

# *Study unit 7*

## *Domain name governance*

### *Overview*

In this study unit you will be introduced to issues relating to the governance of the domain name system (DNS). This will be done with reference mainly to a report, *The Management of Internet Names and Addresses: Intellectual Property Issues*, issued by WIPO in 1998, and certain dispute resolution procedures adopted by ICANN.

### *Learning outcomes*

After completion of this study unit you will be able —

- ☐ to understand the basic functioning of the DNS
- ☐ to consider practices designed to minimize conflicts arising out of domain name registrations
- ☐ to identify the problem of uniqueness, and consider solutions to this problem
- ☐ to understand the concept 'abusive registration'
- ☐ to understand the mandatory administrative procedure concerning abusive registrations
- ☐ to determine the liability of a domain name registrar for contributory trade-mark infringement

### *Discussion*

#### *General introduction*

#### *Internet*

#### *domain names*

Computers communicating through global information networks (like the Internet) are able to exchange information as each connected computer (often called a 'host') has a unique numerical address. Each Internet Protocol (IP) address consists of four sets of numbers (integers), separated by periods (or 'dots'). Since numbers are difficult to remember, the domain name system (DNS) maps numerical addresses to 'domain names'. A domain name consists of a string of texts, separated by 'dots'; when read from left to right, the domain name goes from the specific to the general. Starting at the right end of the domain name is the top-level domain. Top-level domains may

*gTLD*

*ccTLD*

be generic (generic top-level domains (gTLDs)) or country codes (country code top-level domains (ccTLDs)). Top level domains are administered by registrars who assign domain names in the relevant domains (See, for example, David J Loundy 'A Primer on Trademark Law and Internet Addresses' (1997) 15 *The John Marshall Journal of Computer and Information Law* 465 at 465–467; Daniel W McDonald, John C Reich & Scott E Bain 'Intellectual Property and Privacy Issues on the Internet' (1997) 79 *Journal of the Patent and Trademark Office Society* 31 at 34–37; Daniel R Pote 'A Domain by Any Other Name: The Federal Trademark Dilution Act of 1995 Applied to Internet Domain Names' (1997) 37 *Jurimetrics* 301 at 304–306). Of course, no two domain names can be the same.

*ICANN*

The Internet Corporation for Assigned Names and Numbers (ICANN) is a technical coordination body for the Internet. (ICANN is a California nonprofit public benefit corporation, established in terms of the *Statement of Policy — Management of Internet Names and Addresses* 63 Fed Reg 31741 (1988) (the 'White Paper'), issued on 5 June 1998 by the National Telecommunications and Information Administration, an agency of the United States Department of Commerce.) Created in October 1998 by a broad coalition of the Internet's business, technical, academic, and user communities, ICANN is assuming responsibility for a set of technical functions previously performed under United States government contract by the Internet Assigned Numbers Authority (IANA) and other groups. Specifically, ICANN coordinates the assignment of the following identifiers that must be globally unique for the Internet to function:

*functions*

- ☐ Internet domain names;
- ☐ IP address numbers; and
- ☐ protocol parameter and port numbers.

*root server*

In addition, ICANN coordinates the stable operation of the Internet's root server system.

*issues*

Here, we will canvass some key issues relating to the governance of the DNS. These issues relate to the following:

- ☐ best practices for registration authorities;
- ☐ resolution of disputes relating to domain name registrations; and
- ☐ the liability of registration authorities for contributory trade-mark infringement.

*Introduction*

*WIPO Final Report*

On 30 April 1999, the World Intellectual Property Organization (WIPO) published a report under the title *The Management of Internet Names and Addresses: Intellectual Property Issues* (the 'Final Report'). Earlier, in December 1998, WIPO published its interim report under the title *The Management of Internet Names and Addresses: Intellectual Property Issues* (the 'Interim Report'). The publication of this report formed part of the third stage of the WIPO Internet Domain Name Process. During this stage the report was subjected to comment in response to a third Request for Comments (WIPO RFC-3) and a further round of regional consultation meetings. The deadline for the submission of comments was 19 March 1999. The process was concluded by the publication of the Final Report.

*Guiding principles*

The Final Report states five principles which guided the formulation of recommendations in the WIPO process.

*global nature*

- ❑ In view of the global nature of the Internet and the diverse range of purposes for which it is used, WIPO has tried to design a process which is international and allows for participation by all sectors interested in the use and future development of the Internet. While the organization's mandate relates to the protection of intellectual property, WIPO recognizes that intellectual property cannot be considered in isolation in the context of a multi-functional global medium.

*existing framework*

- ❑ WIPO recognizes that the goal of the process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere. Instead, its goal is to give proper and adequate expression to the existing, multilaterally agreed standards of intellectual property protection in the context of the Internet and the DNS. The process seeks to find procedures that will avoid the

unwitting diminution or frustration of agreed policies and rules for the protection of intellectual property.

*human rights*

- ❑ At the same time, though, the process does not seek to imply that the means of granting proper and adequate protection to agreed standards of intellectual property should result in a diminution in, or otherwise adversely affect, the enjoyment of other agreed rights, such as those guaranteed in article 27(2) of the Universal Declaration of Human Rights (1948) and article 15 of the International Covenant on Economic, Social and Cultural Rights (1966).

*practical*

- ❑ The central importance of the Internet and its capacity to serve the diverse interests of a rapidly expanding body of users cannot be denied. So the process seeks to make sure that its recommendations are practical and do not interfere with the functioning of the Internet by imposing unreasonable constraints on the high-volume and automated operations of domain name registration authorities.

*not hinder technology*

- ❑ The Process recognizes the dynamic nature of the technologies that underpin the expansion and development of the Internet. It also aims to make sure that its recommendations do not in any way condition or affect the future technological development of the Internet.

Also, WIPO was mandated to make recommendations concerning certain intellectual property questions in the gTLDs. The Final Report states, though, that there are no functional differences between the gTLDs and the ccTLDs. In response to the specific request of certain administrators of ccTLDs Annex VIII gives detailed guidance as to which recommendations of the Report WIPO considers to be potentially useful to ccTLDs in order to ensure a comprehensive and efficient solution to the problems arising out of the interface between domain names and intellectual property rights.

*Practices designed to minimize conflicts arising out of domain name registrations*

*avoid conflict*

The Final Report notes that most commentators in the process have considered that the point of departure should be the avoidance, rather than the resolution, of conflicts.

*two systems*

The Report states that, in so far as it is practicable, one should try and avoid having two autonomous systems living in isolation of each other — ‘the DNS in cyberspace, and the intellectual property system of identifiers as developed before the arrival of the Internet’ (¶ 47). It notes that until now these two systems have operated without paying sufficient attention to one another (¶ 48). In the open gTLDs, users are assured of a simple, fast, and relatively inexpensive process for the registration of a domain name on a first-come, first-served basis. There is no requirement that the applicant justify use of a particular name, no verification process for any contact details, no provision for the settling of disputes, and no requirement that any payment be tendered and confirmed before the domain name holder starts using the name. These practices have led to registrations that may be considered abusive.

*low barriers to entry*

At the same time, though, the Report notes that these practices have played a positive role in establishing low entry barriers (¶ 49). By making domain name registration fast and easy, these practices have encouraged the rapid growth of the Internet and new commercial uses of web sites, and fostered the acceptance by business and consumers of the Internet as a vital new medium for an expanding digital marketplace. In trying to avoid disjunction between the DNS and existing intellectual property rights, the Report believes that care must be taken not to impede unduly the functionality of a low cost and highly efficient system with proven success.

The recommendations of the Report in this context are divided into three parts:

- ❑ best practices for registration authorities;
- ❑ measures to deal with inaccurate and unreliable information; and
- ❑ the problem of uniqueness — technical measures for the coexistence of similar names.

### *Best practices for registration authorities*

The domain name registration agreement defines the rights and

*registration agreement*

responsibilities of the registration authority and the domain name applicant. The terms of this agreement can introduce certain practical measures to alleviate the problems that have arisen from the interface between Internet domain names and intellectual property rights. The Report recommends that the contractual relationship between a domain name registrant and a registration authority in open gTLDs be fully reflected in an electronic or, where it is not certain that electronic contracts are legally enforceable in the jurisdiction of such authority, a paper registration agreement.

*information / privacy*

In so far as the provision of contact details in the registration agreement is concerned, the Report seeks to balance two competing rights — access to information and privacy.

*contact details*

Many commentators thought that an important measure to reduce conflict between domain name registrations and intellectual property rights was the furnishing by the domain name holder of accurate and reliable contact details as part of the domain name registration agreement. This view was premised on the difficulty of enforcement on the Internet, because of its global character, the lack of a central point of authority and control, and the fact that transactions and other interaction between persons without personal contact and often across national frontiers.

*social communication*

Other commentators argued that the protection of privacy was important and needed to be considered in this context. They attached great weight to the Internet as a means of social communication and political expression that offered unparalleled opportunities for promoting civil liberties.

*condition in domain name  
agreement*

The Report seeks to address the wider issue by breaking it down into a number of smaller issues that can accommodate these seemingly opposing values. It recommends that the provision of accurate and reliable contact details be a condition of registration of a domain name. Such condition should be imposed by the domain name agreement. These details should consist of the following:

- ☐ the applicant's full name;
- ☐ her postal address (including street or post office box address);
- ☐ her e-mail address;
- ☐ her voice telephone number;

- ☐ her facsimile number, if available; and
- ☐ where the applicant is an organization, association or corporation, the name of an authorized person or office for administrative and legal purposes.

*available in real time*

These details of all holders of domain names in all open gTLDs should be made publicly available in real time. The Report also recommends that the date of registration of the domain name be made available, and, where applicable, an indication that the domain name holder has voluntarily agreed to submit to arbitration in respect of any intellectual property dispute arising out of the domain name registration.

*limited purposes*

To address privacy concerns, the Report recommends further consideration of the possible introduction of one or more use-restricted, non-commercial domains, and limiting the purposes for which information about contact details can be processed. Also, the domain name registration agreement should describe and give clear notice of the purposes of the collection and availability of contact details; the domain name applicant should consent to such collection and availability for these purposes. And registrars should adopt reasonable measures to prevent predatory use of data beyond the stated purposes in the domain name registration agreement. An example of such use would be mining a database for contact details of domain name holders for use in advertising or sales promotion.

*no statement of intention to use*

Generally, the Report does not recommend that the domain name registration agreement contain a statement of a bona fide intention to use a domain name, that waiting periods be required before activating the domain name, or that domain name registrations be made conditional upon a prior search of potentially conflicting trade marks. But it does recommend that a domain name not be activated by the registrar unless and until it is satisfied that the registration fee has been paid, and that all domain name registrations be for a limited period and be subject to the payment of a re-registration fee. Also, the Report recommends that the domain name registration agreement contain the following representations:

*representations*

- ☐ that, to the best of the applicant's knowledge and belief, neither the registration of the domain name nor the manner in which it is directly or indirectly used infringes the intellectual property rights of another party; and
- ☐ that the information provided by the applicant is true and

accurate.

*submit to jurisdiction*

Finally, it is recommended that the applicant should agree, as part of the registration agreement, to submit to the jurisdiction of certain courts and to alternative dispute resolution procedures.

*Measures to deal with inaccurate and unreliable information*

What consequences, if any, should attach if the information supplied by a domain name holder proves to be inaccurate or unreliable?

*material breach*

The Report recommends that registrars should be encouraged to adopt reasonable automated procedures to verify data submitted by domain name applicants. These procedures include online data validation mechanisms, and sending a confirmation e-mail to the accounts provided by a domain name applicant. Also, the domain name registration agreement should contain a term making the provision of inaccurate or unreliable information by the domain name holder, or the failure to update information, a material breach of the agreement and a basis for canceling the registration.

*take-down procedure*

In the event of breach of the domain name registration agreement through the provision of inaccurate or unreliable information, the Report recommends implementing a take-down procedure: upon service of notification by an interested party, and upon independent verification of the inaccuracy or unreliability of the relevant contact details, the registrar is required to cancel the corresponding domain name registration.

*The problem of uniqueness: technical measures for the coexistence of similar names*

*common words*

The characteristic of a domain name as a unique address creates the difficulty that a number of different persons or enterprises may seek to use the same common words as domain names. This difficulty is exacerbated in undifferentiated domains: similar marks with common elements can coexist in relation to different classes of goods or services without confusion, but only one of the owners may use the mark or the



common element alone as a domain name in a large undifferentiated domain.

Several means can be used to address the problem of uniqueness:

*directory services*

- ❑ Directory and listing services can help to make sure that an interested person can locate the exact address which she is seeking.

*gateway*

- ❑ In terms of a gateway or portal page system, a list of names with a common element is produced with links to the various addresses and information to distinguish the addresses and their owners.

*not compulsory*

But the Report does not recommend that portals, gateway pages or other such measures be compulsory in the event of competing claims to common elements of an address. Instead, users are encouraged to consider carefully the advantages of such measures as means of finding a solution to an honest (good faith) shared desire to use common elements of marks as domain names.

#### *Uniform dispute resolution procedures*

*reduce friction*

The Report notes the widespread support for the adoption of a number of practices in the administration of domain name registrations to reduce friction between such registrations and intellectual property rights. But it also notes similar support for the view that those practices should not interfere with the functionality of the DNS as a cheap, high-speed, high-volume system of obtaining an Internet address.

While the seriousness and extent of trade-mark infringement flowing from the registration and use of a domain name have increased in line with the increase in business investment, advertising, and other commercial activities on the Internet, mechanisms for resolving related disputes outside litigation remain unsatisfactory and not sufficiently available.

The Report lists the following special characteristics of disputes over domain name registrations and intellectual property rights:

*multi-jurisdictional*

- ❑ As a domain name creates a global presence, the dispute may be multi-jurisdictional: in the event of an alleged infringement of intellectual property rights, several national courts may assert jurisdiction, or several independent actions may have to be brought because separate intellectual property titles in different jurisdictions are concerned.

*multiple actions*

- ❑ The number of gTLDs and ccTLDs, and the fact that each gives the same access to global presence mean that essentially the same dispute may manifest itself in many TLDs. This may require an intellectual property owner to undertake multiple court actions throughout the world.

*urgency*

- ❑ The ease and speed with which a domain name registration may be obtained, the speed of communication on the Internet, and the possible global access to the Internet often lends urgency to the need to resolve a domain name dispute.

*low cost vs high economic value*

- ❑ There is a considerable disproportion between, on the one hand, the relative low cost of obtaining a domain name registration, and, on the other hand, the economic value of the damage which can be caused by such a registration and the often high cost to the intellectual property owner of litigating to remedy the situation.

*join registrar*

- ❑ The registration authority has often been joined in domain name disputes because of its role in the technical management of the DNS.

*discomfort*

These special features have engendered considerable support for the development of expeditious and inexpensive dispute resolution procedures which provide a single means of resolving a dispute with multiple jurisdictional manifestations. At the same time, there is a 'natural' level of discomfort in placing complete trust in a new system that may affect valued rights. So there has been a reluctance to abandon all possibilities of resort to litigation as a result of the adoption of new procedures, at least in the first stage before experience of a new system.

The compilers of the Report have accordingly sought, on the one hand, to preserve the long-tried right to seek redress

through litigation, and, on the other hand, to develop a workable system that can fairly, expeditiously, and cheaply resolve the new type of dispute that arises in the Internet context.

### *Civil litigation*

*national law*

As civil litigation is governed by national law, and as the process is not properly concerned with matters which fall within the purview of national law except in so far as national law leaves areas of choice, the Report addresses only a small number of issues in this context.

*abandonment of right to litigate*

- The first concerns the abandonment of the right to litigate in respect of a dispute, which is recognized in the majority of countries as the effect of agreeing to submit a dispute to arbitration. If submission to arbitration by domain name applicants in respect of any dispute relating to the domain name registration were, for example, required in terms of the domain name registration agreement, the domain name applicant would effectively abandon her right to litigate such a dispute if called to arbitration by the other party to the dispute. In view of the considerable reluctance to such a solution referred to above, the Report recommends that any dispute resolution system which is alternative to litigation and to which domain name applicants are required to submit, should not deny the parties to the dispute access to civil litigation.

*submission to jurisdiction*

- A second area of choice concerns submission to the jurisdiction of the courts in one or more locations for the resolution of a dispute. There was broad support for requiring the domain name applicant to exercise such a choice in the domain name registration agreement. This exercise of choice was thought to create greater certainty in relation to the venue in which litigation can be initiated, and to ensure a venue in a country in which intellectual property rights are respected. Which locations should be designated by the domain name applicant in the submission to jurisdiction? The compilers of the Report believe that the choice of an appropriate venue should strike the right balance between the interests of the domain name holder and any potential third party

complainant, and be consistent with fundamental concerns of fairness. So they recommend that the domain name applicant be required, in the domain name registration agreement, to submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts of the country of domicile of the domain name applicant and the country where the registrar is located.

*Guiding principles for designing an alternative dispute resolution policy*

The Report states the following guiding principles for designing an alternative dispute resolution (ADR) policy:

*low cost*

- ❑ Any ADR procedure should allow the parties to resolve a dispute expeditiously and at low cost. But it should be flexible enough to enable the parties to use more extensive proceedings if they agree to do so.

*procedural fairness*

- ❑ ADR procedures should allow all relevant rights and interest of the parties to be considered, and ensure due process or procedural fairness for all of them.

*uniform and consistent*

- ❑ ADR procedures should be uniform or consistent across all open TLDs. But this does not necessarily mean that the dispute resolution service provider must be the same for all procedures.

*not preclude civil litigation*

- ❑ The availability of ADR procedures should not preclude a party's resorting to civil litigation. In particular, she should be free to initiate litigation in a competent national court instead of initiating an ADR procedure, if this is the preferred course of action, and should be able to seek a de novo review of a dispute that has been subject to an ADR procedure.

*not binding precedent in national courts*

- ❑ While it is desirable that the use of ADR procedures may lead to the construction of a body of consistent principles for future guidance, the determinations of ADR procedures should not (and cannot) have the effect of binding precedent in national courts. The courts of each country can determine what weight they want to attach to determinations made under ADR procedures.

*remedies restricted*

- ❑ To ensure the speedy resolution of disputes, the remedies available in an ADR procedure should be restricted to the status of the domain name registration itself. So they should not extend to awards of damages or rulings about the validity of trade marks.

*enforcement by registrar*

- ❑ The determination resulting from an ADR procedure should, upon notification, be enforced directly by the relevant registration authority by making, if necessary, appropriate changes to the domain name database.

*registrar not involved in  
administering ADR  
procedures*

- ❑ Registration authorities should not be involved in the administration of ADR procedures, other than by implementing determinations made in such procedures (and, perhaps, by supplying any requested factual information about the domain name registration to the tribunal).

*court prevails over ADR*

- ❑ A decision by a court of competent jurisdiction, in a country which is party to the Paris Convention for the Protection of Industrial Property (the 'Paris Convention') or bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights ('the TRIPS Agreement'), which differs from a determination resulting from an ADR procedure should, subject to the application of the normal principles for the enforcement of judgments, prevail over the ADR determination.

On the basis of these principles, the Report makes two principal recommendations:

*cancellation*

- ❑ A uniform administrative procedure for the cancellation of bad faith domain names registered in deliberate abuse of trade mark rights should be available in all open gTLDs.

*mediation and arbitration not  
mandatory*

- ❑ Mediation and arbitration have a role to play and should be considered as valuable procedures for the resolution of domain name disputes. But neither should be a mandatory part of a dispute resolution policy for registration authorities. Rather, they should be available for parties to choose, where the parties consider the circumstances of a dispute appropriate for the use of these procedures.

## *Mandatory administrative procedure concerning abusive registrations*

The Report proposes adopting uniformly across open TLDs an administrative dispute resolution procedure.

*uniform*

It is a *uniform* procedure in the sense that

- ☐ it should be available in all open gTLDs, and
- ☐ its scope and the procedural rules according to which it is conducted should be the same in all open gTLDs.

*mandatory*

It is *mandatory* in the sense that the domain name registration agreement should require the applicant to submit to the procedure.

*scope controversial*

The scope of the procedure was controversial. Should it be limited to cases of the abusive registration of domain names (such as cyber squatting), or should it extend to any type of domain name dispute concerning intellectual property rights should? The Report opts for the more restricted approach, at least initially, in order to deal first with the most offensive forms of predatory practices and to establish the procedure on sound footing. Two limitations fence in the scope of the procedure:

*bad faith abusive registration*

- ☐ The procedure is available only in the case of a deliberate, bad faith abusive registration.

*only trade and service marks*

- ☐ Abusive registration is defined with reference to trade and service marks only. So registrations which violate trade names, geographical indications, or personality rights do not qualify as abusive registrations for the purposes of the administrative procedure.

*abusive registration*

What is an abusive registration? The registration of a domain name is abusive when it meets three requirements:

- ☐ the domain name is identical or misleadingly similar to a trade or service mark in which the complainant has rights;
- ☐ the holder of the domain name has no rights or legitimate interests in respect of the domain name; and
- ☐ the domain name has been registered and is used in bad faith.

*bad faith*

The following will be evidence of registration and use of a domain name in bad faith:

- ☐ an offer to sell, rent, or otherwise transfer the domain name to the owner of the trade or service mark, or to a competitor of such owner, for valuable consideration;
- ☐ an attempt to attract, for financial gain, Internet users to the domain name holder's web site or other online location, by creating confusion with the trade or service mark of the complainant;
- ☐ the registration of the domain name in order to prevent the owner of the trade or service mark from reflecting the mark in a corresponding domain name, provided that a pattern of such conduct has been established on the part of the domain name holder; or
- ☐ the registration of the domain name in order to disrupt the business of a competitor.

*Paris Convention*

This recommendation is rooted in article 10*bis* of the Paris Convention, which requires contracting states provide effective protection against unfair competition, and the emerging trends in case law in a number of jurisdictions. (See, for example, in Belgium, *Tractebel* (T Co de Bruxelles, 6 June 1997); in France, *Alice c/Alice* (TGI de Paris, Ord Référé, 12 March 1998); *Sté Coopérative Agricole Champagne Céréales c/ JG* (TGI de Versailles, Ord Référé, 14 April 1998), *Commune d'Elancourt c/ Loic L* (TGI de Versailles, Ord Référé, 22 October 1998); in Germany, *Heidelberg* (LG Mannheim, 1996 *Mannheim Zeitschrift für Urheber- und Medienrecht* 705, 1996 *Computerrecht* 353); *Epson* (LG Düsseldorf, 4 April 1997, 34 O 1991/96); in the United Kingdom, *Pitman Training Ltd v Nominet UK* [1997] FSR 797; in the United States, *Planned Parenthood Federation of America Inc v Bucci* 42 USPQ 2d 1430 (SDNY 1997) *affd* 1998 WL 336163 (CA 2 1998); *Panavision International LP v Toeppen* 141 F 3d 1316 (9<sup>th</sup> Cir Cal 1998); *Interstellar Starship Services Ltd v Epix Inc* 983 F Supp 1331, 45 USPQ 2d 1304 (D Ore 1997); *Toys R'Us Inc v Abir* 45 USPQ 2d 1945 (SDNY 1997).)

*limited remedies*

The remedies available should be limited to —

- ☐ the cancellation of the domain name registration,
- ☐ the transfer of the domain name registration to a third party complainant, and
- ☐ the allocation of the responsibility for paying the costs of the proceedings.

*multiplicity of actions*

Some commentators indicated that one of the difficulties in dealing with domain name disputes was the sheer number of instances in which intellectual property rights may be allegedly violated. This raises the specter of a multiplicity of actions. One legal method for dealing with such multiplicity is to allow the consolidation of such actions into one procedure. The Report accordingly recommends that the procedural rules for the administrative dispute resolution procedure provide for the possibility of consolidating, into one procedure, all claims by the same party in respect of the same domain name holder where the claims relate to the alleged infringement of the same or different trade or service mark rights through abusive domain name registrations in any open gTLD.

*national courts*

As far as the relationship between the administrative procedure and the jurisdiction of the national courts is concerned, the Report recommends that

- ☐ the availability of the administrative procedure should not preclude a complainant from filing a claim in the relevant national court instead of initiating the administrative procedure, if she prefers to do so;
- ☐ the determinations flowing from the administrative procedure would not, as such, have the weight of binding precedent under national judicial systems;
- ☐ the parties to a dispute should be able to initiate litigation in the national courts, even after the completion of the administrative procedure;
- ☐ if a party initiates civil litigation during the administrative procedure and the administrative claim is not withdrawn, the administrative panel will have the discretion to consider whether to suspend the administrative procedure or to proceed to a determination; and
- ☐ a decision by a court of competent jurisdiction that is contrary to a determination resulting from the administrative procedure should, subject to the application of the principles for the enforcement of judgments, override the administrative determination.

Is it desirable, where domain names have been registered and remained unchallenged for some time, to bar completely bringing claims in respect of them, or to allow claims to be brought on narrow grounds only? The Report answers this question in the negative.



The Report considers it imperative that the procedural rules for the administrative procedure provide for final determinations on claims to be made within 45 days of the initiation of the procedure.

*panel of decision makers*

It is recommended that a panel of three decision makers be appointed to conduct the procedure and make the determination. The procedural rules should provide for the appointment of the panel by the institution administering the procedure (the dispute resolution service provider). These institutions are encouraged to publish on the Internet the list of persons who may be appointed to panels and details of their qualifications and experience.

*electronic filing*

The procedural rules should provide for the secure electronic filing of pleadings in all cases.

*enforcement*

In so far as the enforcement and publication of determinations are concerned, the Report recommends that

- ☐ registration authorities be required to implement determinations made in terms of the procedure (such implementation should take effect seven days after the issue of the determination);
- ☐ the domain name registration agreement provides that, in submitting to the procedure, a domain name applicant agrees that the procedure may determine the applicant's rights with respect to the registration of the domain name, and that any determination made in the procedure may be directly enforced by the relevant registration authorities;
- ☐ the domain name agreement contains a provision that the applicant agrees that the registration authorities will not be liable for acting according to their enforcement responsibilities in relation to the administrative procedure; and
- ☐ the determinations made under the procedure be published on a web site.

*costs*

The procedure will entail the following costs:

- ☐ an administration fee to be paid to the dispute resolution service provider;
- ☐ the fee to be paid to the panel of decision makers; and
- ☐ the expenses that may be incurred in relation to the proceedings (such as telecommunication charges).

The Report recommends that —

- ☐ dispute resolution service providers be free to determine the level of their administration fee and the fee payable to the panel; and
- ☐ the third party complainant be required to pay, at the start of the procedure, the administrative fee and an advance on the other costs of the procedure.

The decision maker will have the power to decide, in the determination, the allocation of ultimate responsibility for that fee and those costs between the parties.

*dispute resolution service  
providers*

It will be necessary to designate in the domain name registration agreement the administering authority or dispute resolution service provider. The Report suggests that a list of several well-known and well respected institutions be designated in such agreement. These institutions should be chosen on the basis of —

- ☐ the international character of the institution;
- ☐ the quality of the list of neutrals or decision makers maintained by the institution, and, especially, whether it contains persons with appropriate experience in respect of domain names, intellectual property, and technical matters concerning the Internet;
- ☐ the likelihood that the institution will continue to be available to offer its services; and
- ☐ the facilities which the institution provides for the online administration of disputes.

### *Arbitration*

*excludes jurisdiction of court*

Arbitration takes place within a well-established international legal framework. This framework recognizes that the parties' decision to submit a dispute to arbitration excludes the jurisdiction of the court in respect of that dispute. Also, the arbitral award binds the parties and is final, in the sense that the courts will not entertain an appeal on the merits of the dispute.

In the context of domain name disputes, arbitration is attractive:

- ☐ It provides a single procedure for resolving multi-jurisdictional disputes (as opposed to litigating in several

*advantages*

national courts).

- ☐ It has been developed to be international and takes into account the various legal traditions.
- ☐ It offers the parties the choice of a neutral venue, language, and law.
- ☐ It offers the parties more autonomy than civil litigation in their choice of procedures and laws, and of decision maker.
- ☐ It also offers a comprehensive solution: the arbitrator is typically empowered to grant the interim and final remedies that are available under the law.

But commentators responding to WIPO RFC-2 expressed three reservations concerning arbitration as a mandatory procedure:

*objections*

- ☐ The effect of arbitration in excluding resort to the courts did not find favor generally.
- ☐ The finality of the arbitration award caused some hesitation.
- ☐ The normal feature of arbitration as a confidential procedure between the parties to a dispute in which the award is not published, unless the parties agree to such publication, was considered disadvantageous. It was felt that consistency in decision-making and the development of appropriate principles for the resolution of domain name disputes was of great importance and weighed in favor of the publication of determinations.

*optional*

The Report accordingly recommends that the domain name registration agreement provides for a domain name applicant to submit, on an optional basis, to arbitration in respect of any dispute relating to the domain name.

In view of the fact that the parties to a dispute may be located in different parts of the world, the Report recommends that the (optional) submission to arbitration in the domain name registration agreement should envisage the arbitration procedure taking place on-line.

## *Mediation*

*attractive option*

Mediation is particularly well suited to domain name disputes that involve intractable legal issues. In these circumstances, it may be an attractive way of resolving the dispute, as the process of facilitating negotiations can yield a creative solution which satisfies the commercial interests of both parties, but which cannot necessarily be imposed by law (for example, the parties may agree on a shared gateway page).

*honest engagement*

But there is one snag: for success, mediation relies upon the honest engagement of both parties. As it is not binding and either party can withdraw from the procedure at any stage, it is of little or no value in disputes concerning dishonest abusive registrations where it is unlikely that the holder of the abusive registration will cooperate.

*not mandatory*

While the Report encourages parties with honest disputes to consider the advantages of mediation as a means of resolving their dispute, it does not recommend that a submission to mediation, optional or mandatory, be incorporated in the domain name registration agreement.

## *ICANN's Uniform Domain Dispute Resolution Policy*

*accreditation*

One of the first actions taken by ICANN was the introduction of competition among registrars in the .com, .org, and .net gTLDs. For this purpose, it accredited some 98 new registrars. Such accreditation created uncertainty about a trade-mark proprietor's ability to protect against someone else's registering an identical or a confusingly similar domain name. To remedy this problem, on 24 October 1999, ICANN approved its mandatory Uniform Domain Dispute Resolution Policy (UDRP). This policy gives effect to the recommendations of the WIPO Final Report in this regard.

*registration agreement*

As part of this policy, the registrar and domain name registrant must agree to abide by the UDRP, which is incorporated into every registration agreement.

A registrant is required to submit to mandatory arbitration

*service providers*

proceedings if a third party complains to one of the ICANN accredited Dispute Resolution Providers. There are currently four accredited providers:

- ☐ CPR Institute for Dispute Resolution
- ☐ eResolution
- ☐ the National Arbitration Forum
- ☐ World Intellectual Property Organization

*assertions*

The complaint should assert that —

- ☐ the domain name is identical or confusingly similar to a trade or service mark in which the complainant has rights;
- ☐ the registrant has no rights or legitimate interests in the domain name; and
- ☐ the domain name has been registered and is being used in bad faith.

*bad faith*

These are some of the criteria that may indicate bad faith:

- ☐ the domain name was registered or acquired for the purpose of extracting payment for the trade-mark proprietor or its competitors in excess of the costs associated with registering or acquiring the domain name;
- ☐ the domain name was registered to disrupt a competitor's business; and
- ☐ the registrant has used the domain name to divert trade to her web site by creating the likelihood of confusion.

*remedies*

The remedies available under the UDRP are limited to requiring cancellation of the domain name or transferring it to the successful complainant.

*Domain name registrar: liability for  
contributory trade-mark infringement*

*delictual liability*

Were one to assume that trade-mark infringement is merely a form of delictual liability, then the liability of someone who assists, aids, or abets the commission of trade-mark infringement can be based on the broad principles of the Aquilian action. As was stated in *McKenzie v Van der Merwe* 1917 AD 41 at 51, '[u]nder the lex Aquilia not only the persons who actually took part in the commission of a delict were held

*TRIPS Agreement*

liable for the damage caused, but also those who assisted them in any way . . .'. This principle has been applied in the trade-mark context (*Omega, Louis Brandt et Frere SA & another v African Textile Distributors* 1982 (1) SA 951 (T) at 954 and 957). The remedies available, then, to a successful plaintiff in an action for 'contributory infringement' are damages and injunctive relief (an interdict). These remedies are also available to a successful plaintiff in an action for statutory trade-mark infringement (see, for example, section 34(3) of the South African Trade Marks Act. Fault (knowledge in some form or other) is arguably required in respect of an award of damages. (At common law, see *Hawker v Life Offices Association of South Africa & another* 1987 (3) SA 777 (C) at 780; *R & I Laboratories (Pty) Ltd v Beauty Without Cruelty International (South African Branch)* 1990 (3) SA 746 (C) at 754–755; *Long John International Ltd v Stellenbosch Wine Trust (Pty) Ltd & others* 1990 (4) SA 136 (D) at 143. In respect of statutory trade-mark infringement, see GC Webster & NS Page *South African Law of Trade Marks* 4 ed by CE Webster & GE Morley (1997) para 12.56; contra LTC Harms *Amler's Precedents of Pleadings* (1992) 293.) In passing, note that this principle is in line with article 45.1 of the TRIPS Agreement which requires that 'judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity'.

*United States*

In the United States, in *Lockheed Martin Corp v Network Solutions Inc* (9<sup>th</sup> Cir 1999), the court held that a registrar of domain names that allowed the registration of allegedly infringing marks was not contributorily liable for the registrant's infringement, as it did not exercise sufficient control over such third party's infringing activities. (In the United States, contributory trade-mark infringement occurs when the defendant intentionally induces a third party with actual or constructive knowledge that the product is being used to infringe the mark in question.) The court explained that the registration of domain names involves providing a service without control over the registrant's activities: the registrar does not supply a potentially infringing domain name combination any more than the Postal Service supplies a street address by performing the service of routing mail. The court noted that when analysing a contributory

infringement set of facts without a product, one should consider the extent of control exercised by the defendant over the third party's means of infringement. In the present case, the domain name infringement of a trade mark does not result from the registrar's activities but from the registrant's use of the domain name on a web site.