

How Cases Are Decided Under Uniform Domain Resolution Policy

Panels have construed issues of jurisdiction more broadly than some would like.

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The Uniform Domain Name Resolution Policy is a consensual proceeding that adjudicates abusive registration and use of domain names. To invoke jurisdiction, the disputed domain name must be "identical or confusingly similar to a trademark or service mark in which Complainant has rights."¹

"Consensual" is to be understood in a political as well as procedural sense. The policy owes its existence to dialogue and compromise on the international level. Procedurally, registrars and registrants

are bound by contract, the former with the Internet Corporation for Assigned Names and Numbers (ICANN) and the latter with their registrars, to submit disputes to one of several arbitration and mediation centers certified by ICANN.²

The policy is based on extensive studies sponsored by the World Intellectual Property Organization (WIPO) and adopted by ICANN in 1999. Since the policy's inaugural year, the arbitration and mediation centers have decided more than 10,000 cases. The parties to these Uniform Domain Name Resolution Policy (UDRP) proceedings come from every part of the globe. The pairings of complainants and respondents are equally likely to be from Germany and China or the United Kingdom and Uzbekistan as from residents of the United States. Because of its international scope, it has been stated that panels should be cautious about interpreting the policy as incorporating tests that may not exist in a number of jurisdictions.³ Although there is caution, there is also a readiness to apply the tests assertively. The decisions as a whole are noteworthy for the willingness of panels to construe the policy jurisdiction more broadly than some would have it and build from it a common law jurisprudence. Some

sense of the opposition to the common law approach is found in dissenting opinions in the three-member panels.⁴ Examining the dissents discloses tensions within the community of panelists as to how far it is permissible to go and the value of relying on earlier, well-reasoned decisions in supporting later decisions that push the envelope of jurisdiction.

In exercising jurisdiction, panels are enjoined to treat parties with equality and ensure that each "is given a fair opportunity to present its case."⁵ The bias in favor of trademark rights holders is a policy decision intended to maintain an "orderly functioning of the market through the avoidance of confusion and deception."⁶ This requires defining "the boundary between unfair and unjustified misappropriation of another's intellectual creations or business identifiers, on the one hand, and fair use or justified experimental and noncommercial use, on the other hand."⁷

Judging by their concerns, the dissenters can be characterized as strict constructionists. They argue that the policy and its "legislative" underpinning, "The Final Report," referred to as the foundation document of the UDRP, limits what the panel may do. The panelist's role is to follow rules. Its "authority to act and the

parameters within which it may act are carefully circumscribed by the policy and by the Uniform Rules,"⁸ an expression of the rules that is antithetical to common-law development.

The pragmatists are panelists who in common-law fashion work with the policy to forge the appropriate remedy in a variety of unforeseen fact patterns.

Listening in on the dialogue between the strict constructionists and pragmatists opens a window to the UDRP and its development and what is expected of the parties. The policy is crafted to resolve certain types of disputes. The panel will not entertain claims of trademark infringement, dilution, unfair competition or other statutory or common law causes of action.⁹ It has been held that a constituted panel is not a general domain name court, and the policy is not designed to adjudicate all disputes of any kind that relate in any way to domain names.¹⁰

Disputes outside the UDRP jurisdiction are reserved for national courts. The Final Report provides the following preliminary "explanation ... of the suggested terminology" for subject matter jurisdiction:

Sec. 170. In popular terms, "cyber-

quatting" is the term most frequently used to describe the deliberate, bad faith abusive registration of a domain name in violation of rights in trademarks and service marks. However, precisely because of its popular currency, the term has different meanings to different people. Some people, for example, include "warehousing," or the practice of registering a collection of domain names corresponding to trademarks with the intention of selling the registrations to the owners of the trademarks, within the notion of cybersquatting, while others distinguish between the two terms. Similarly, some consider "cyberpiracy" to be interchangeable with "cybersquatting," whereas we consider that the former term relates to violation of copyright in the content of websites, rather than to abusive domain name registrations. Because of the elastic meaning of cybersquatting in popular terminology, we have therefore chosen to use a different term — abusive registration of a domain name — in order to attribute to it a more precise meaning.

Although stated otherwise, it could be argued that the phrase "abusive registration of a domain name" is less rather than more precise than cybersquatting because it allows more scope for construction.¹¹

On one side are those panelists who regard the exponents of expanding jurisdiction as overstepping the bounds of the policy.

'Crew'

This view is aggressively stated in an early case, *J. Crew International, Inc. v. crew.com*,¹² decided by the WIPO center. The dissent observed that "[t]he majority, in an effort to stop a practice that it seems to take upon itself to believe is an unstated purpose of the ICANN policy, has completely over-stepped its mandate as arbitrators."

The dissent concludes with the following observation:

The decision creates a new and unauthorized test out of whole cloth, based on assumptions of fact by arbitrators without evidence on the subject, instead of using the appropriate and carefully crafted three step test for required evidence set out by the ICANN policy and rules. In my judgment, the majority's decision prohibits conduct which was not intended to be regulated by the ICANN policy. This creates a dangerous and unauthorized situation whereby the registration and use of common generic words as domains can be prevented by trademark owners wishing to own their generic trademarks in gross. I cannot and will not agree to any such decision, which is fundamentally wrong.

The "practice" to which the dissent alludes is speculation in domain names.

The majority held that "[speculation] precludes others who have a legitimate desire to use the name from doing so."

The *Crew* majority notwithstanding, as a general proposition the holding of an inventory of domain names for sale does not contravene the policy,¹³ but neither is

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there an unrestricted license.¹⁴ It is not a bona fide offering of goods and services to sell domain names identical to trademarks and it is not a defense that the seller was unaware of another's rights.¹⁵

Nevertheless, the *Crew* majority did not make it clear enough why speculation in itself constituted bad faith and warranted forfeiture to the trademark holder, particularly since the word "crew" can be both generic and descriptive.

To rectify this lacuna, a later panel found it necessary to gloss the passive holding cases and articulate more clearly what kinds of "inaction" may be found to be use in bad faith.¹⁶ "[P]assive holding constitutes use of a domain name in bad faith when it can be established that the registrant is obstructing possibilities to use the domain name fairly and legitimately."

The following indicia would constitute evidence of such an obstruction:

- (i) taking into account all the circumstances of the case, it is not possible to conceive of any active use of the domain name in dispute by the registrant that would not be illegitimate, unless he receives permission from a trademark holder, and
- (ii) the registrant is aware of the trademark holder's demand to transfer the disputed domain name, and
- (iii) the registrant denies taking any action that would enable the domain name to be legitimately used either by the trademark holder (by transferring the name to the holder) or by the registrant himself (e.g. obtaining any kind of license or other permission from the trademark holder).

In other words, a registrant's inaction equals using a domain name in bad faith when the circumstances indicate that the registrant should act in order not to obstruct a fair and legitimate use of a given domain name.

The *Crew* dissent's interpretation of the policy can be contrasted with the view set forth in a dissent in a later decision. The majority in *Delta Air Transport NV v. Theodule De Souza* noted that "where we seem to differ [from the Dissent] is that we take the view that what the Respondent has done is an abuse of the system."¹⁷ The abuse found by the majority was that the respondent was using the domain name in an attempt to extract a financial benefit:

In our view, potential public harm is not necessarily limited to buying products or using a competitor's services by way of some form of direct deception. To our mind, the deception in the present case is likely to arise by luring members of the public to a website which purports to be that of an airline, only to find that it is in fact a website designed to put pressure on that same airline to refund various

tickets issued by its predecessor or another airline. There is nothing in the Domain Names themselves to suggest that users will be directed to a criticism site. The Respondent's conduct has the hallmarks of a "bait and switch" strategy and in our view is not legitimate.

The dissenter parted company with the majority "not because I disagree with the concept that there could be some momentary confusion between the Respondent and the Complainant airline, but because, once again, a WIPO panel is taking on the role of a trademark court and not following the very specific requirements of the UDRP in ordering a transfer of a domain."

'Ha'aretz Daily Newspaper'

In *Ha'aretz Daily Newspaper Ltd. v. United Websites, Ltd.*,¹⁸ the rights holder had not registered its name as a trademark in the United States. The dissent reasoned that the complainant had nothing to complain about.

However, the issue is more complex. Early decisions were decisive that trademark rights can be established by registration in any jurisdiction¹⁹ and it was not necessary for a mark to be registered at all to have a common law trademark right.²⁰ The majority opinion in *Ha'aretz Daily Newspaper* concluded that respondent's choice of name was opportunistic and cited a United Kingdom decision²¹ on registrations of domain names that incorporate the trademarks of others as evidence of bad faith.

The dissenter took his colleagues to task because, as he stated, they "have decided to treat the UDRP as a kind of eminent

domain which gives important trademark holders the right to take others' property regardless of whether registrants have actually contravened the Policy."

He continued:

It is well-established precedent with the UDRP that trademark holders in one country who failed to get the simplest and shortest ".com" version of their name do not necessarily have a right to take away the name from a registrant in another country when that name is generic or has multiple other legitimate uses.

The dissenter's objection was that the panel majority reached its conclusion "relying entirely on 'circumstantial evidence,' the intuitive detection of a 'general aura,' and other undocumented 'inferences.'" He rejected the "opportunistic bad faith" doctrine as inapplicable since "any good faith check of the trademark status of the term 'Haaretz' in August 1997 would have yielded negative results."

The criticisms about "intuitive detection of a general aura" and "other undoc-

umented inferences" are unconvincing and misplaced since they are part of a fact finder's repertory of analytical tools in deciding cases solely on paper submissions.

Although it is not stated in so many words, the problem centers on the philosophy of drawing inferences. What supports a strong inference? And, what is required of the parties? Blind assertions are unacceptable as evidence: "It is especially important under this procedure to test ... assertions for evidentiary support and credibility."²² Concrete evidence is defined as "[e]vidence in the form of documents or third party declarations."²³

Strong inferences are based on concrete evidence capable of supporting the conclusion that it is more probable than not that such a result is the logical outcome. Weak inferences rely on "intuition." This in turn points to one of the valid criticisms of the UDRP proceedings, which is that it disposes of issues of fact — essentially finding summary judgment in favor of one or the other party — where a court of law would be more circumspect. As characterized by one court, the UDRP is "adjudication lite."²⁴

Quality of Submissions

The policy rules provides that "A Panel shall decide a complaint on the basis of the statements and documents submitted and in accordance with the policy, these rules and any rules and principles of law that it deems applicable."²⁵ This puts a premium on the quality of submissions.

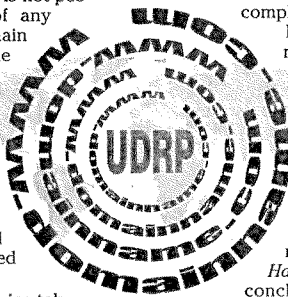
The dissent in *Time Inc. v. Chip Cooper* stated that it appeared to him as though "the majority simply does not believe the Respondent's allegations as to his intentions."²⁶ The problem here also relates to the issue of evidence, its quality and sufficiency, and raises the issue of making credibility judgments about a party's intentions without discovery and in the physical absence of the parties.

Unless a party forthrightly discloses knowledge under its control, its intentions can only be guessed. In the final analysis, "a person's true intentions are rarely expressed in these cases."²⁷ As a result, panels have to come to their conclusions taking an objective view of what a reasonable person in the position of the respondent can be expected to have known and understood.²⁸ Where there is uncertainty between conflicting allegations, insufficiency of evidence is a basis for finding against the party with a burden of proof.²⁹ As in American jurisprudence, burdens shift according to the evidence each party proffers.

Conclusion

Several tensions are apparent from this brief review. In general, the tensions center on the accusation that panels are exceeding the UDRP's mandate in making findings that are not anchored to concrete evidence or involve issues best left to national courts.

The policy requires a complainant to prove that a respondent both registered and is using a domain name in bad faith. However, proof of the former is easier than the latter because evidence of "intention" is under the respondent's control.



Panels are exceeding the UDRP's mandate in making findings that are not anchored to concrete evidence or involve issues best left to national courts.

As a result, it is not unusual that panels find registration in bad faith by drawing inferences from the evidence offered³⁰ as well as from evidence that is absent but in the view of the panel should properly have been proffered by a party.

The practice is most evident in cases in which a respondent has not responded to a complaint. The consensus in such a contingency is that in "the absence of a response, it is appropriate to accept as true all allegations of the Complaint."³¹

In the words of another panel, since respondent did not "come forward to explain what legitimate use it may have had in the domain names ... the panel may presume that Respondent lacks rights and legitimate interests in the domain names at issue."³²

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1. Policy, ¶4(a)(i).
 2. The service contract between registrar and registrant includes a provision requiring resolution of disputes through the UDRP and accepting the UDRP Rules and the Supplemental Rules of the chosen Center.
 3. *Bradford & Bingley Plc v. Registrant info@fashionID.com*, 987654321, D2002-0499 (WIPO, Aug. 16, 2002).
 4. Parties may opt for a one or three-member Panel.
 5. UDRP Rule ¶10(b).
 6. The Final Report of the WIPO Internet Domain Name Process, subtitled "The Management of Internet Names and Addresses: Intellectual Property Issues," (April 30, 1999), ¶11 ("Final Report").
 7. Final Report ¶13.
 8. *First American Funds, Inc. v. Ultimate Search, Inc.*, D2000-1840 (WIPO, April 20, 2001).
 9. *Bridgestone Firestone, Inc. v. Myers*, D2000-0190 (WIPO, July 6, 2000).
 10. *EAuto, L.L.C. v. Triple S. Auto Parts*, D2000-0047 (WIPO, March 24, 2000).
 11. The Anticybersquatting Consumer Protection Act of 1999, which is contemporaneous with the adoption of the UDRP, is also not limited to cybersquatting and, in this regard, its scope is belied by its title.
 12. *J. Crew International, Inc. v. crew.com*, D2000-0054 (WIPO, April 20, 2000).
 13. *GLB Services Interativos S.A. v. Ultimate Search, Inc.*, D2002-0189 (WIPO, May 29, 2002).
 14. *Telstra Corporation Ltd. v. Nuclear Marshmallows*, D2000-0003 (WIPO, Feb. 18, 2000) ("Paragraph 4(b) recognizes that inaction (eg. passive holding) in relation to a domain name registration can, in certain circumstances, constitute a domain name being used in bad faith.").
 15. *Echelon Corporation v. RN WebReg*, D2003-0790 (WIPO, Dec. 15, 2003) (Domain name ordered transferred over a dissent that argued that the mark DIGITAL HOME was generic and that complainant had failed to prove that respondent registered and was using the domain name in bad faith).
 16. *Vodafone Group, Plc v. Phone-Express*, D2004-0505 (WIPO, Aug. 31, 2004) ("It is necessary to note that not every kind of passive holding may be found as use in bad faith. Otherwise, the necessity to prove that a domain name was actually used would be illusory. When finding special circumstances where inaction equals use in bad faith, it must be remembered that one of the basic aims of the Policy is to provide the community of Internet users with better service.").
 17. D2003-0372 (WIPO, Aug. 5, 2003).
 18. D2002-0272 (WIPO, Aug. 21, 2002).
 19. *Koninklijke KPN N.V. v. Telepathy Inc.*, D2001-0217 (WIPO, May 7, 2001) (finding that the policy does not require that the mark be registered in the country in which respondent operates. It is sufficient that complainant can demonstrate it has a mark in some jurisdiction).
 20. *The British Broadcasting Corporation v. Jaime Renteria*, D2000-0050 (WIPO, March 23, 2000) ("[T]he Uniform Policy is applicable to unregistered trademarks and service marks.").
 21. *British Telecommunications v. One in a Million Ltd.*, 1 W.L.R. 903, 924-25 (Court of Appeal, 1999).
 22. *Do the Hustle v. Tropic Web*, D2000-0624 (WIPO, June 6, 2000).
 23. *Radio Globo SA v. Diogo Pimentel*, D2000-1705 (WIPO, Jan. 31, 2001).
 24. *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 624 (4th Cir. 2003).
 25. UDRP Rules, ¶15 (a).
 26. D2000-1342 (WIPO, Feb. 13, 2001).
 27. *Red Nacional De Los Ferrocarriles Espanoles v. OX90*, D2001-0981 (WIPO, Nov. 21, 2001).
 28. *Id.*
 29. *Percy Miller v. Divine Mafa*, FA0207000114771 (Nat. Arb. Forum, Sept. 19, 2002).
 30. *Freddy Adu v. Frank Fushille*, D2004-0682 (WIPO, Oct. 17, 2004).
 31. *Talk City Inc. v. Robertson*, D2000-0009 (WIPO, Feb. 29, 2000).
 32. *Bloomberg L.P. v. GAF*, FA 190614 (Nat. Arb. Forum, Oct. 20, 2003).