] website ... by creating a likelihood of confusion with the complainant's mark”, such action “shall be evidence of registration and use of the domain name in bad faith”. As a number of panels have pointed out, paragraph 4(b)(iv) considers only the respondent's intention in using the domain name, not its intention in registering the domain name. This has led those panels to conclude that establishing both registration in bad faith and use in bad faith is not necessary in all cases; rather, in some exceptional situations, establishing bad faith use alone will suffice for the complainant to succeed.<sup>132</sup>

Many other panels, however, have maintained the traditional approach of requiring both bad faith registration and bad faith use.<sup>133</sup> The reasoning of those panels is that the “ordinary meaning”<sup>134</sup> or “plain meaning”<sup>135</sup> of the phrase “domain name has been registered and is being used in bad faith” shows “unequivocally”<sup>136</sup> that the complainant must prove bad faith registration of the domain name by the respondent as well as bad faith use of the domain name by respondent. According to those panels, the word “and” is used conjunctively not disjunctively; thus, it is plain and unequivocal that

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<sup>131</sup> *Ville de Paris v. Jeff Walter*, WIPO Case No. D2009-1278.

<sup>132</sup> See, e.g., *Octogen Pharmacal Company, Inc. v. Domains By Proxy, Inc. / Rich Sanders and Octogen e-Solutions*, WIPO Case No. D2009-0786; *Ville de Paris v. Jeff Walter* n131; *Jappy GmbH v. Satoshi Shimoshita*, WIPO Case No. D2010-1001.

<sup>133</sup> See *A. Nattermann & Cie. GmbH and Sanofi-aventis v. Watson Pharmaceuticals, Inc.*, WIPO Case No. D2010-0800, and the various decisions cited therein by the majority.

<sup>134</sup> *A. Nattermann & Cie. GmbH and Sanofi-aventis v. Watson Pharmaceuticals, Inc.*, n133.

<sup>135</sup> *Validas, LLC v. SMVS Consultancy Private Limited*, WIPO Case No. D2009-1413.

<sup>136</sup> *Torus Insurance Holdings Limited v. Torus Computer Resources*, WIPO Case No. D2009-1455.

initial registration in bad faith by the respondent is a prerequisite to success under the Policy.

The panels that have maintained this interpretation have done so despite the clear policy problems it raises. As explained by this author:

To limit the trademark owner's redress in this way would result in outcomes that make no sense. In particular, it would mean that even the most damaging abuse of a trademark right through the most egregious bad faith use of a domain name would be immune from remedy under the Policy so long as the registrant was not acting in bad faith when the domain name was acquired. It would, in short, give a "green light" to good faith domain name registrants to later abusively use their domain names, safe in the knowledge that any such bad faith use could not provide the basis for a successful action under the Policy.<sup>137</sup>

The problem identified in this quote is real, and it is of increasing significance. The longer a domain name has been registered, the harder it is for a complainant to prove what was the intention of the registrant at the time of registration – meaning the prospects of bringing a successful complaint in respect of a long-registered domain name is low. As time goes by, the number of domain names registered for a substantial period of time increases. Thus, the number of domain names "immunised" against a remedy under the UDRP grows yearly.

The importance of this fact is not lost on all of those panelists who require both registration and use in bad faith. In recent times, some panels have interpreted the requirement of "registration in bad faith" to include "renewal in bad faith" – with the consequence that a complaint can succeed against a domain name that was originally registered in good faith but which has subsequently been used in bad faith, so long as a renewal of the registration has occurred following commencement of bad faith use.<sup>138</sup>

The way in which panelists' thinking about the bad faith use issue has evolved highlights a critical feature of the UDRP – namely, its flexibility to allow panelists to develop its jurisprudence to deal with situations not foreseen at the time the UDRP was

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<sup>137</sup> *Ville de Paris v. Jeff Walter*, n131.

<sup>138</sup> See, e.g., *Eastman Sporto Group LLC v. Jim and Kenny*, WIPO Case NO. D2009-1688; *Big 5 Corp. v. EyeAim.com / Roy Fang*, NAF Claim No. FA1308001513704.

established. While some commentators see such flexibility as a negative,<sup>139</sup> others recognise that “Freedom of this type can be a good thing, as it was intended to – and often does – allow panelists to use their judgment to help ensure that each case is handled and decided appropriately”.<sup>140</sup>

Given that there has been no revision of the UDRP since its inception, and given that the prospects for such a revision in the future seem slim,<sup>141</sup> the flexibility of panelists to develop UDRP jurisprudence to deal with new scenarios must be considered, on balance, a good thing.

## 5. CONCLUSION

The first commercial Internet domain name, <symbolics.com>, was registered on 15 March 1985.<sup>142</sup> By late 2012, the number of domain name registrations had grown to more than 250 million, of which nearly one-half were in the <.com> TLD.<sup>143</sup> Such a large number of domain names gives rise to the potential for a large number of disputes about trademark infringement by abusive domain name registration and use. It should

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<sup>139</sup> See, e.g., Lisa M. Sharrock, ‘The Future of Domain Name Dispute Resolution: Crafting Practical International Legal Solutions From Within the UDRP Framework’, (2001) 51 *Duke Law Journal* 817-849, 827-8.

<sup>140</sup> Woodard, n98, 1196.

<sup>141</sup> In October 2011, ICANN Staff produced its ‘Final GNSO Issue Report on The Current State of the Uniform Domain Name Dispute Resolution Policy’ to the Generic Names Supporting Organization (GNSO) of ICANN: ICANN, n103. This report recommended, in paragraph 7.3, “against initiating a PDP [Policy Development Process] on the UDRP at this time”. It further recommended that any PDP of the UDRP be delayed until at least 18 months after the Uniform Rapid Suspension (URS) system has been in operation. Given that the URS commenced upon delegation of the first of the TLDs under the New gTLD Program in October 2013, any review of the UDRP will commence no earlier than mid-2015. The ICANN Staff report found that any review of the UDRP will be “highly complex and will likely require significant attention from the community members likely to participate in the PDP effort”: paragraph 7.2. This suggest that any review of the UDRP would take some years to complete, meaning any changes to the UDRP are unlikely to be implemented before the end of the current decade.

<sup>142</sup> This domain name was registered by Symbolics Inc., a computer systems firm in Cambridge, Massachusetts: Wikipedia, ‘Domain name’ <[http://en.wikipedia.org/wiki/Domain\\_name](http://en.wikipedia.org/wiki/Domain_name)> accessed 10 December 2013.

<sup>143</sup> TechCrunch, ‘Report: More Than 250M Domain Names Have Now Been Registered, Almost Half Are .Com and .Net’ <<http://techcrunch.com/2013/04/08/internet-passes-250m-registered-top-level-domain-names/>> accessed 10 December 2013.



come as no surprise, therefore, to learn that nearly 50,000 such disputes have occurred in the past decade and one-half. What may be surprising to learn, however, is that the vast majority of these disputes have been resolved without resort to national laws or national courts. Instead, they have been resolved by a unique system that ‘floats above’ national laws and national courts: the UDRP.

The UDRP has attracted strident criticism despite – or, perhaps because of – its very substantial utilisation. As this chapter has shown, however, the problems with the UDRP pale in comparison to its strengths. The system has shown it is capable of resolving cross-border IP disputes in a timely manner and at very low cost. It has delivered largely consistent outcomes across a huge volume of cases, while evolving to address scenarios that were unforeseen and unforeseeable at its implementation. It has, in the words of ICANN, “won international respect as an expedient alternative to judicial options for resolving trademark disputes arising across multiple national jurisdictions”.<sup>144</sup>

This view seems widely shared. Following a comprehensive review with input from representatives of all stakeholder groups, ICANN’s GNSO Council concluded:

While not perfect, the UDRP has successfully offered parties a far less expensive alternative to costly litigation for resolving international disputes involving domain name cybersquatting. Staff concurs with the view held by many that the Internet community has come to rely on the consistency, predictability, efficiency, and fairness generally associated with the present implementation of the UDRP.<sup>145</sup>

There can be no doubt that the online dispute resolution phenomenon that is the UDRP is indeed a beneficial one.

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<sup>144</sup> ICANN, n103, section 5.1, first paragraph.

<sup>145</sup> ICANN, n103, Executive Summary, first paragraph.