ONLINE DISPUTE RESOLUTION – THE PHENOMENON OF THE UDRP

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Abstract: 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 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.

IndexTerms: utilisation., disseminate electronically, UDRP, cybersquatting,

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.1

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

¹ 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 patentprotected inventions that are capable of Web dissemination typically consist of code-based functional implementations of methods.

incorporated into a domain name.² 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 principles to capture activities involving domain names.³ 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 countries⁴".

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")⁵. 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 made under the procedure, so that parties would

² 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 > accessed 16 December 2013.

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

WIPO, Management ofInternet Names and Addresses: Intellectual **Property** Issues http://www.wipo.int/amc/en/processes/process1/report/finalreport.html accessed 20 September 2013. ⁵ WIPO, n4, paragraphs 152-153.

resort less and less to litigation"⁶. 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 analyze 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.

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 names⁷". A proper understand of the concept that is the UDRP requires an appreciation of both its historical evolution and its structural features.

Evolution of the UDRP 2.1

(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 between trademark holders with legitimate competing rights)8". 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

⁶ WIPO, n4, paragraph 153

⁷ Francis Gurry, 'Foreword', in David Lindsay, *International Domain Name Law – ICANN and the UDRP* (2007, Hart Publishing, Oxford and Portland, Oregon).

⁸⁶³ Fed. Reg. 31,741 (5 June 1988) accessed 20 September 2013.

in the use of IP to support economic development⁹. As at the end of 2013, the number of nations that were WIPO member states was 186¹⁰.

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 1998¹¹, WIPO undertook the 'WIPO Internet Domain Name Process', producing both an interim report¹². The WIPO Domain Names Report made numerous recommendations, in relation to four main issues:

- best practices for domain name registration authorities; (i)
- exclusion of famous and well known marks from domain name registration; (ii)
- (iii) new generic top level domains (gTLDs); and
- an administrative procedure concerning abusive domain name registrations, which became the (iv) $UDRP^{13}$.

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 recommendations¹⁴. ICANN is a "nonprofit public benefit" corporation established under the law of California 15. 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 16. As a result work by the ICANN Domain Name Supporting Organization and an ICANN staff drafting committee, the ICANN Board on 29 October 1999 approved the final version of the documents that implemented an online domain name dispute resolution system: the UDRP¹⁷, and the Rules for Uniform Domain Name Dispute Resolution Policy ('UDRP Rules'). These documents set out the principles and the procedure for a mandatory administrative proceeding to resolve a dispute between a trademark owner and a

⁹ WIPO, 'What is WIPO?' < http://www.wipo.int/about-wipo/en> last accessed on 8th may 2018

¹⁰ WIPO, 'Member States' http://www.wipo.int/members/en/ last accessed on 8th may 2018

¹¹Such 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> last accessed on 8th may 2018.

¹²WIPO, Interim Report of the WIPO Internet Domain Name Process http://www.wipo.int/amc/en/processes/process1/rfc/3/> last accessed on 8th may 2018.

¹³ 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; 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 last accessed on 8th may 2018.

¹⁴ ICANN, 'Timeline for the Formulation and Implementation of the Uniform Domain-Name September 2013. Dispute-Resolution Policy' http://www.icann.org/en/help/dndr/udrp/schedule last accessed on 8th may 2018.

¹⁵ ICANN, 'Articles of Incorporation of Internet Corporation for Assigned Names and

Numbers' (1998) http://www.icann.org/en/about/governance/articles last accessed on 8th may 2018.. 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).

¹⁶ The various documents establishing ICANN's authority through the Department of Commerce are at http://www.icann.org/en/about/agreements> last accessed on 8th may 2018...

¹⁷ ICANN, Uniform Domain Name Dispute Resolution Policy http://www.icann.org/en/help/dndr/udrp last accessed on 8th may 2018.

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. The UDRP contains various other provisions, dealing with matters of both procedure and substantive policy. The most important of this concern:

- the remedies available to a successful complainant (being either transfer or cancellation of the domain name)¹⁸,
- the availability of court proceedings (these being available to either party, both before and after (ii) an administrative proceeding)¹⁹; and
- the representation and warranties deemed made by the domain name registrant (which include (iii) 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). The UDRP Rules complement the UDRP, by specifying in greater detail the procedural aspects of the system.

Extension of the UDRP

The UDRP took effect on 1 December 1999, when it was adopted by all but three of the ICANN-accredited registrars for the then-existing open gTLDs²⁰. 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'²¹, 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 UDRP²². 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

¹⁸ UDRP, paragraph 4(i).

¹⁹ UDRP, paragraph 4(k).

²⁰ 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> last accessed on 8th may 2018.

²¹ 'New Generic Top-Level Domains' http://newgtlds.icann.org/en/about> last accessed on 8th may 2018.

²² 'Arbitration and Mediation Center ccTLD Database'

http://www.wipo.int/amc/en/domains/cctld_db/output.html last accessed on 8th may 2018.

number of these adopted, in addition to the UDRP, dispute resolution mechanisms in respect of disputes about *entitlement* to registration²³. Each of these mechanisms bore significant similarity to the UDRP.

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-delegation²⁴, and three of which apply post delegation. 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.

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.

Structural Features of the UDRP 2.2

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 labeled '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 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).

²³ The mechanisms were: (i) the <.info> Sunrise Registration Challenge Policy

http://info.info/get-info/dispute-resolution/sunrise-challenge-policy-original last accessed on 8th may 2018.

²⁴ ICANN, 'Object and Dispute Resolution' http://newgtlds.icann.org/en/program-status/odr last accessed on 8th may 2018. A 'pre-delegation' mechanism is one that applies to disputes filed about entitlement to apply for the new gTLD.

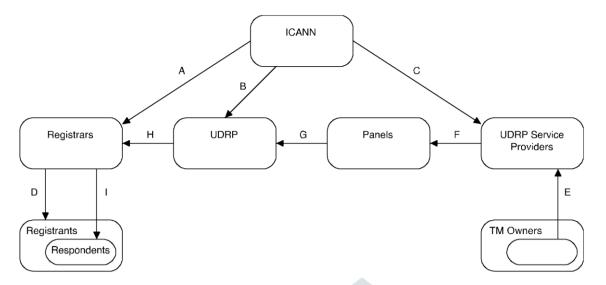


Figure 1: Structural Features of the UDRP System

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

H: Imposition of Panels' decisions on Registrars

I: Execution of UDRP remedies against Respondents by Registrars

Foundation of UDRP's power (a)

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')²⁵, 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

²⁵ 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 last accessed on 8th may 2018.

System ('DNS') servers for all Top-Level Domains (TLDs). 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, including the mandatory terms of the registration agreement between a registrar and a 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 name²⁶.

Automatic execution of an effective remedy (c)

They are two remedies available to a successful complainant under the UDRP:

- 1. Cancellation of the domain name, and
- 2. transfer of the domain name to the complainant.

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. 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 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

²⁶ 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.

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.

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. 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 complainant²⁷. 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 jurisdictionspecific enforcement agency.

THE UDRP IN PRACTICE

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

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.

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 months²⁸.

When judged by the volume of cases processed in such a short period of time 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.

²⁷ 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).

²⁸WIPO, '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<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp<>http://www.wipo.int/amc/en/domains/statistics/countries_a-z.jsp</html

Effectiveness 3.2

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 complainant²⁹. 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.

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, ways³⁰, 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 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 hierarchy³¹.

²⁹ 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 last accessed on 8th may 2018. The settlement rate at the other main service provider, NAF, is slightly lower (18.4%).

³⁰ 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

³¹Mason, 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).

Decisions are not lost on the parties to these disputes. Both complaints and responses invariably cite UDRP decisions in support of their contentions³².

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.

CRITICISM AND ASSESSMENT OF THE UDRP

The UDRP has not been without its detractors. Criticism of the system was especially strident in its early days³³. With nearly a decade and a half of experience of the system, however, has come a more balanced assessment of its strengths and weakness. 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.

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.

Systemic Concern – Bias 4.1

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".

(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".

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"34.

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

³²This 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/> last accessed on 8th may 2018.

³³ 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 Froomkin, 'ICANN's "Uniform Dispute Resolution Policy" - Cause and (Partial) Cures', (2002) 67(3) Brooklyn Law Review 605-718.

³⁴ Milton Mueller, 'Rough Justice – An analysis of ICANN's Uniform Dispute Resolution

Policy' http://ccent.syr.edu/PDF/roughjustice.pdf> last accessed on 8th may 2018.

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 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.

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. 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 impartiality³⁵, at least in the case of a single-member panel³⁶. This approach provides an important, albeit not fool-proof, safe-guard against the potential for panelist bias

Removing the possibility of bias (c)

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.

³⁵ Building Society v. Britannia Fraud Prevention, WIPO Case No. D2001-0505.

³⁶ 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.

Froomkin thought "there are many simple and fair ways to reduce or eliminate this source of real or apparent bias", including:

- assigning cases by lot; (i)
- requiring parties to agree the provider, with the decision to be taken by lot in the absence of (ii) agreement; and
- (iii) Having a third party choose the provider.

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 forprofit 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.

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

Procedural Concern – Inconsistency 4.2

While various procedural concerns have been expressed from time to time, one procedural concern has dominated commentary on the UDRP since its 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.

No appellate tribunal (a)

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". 37 In particular, an appellate body would "establish principles and precedent under the UDRP, which other lower level Panels would be required to follow". 38 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.

³⁷ Patrick D. Kelley, 'Emerging Patterns in Arbitration under the Uniform Domain-Name Dispute-Resolution Policy', (2002) 17 Berkeley Technology Law Journal 181-204, 195.

Canadian Journal of Law and Technology 71-79, 78.

³⁸ David Wotherspoon and Alex Cameron, 'Reducing Inconsistency in UDRP Cases', (2003) 2

Kelley, a key proponent of an internal UDRP appellate review mechanism, has proposed three models for such a tribunal:

- the US Supreme Court model, consisting of nine panelists hearing appeals in groups of three, (i) 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. 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 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".³⁹

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". For these reasons, Woodard concludes "the appeals board would only benefit two groups – cybersquatters and some critics of the UDRP".40

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 section 3.3, above).⁴¹ They consider that this "contributes in the creation of contradictory decisions and subsequent confusion". 42

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

³⁹ Kelley n104, 195-199. A further problem, identified by Muelller, is that "it would seem to impose an additional layer of forum shopping on the process": Mueller, n76, 19.

⁴⁰ Woodard, n97, 1202.

⁴¹ Juan Pablo Cortés Diéguez, 'An Analysis of the UDRP Experience: Is it Time for Reform?'

<a href="https://futureoftheinternet.org/redmineprod/files/100707201540_Cortes_2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_An_Analysis_of_the_UDRP_Experience-2008_Analysis_of_the_UDRP_Exp

_Is_it_Time_for_Reform.pdf> accessed 9 November 2013; Hall, et. al., n78; Kelley, n104; Wotherspoon and Cameron, n105. ⁴² Diéguez, n113, section 4.2.

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.⁴³

(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 because the justifications for the doctrine of precedent fairness, efficiency, and integrity⁴⁴ 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 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";⁴⁵ and, secondly, that the service provider "shall publish the full decision on a publicly accessible web site". 46 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

⁴³ Figure 4, above.

⁴⁴ See Christie and Rotstein, n65, 67.

⁴⁵ UDRP Rules, paragraph 15(d).

⁴⁶ UDRP Rules, paragraph 16(b).

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.⁴⁷

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.⁴⁸ two issues have attracted the most concern:

Legitimate use (a)

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 non-commercial 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. 49 The panel decisions that have found such uses to be a fair use tend to do so because they consider

⁴⁸ ICANN, n103, lists other policy concerns identified to ICANN by stakeholders in 2011.

⁴⁷ See Christie and Rotstein, n65, 73.

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

⁴⁹ 125 See WIPO Overview 2.0, n121, paragraphs 2.4 and 2.5.

that commentary on the trademark owner, whether critical or laudatory, should be permitted as "free speech". 50

The panel decisions that have come to the contrary view tend to do so because they 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".51

This split of panel decisions into two groups has been seen as problematic, in that is 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.⁵² 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;53 otherwise, they tend to adopt the alternative view.⁵⁴ 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.

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

⁵⁰ See Bridgestone/Firestone Research, Inc., and Bridgestone Corporation v. Jack Myers, WIPO Case No. D2000-0190.

⁵¹ See Monty and Pat Roberts, Inc. v. Bill Keith, WIPO Case No. D2000-0299.

⁵² 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.

⁵³ 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. ⁵⁴ See Howard Jarvis Taxpayers Association v. Paul McCauley, WIPO Case No. D2004-0014; WIPO Overview 2.0, paragraph 2.4.

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". 55

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.⁵⁶

Many other panels, however, have maintained the traditional approach of requiring both bad faith registration and bad faith use.⁵⁷ The reasoning of those panels is that the "ordinary meaning" or "plain meaning"⁵⁹ of the phrase "domain name has been registered and is being used in bad faith" shows "unequivocally" 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.

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.

CONCLUSION

The first commercial Internet domain name, <symbolics.com>, was registered on 15 March 1985. 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. 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 come as no surprise, therefore, to learn that nearly 50,000 such disputes have occurred in the past

⁵⁵ Ville de Paris v. Jeff Walter, WIPO Case No. D2009-1278.initial registration in bad faith by the respondent is a prerequisite to success under the Policy.

⁵⁶ 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.

⁵⁷ 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.

⁵⁸ A. Nattermann & Cie. GmbH and Sanofi-aventis v. Watson Pharmaceuticals, Inc., n133.

⁵⁹ Validas, LLC v. SMVS Consultancy Private Limited, WIPO Case No. D2009-1413.

⁶⁰ Torus Insurance Holdings Limited v. Torus Computer Resources, WIPO Case No. D2009-1455.

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".

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.

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