

Domain Names Dispute Resolution Policy (DRP) as a Model for Online Dispute Resolution (ODR)

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Abstract

Looking at the statistical data of domain names dispute cases, which is available from various Domain Names Dispute Resolution Providers (DNDRP), it could be said that DNDRP is a good model for Online Dispute Resolution (ODR). For example, as of 12th. March 2008, the World Intellectual Property Organization (WIPO) alone has administered 12772 cases. Despite the impressive statistical data, there are some fundamental differences between ODR and DNDRP especially in terms of confidentiality. But interestingly, some DNDRP have included a mandatory mediation procedure in their respective DNDRP.

INTRODUCTION

The statistical data available from Internet Cooperation for Assigned Names and Numbers (ICANN) and the other three Domain Names Disputes Resolution Providers is impressive. For example, as of 12th. March 2008, the World Intellectual Property Organization (WIPO) alone has administered 12772 cases. The mandatory administrative proceedings to resolve domain names disputes or more popularly known as 'Uniform Dispute Resolution Proceedings (UDRP)' manifests the success and effectiveness of online dispute resolution (ODR), at least in the specific context of domain names, despite initial resistance from some members of the internet community.

The UDRP reflects the need for effective and swift mechanism for resolving disputes involving domain names. Given the increasing number of commercial activities on the internet and the ease of registering domain names, businesses are continuously concerned and agitated to find that their desired domain names comprising of their company's names or trade marks have been registered by others. As domain names are registered on a 'first come, first served' basis, many 'cybersquatters' or domain name speculators cunningly register many domain names which incorporate trade marks of others.

Mindful of the risk connected with the registration of domain names, the US Department of Commerce called upon the World Intellectual Property Organization (WIPO) to lead a WIPO Domain Name Process,

in which WIPO found that there was widespread pressures and support from trade mark owners for an inexpensive, simple and effective method of resolving disputes in relation to internet domain names. It was also necessary to avoid trade mark owners form filing multiple suits in several jurisdictions as well as to prevent internet domain names registries from being sued.

The Report was published on 30th April 1999. In the Report, WIPO noted that internet domain names disputes presented a number of special characteristics:

- (i) the multi-jurisdictional aspect rising from the global presence of internet domain names
- (ii) the same disputes may manifest itself in many gTLDs and ccTLDs which again could lead to multiple actions in respect of what really is one dispute
- (iii) the sheer speed of the domain name registration process and communication on the internet generally meant that there was a need to resolve domain name disputes urgently
- (iv) there is considerable disparity between the cost of obtaining a domain name registration and the economic value of the damage which can be done as a result of a registration which infringes someone else trade mark.

WIPO's recommendations were adopted by ICANN. As a result, a mandatory administrative proceeding, i.e. the Uniform Dispute Resolution Policy (UDRP) was created. The UDRP is incorporated by reference into all ICANN approved registrars. The UDRP also demonstrates the way that ODR, at least in the specific context of domain names, successfully and swiftly resolves all disputes involving domain names. Naturally, as domain names disputes arise purely online, its dispute resolution process must also take place online.

ONLINE DISPUTE RESOLUTION (ODR)

Alternative dispute resolution (ADR) has moved dispute resolution away from litigation and the courts, but online dispute resolution (ODR) extends this process even further by using cyberspace as a location for dispute resolution.¹ Generally, ODR is often described as

¹ Lodder, Arno & Zeleznikow, John, "Developing an Online Dispute Resolution Environment: Dialogue Tools and Negotiation Support Systems in a Three-Step Model" (2005) *Harvard Negotiation Law Review* 287; The first three pilot projects on ODR were the 'Virtual Magistrate (VMAG) which was hosted at the Villanova Center for Information Law and Practice, USA at <http://www.vmag.org>, Mediate-Net

ADR implemented over computer networks.² ODR is unique because it resolves disputes at a distance by exploiting the information and communication technology as a tool to implement traditional ADR processes or other form of innovative ODR.³

ODR is most suitable to resolve online disputes. Indeed, many of the existing ODR mechanism have been developed primarily to resolve online disputes, such as e-commerce disputes or other internet related disputes. Lodder noted that ODR is popular because (i) easy access to the internet, parties already has online contacts prior to the dispute and (ii) information crucial to their dispute usually are available electronically.⁴ Examples of the most successful ODR are SquareTrade,⁵ SmartSettle,⁶ UDRP and ECODIR.⁷

THE FRAMEWORK OF UDRP

The UDRP is unique to domain names disputes. Essentially, the UDRP is limited to generic top-level domains (gTLDs). At the moment, there are three ICANN-accredited providers of UDRP, i.e. World Intellectual Property Organization (WIPO), Asian Domain Name Dispute Resolution Centre (ADNDRC) and the National Arbitration Forum (NAF).⁸ The Czech Arbitration Court (CAC) has been approved in January 2008 as a UDRP Provider and plans to start accepting complaints before the end of 2008. Disputes involving country-code top level domains are administered by the UDRP, if the

which was hosted at the University of Maryland, USA and Online Ombudsman Office which was hosted at the University of Massachusetts, USA.

² UN/CEFACT 2002; Ramasastry, Anita, "Government to Citizen ODR: A Preliminary Inquiry" (2004) 79 *Wash. L. Rev.* 159

³ Hornle, Julia, "Online Dispute Resolution-More than the Emperor's New Cloth" (2003) *Proceedings of the UNECE Forum on ODR*, at <http://www.odr.info/unece2003> ; Katsh, Ethan & Rifkin, Janet, "ODR: Resolving Conflicts in Cyberspace" (2002) 56 *Disp. Resol. J* at 1

⁴ Lodder, Arno & Zeleznikow, John, "Developing an Online Dispute Resolution Environment: Dialogue Tools and Negotiation Support Systems in a Three-Step Model" (2005) *Harvard Negotiation Law Review* 287

⁵ <http://www.squaretrade.com> SquareTrade has been in business since 1999. It is an industry leader in online merchant and dispute resolution.

⁶ <http://www.smartsettle.com> Smartsettle is recognized as one of the most sophisticated and powerful eNegotiation system on the Internet.

⁷ <http://ecodir.org> ECODIR helps consumers and businesses prevent or resolve their complaints and dispute online using a quick, efficient and affordable services.

⁸ ICANN, *Approved Providers for Domain Name-Dispute Resolution Policy*, <<http://www.icann.org/dndr/udrp/approved-providers.htm>> viewed on 22 September 2007; Two former providers are (i) CRP International Institute for Conflict Prevention & Resolution and (ii) eResolution.

country so elects or by specific national Dispute Resolution Policy (national DRP) such as MyDRP, SDRP and NOMINET.

The UDRP and the national DRPs deals with cases involving 'cybersquatting' or 'abusive registration of domain names'. These cases typically involve the deliberate, abusive registration of domain names in violation of rights in trade marks or service marks.⁹ In *Intermatic v. Toeppan*,¹⁰ cybersquatter has been succinctly described as:

Individuals who attempt to profit from the internet by reserving and later reselling or licensing the domain names back to the companies that spent millions of dollars developing goodwill of the trademark.

Toeppan was an example of a classic cybersquatter who systematically registered numerous domain names that incorporate trade marks, service marks or names of other entities and subsequently attempts to sell the domain names back to the trade mark owners or their competitors at an inflated price.¹¹

There are important substantive and administrative requirements that must be met. In terms of the administrative requirements, the UDRP Rules provides for the following five stages:

- (i) The filing of a complaint with any three of ICANN-accredited providers, in the case of gTLDs or the national DRPs, in the case of ccTLDs.
- (ii) The filing of a response by the respondent, i.e. person or entity against whom the complaint was made.
- (iii) The appointment of one or three administrative panels who will decide the case.
- (iv) The issuance of decision by the administrative panel/panels.

⁹ Lea, Gary, "Trying to Evict the Cybersquatters: The Interaction of Trade Mark Law and Internet Domain Name Registration" Vol. 2 No. 3 (1997) *Communications Law*, at 99; Albert, Peter, "Right on the Mark: Defining Nexus between Trademarks and Internet Domain Names" 15 (1997) *J. Marshall J. Computer & Info. L.* at 277.

¹⁰ 947 F. Supp. 1227

¹¹ Gelchinsky, Jon & Hornick, John, "Evolving Internet Intellectual Property Issues" (1998/1999) *Trademark World* at 26; Siberlight, Adam, "Domain Name Dispute Under the ACPA in the New Millennium: What is Bad Faith Intent to Profit Really Bad Faith and has Anything Changed with the ACPA Inception?" 13 *Fordham Intell. Prop. Media & Ent. L. J.* at 269; Franze, Raphael, "Cybersquatters Beware!" (2000) *The Internet Law Journal*.

- (v) The implementation of the decision by the registrar(s) of the domain name.

The party initiating the complaint with WIPO may submit the complaint by telecopy or facsimile transmission, by electronic mail or through WIPO's internet based case filing and administration system.¹² In the complaint, the complainant must concisely state his facts since the complaint must not exceed five thousand words (5,000) words.¹³ There shall be no in person hearings (including hearing by teleconference, videoconference and web conference), unless the panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.¹⁴

Once WIPO is satisfied that the complaint is complete and in compliance with the Policy and Rules, WIPO will send the complaint to the respondent within three (3) working days following receipt of the fees to be paid by the complainant.¹⁵ When forwarding the complaint to the respondent, it is the responsibility of WIPO to employ reasonably available means to achieve actual notice to the respondent. Normally, WIPO will send the complaint in hardcopy and electronically to all postal-mail, facsimile addresses and email addresses as shown in the Registrar's Whois database for the registered domain name holder, the technical contact and the administrative contact as provided by the Registrar.¹⁶ If the domain name resolves to an active webpage, the complaint will also be sent to any email address as shown on that web page.¹⁷

The respondent must then respond to the complaint. Just like the complaint, the response similarly shall not exceed five thousand (5,000) words.¹⁸ In a response, the most important requirement is the timing because the respondent has to file a response within only twenty (20) days from the date of the commencement of the proceedings.¹⁹ It is essential that the respondent comply with the time limit because failure to comply with the time periods, in the absence of exceptional circumstances, the panel shall proceed to a decision on the

¹² Rule 3 of WIPO Supplementary Rules

¹³ Rule 10(a) of WIPO Supplementary Rules

¹⁴ Rule 13 of the UDRP Rules

¹⁵ Rule 4 of the UDRP Rules

¹⁶ Rule 2(a) of the UDRP Rules

¹⁷ Rule 2(a) of the UDRP Rules

¹⁸ Rule 10(b) of WIPO Supplementary Rules

¹⁹ Rule 5(a) of the UDRP Rules; Engel, Anri, *International Domain Name Disputes: (Rules and Practice of the UDRP)* [2003] *E.I.P.R.* 351

complaint.²⁰ However, in exceptional circumstances, WIPO may, at the request of the respondent, extend the period of time for the filing of the response.²¹

In terms of substantive requirements, paragraph 4(a) of the UDRP and the corresponding provisions of the national DRPs, explicitly stipulate that the complainant (normally a trade mark owner) must prove the following three elements:

- (i) that the respondent domain name is identical or confusingly similar to a trade mark or service mark in which the complainant has rights; and
- (ii) that the respondent has no right or legitimate interest in respect of the domain name; and
- (iii) the domain name has been registered and is being used in bad faith.

A MODEL FOR ODR?

It is illustrative from the numbers of cases successfully resolved that the UDRP manifests the success and effectiveness of ODR. It must not be forgotten that the UDRP has been designed with the specific purpose of resolving domain names disputes. In other words, the UDRP may not reflect some of the flexibility of other ODR which may use various ODR techniques, such as facilitated negotiation, automated settlement system, negotiation support systems, online mediation, online arbitration, complaint handling and case appraisal.

Having said so, it is interesting that some national DRPs such as NOMINET offer informal mediation. At NOMINET, informal mediation is always attempted prior to an expert decision. During the period of ten working days of informal mediation, the mediator contacts both the complainant and the respondent and has a series of telephone calls. Just like traditional mediation, the purpose of these calls is to encourage communications between the parties so that they can bring their dispute to an amicable settlement. All negotiations conducted between the parties during informal mediation are confidential.²² Anything a party reveals to the mediator will remain confidential unless the mediation has express permission from one party to reveal it to the other party.

²⁰ Rule 5(e) and 14(a) of the UDRP Rules

²¹ Rule 5(d) of the UDRP Rules

²² Rule 7(b) of NOMINET Dispute Resolution Service Procedure

If the parties do not achieve an acceptable solution through informal mediation within 10 working days, and the complainant pays the fees for an expert decision, all notes and correspondence generated during informal mediation will be removed from the files.²³ The expert will have notice of whether or not informal mediation occurred, but not about what happened during the informal mediation or why it failed to resolve the dispute.²⁴

Additionally, on the basis that the UDRP appoints a third party neutral, i.e. an administrative panel to give a decision, it is suggested that the UDRP is a form of online adjudication. Thus, the issue of due process is more stringent. According to Wahab,²⁵ there are four basic elements of due process (i) parties should be allowed to present their case and claims on equal grounds, (ii) parties should be allowed present evidence and counterclaims, (iii) parties must be notified of the other party's submissions, and (iv) decisions should be unbiased and reasoned.

Finally, confidentiality, which involves both secrecy and external anonymity, means that there shall be non-disclosure of case information, documentation, results and secrecy of communication.²⁶ Confidentiality could be an added-value element in the sense that it ensures trust in the process and encourage free communication between the parties.²⁷ But at the same time, transparency of case results and publication of ODR decisions might equally induce trust. This however, does not mean that the whole proceedings and documentations must be made known to the public. Suffice if only the decisions are published. In the case of the UDRP, all decisions are published at all three ICANN-accredited providers. These cases can be accessible online and some providers provide search-friendly tools. Perhaps this is the main reason behind the success of the UDRP.

²³ Nominet webpage at <http://nic.ac.uk/disputes/drs/mediaiton> viewed on 13 March 2008.

²⁴ Rule 7(e) of NOMINET Dispute Resolution Service Procedure

²⁵ Wahab, Mohamed, "Globalization and ODR: Dynamics of Change in E-Commerce Dispute Settlement" (2004) *International Journal of Law and Information Technology* at 123.

²⁶ Orna, Rabinovich, "Technology Impact: The Quest for a New Paradigm for Accountability in Mediation" (2006) *Harvard Negotiation Law Review* at 253

²⁷ Wahab, Mohamed, "Globalization and ODR: Dynamics of Change in E-Commerce Dispute Settlement" (2004) *International Journal of Law and Information Technology* at 123.

CONCLUSION

The main thesis of this article is that the UDRP reflects the success of ODR, albeit in the specific context of domain names disputes. This article also demonstrate that even though the UDRP may not reflect some of the flexibility of other ODR, some national DRPs such as NOMINET provides informal mediation prior to appointing an expert. Other national DRPs such as SgDRP and MyDRP also have some form of mediation.

It is anticipated that over the years, the UDRP's influence over ODR is likely to increase. With new technologies and the expansion of the types of activities that may be conducted on the internet, including the impressive number of cases successfully resolved, it is expected that other ODR provider may replicate some of UDRP's administrative requirements.