

# Reducing Inconsistency in UDRP Cases

David Wotherspoon and Alex Cameron†

## Introduction

On October 24th, 1999, the Internet Corporation for Assigned Names and Numbers (ICANN) implemented the Uniform Domain Name Dispute Resolution Policy (UDRP).<sup>1</sup> According to the *Final Report of the WIPO Internet Domain Name Process*,<sup>2</sup> a report from the World Intellectual Property Organization (the “WIPO Report”), the UDRP was adopted with the objectives of creating global uniformity in the adjudication of domain name disputes, and reducing the expense of lengthy and jurisdictionally strained litigation.<sup>3</sup> The UDRP was not intended to serve as the ultimate arbiter of all trademark disputes on the Internet, nor was it designed to preclude recourse to the judicial system. It was and continues to be directed at addressing only cases of bad faith cybersquatting.

The UDRP has been adopted by all accredited domain-name registrars, including those for domain names ending in *.com*, *.net*, *.org*, *.biz* and *.info*, as well as certain registrars of country top level domains (“TLDs”). Registrants of generic top level domain (“gTLD”) names must enter into a contract with a domain name registrar. Although the terms and conditions of these contracts vary with the individual registrars, the dispute resolution mechanism remains the same for all registrants because all gTLD domain name registration contracts incorporate the UDRP. Therefore, owners of gTLDs, irrespective of jurisdiction or registrar, are bound by the same dispute resolution policy.

The UDRP has proven to be an effective means of resolving domain name disputes. There are, however, a number of shortcomings in the UDRP that affect its legitimacy and fairness. The most glaring of these lies in the failure to delineate the elements outlined in section 4(a) of the UDRP and in the application of Rule 15(a) of the Rules for Domain Name Dispute Resolution Policy (the “Rules”).<sup>4</sup> These shortcomings have resulted in inconsistency in the decisions of arbitral panels. As it stands, complainants are unable to ascertain the case they must meet in order to succeed and respondents are unable to be certain of the terms of their registration contracts. These problems have been compounded by the lack of an appeal tribunal that could provide inter-

pretive guidance, and whose decisions would be binding on the lower arbitral panels. These shortcomings undermine the legitimacy of the UDRP as a legal process, and have created the perception that the UDRP is, at best arbitrary, and at worst unjust. They represent a fundamental failure in terms of the objectives of the UDRP, which have been expressed as including the following:

- (a) The procedure should allow all relevant rights and interests of the parties to be considered and ensure procedural fairness for all concerned parties; and
- (b) The procedure should be uniform or consistent across all open gTLDs.<sup>5</sup>

We propose that the UDRP be amended so that panels can apply specific definitions that outline the constituent elements of section 4(a). Furthermore, Rule 15(a) should be amended so that adjudication of disputes would be achieved by exclusive reference to the UDRP without reference to legal principles of particular jurisdictions. Finally, an appeal tribunal should be constituted so that panels and parties could have recourse to a body of well-established UDRP precedent.

## Overview of the UDRP

The majority of all domain name disputes not disposed of by settlement between the parties are resolved under the UDRP, which is incorporated by reference into all gTLD domain name registration agreements. These agreements require domain name registrants to submit to a mandatory administrative proceeding if a complaint is filed regarding their domain name. The Rules govern the administrative proceedings initiated pursuant to the UDRP.

The UDRP is applied by four ICANN-approved dispute resolution service providers (“DRP”s): the National Arbitration Forum, World Intellectual Property Organization (WIPO), the CPR Institute for Dispute Resolution and the Asian Domain Name Dispute Resolution Center.<sup>6</sup> Each dispute resolution provider maintains a list of arbitrators, from which administrative panels (“Panels”) are formed to adjudicate disputes.

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†David Wotherspoon is a partner, and Alex Cameron is an associate, at the Vancouver office of Fasken Martineau DuMoulin LLP. The authors wish to thank Leticia Santos Lewis, LLM, for her assistance in research and in the preparation of an early draft of this paper.

Under the UDRP, a complainant chooses the DRP with which to file a complaint. The DRP will then ensure that certain administrative and procedural requirements have been met before forwarding the case on to an arbitration Panel. The complainant may choose to have the case heard by a single Panelist or by a three-person Panel. If a single Panelist is chosen by the complainant, the respondent may still elect to have the case decided by a three-person Panel. The cost for both the complainant and respondent depends on the number of Panelists chosen. For one disputed domain name, the cost for a single person Panel ranges from US\$1,000 to \$2,000 and for a three-person Panel from US\$2,500 to \$4,500.<sup>7</sup>

Once selected, the Panel is required to decide the case in accordance with the UDRP and the Rules.<sup>8</sup> There are only three remedies a Panel can award: cancellation of a domain name,<sup>9</sup> rejection of the complaint, or transfer of the domain name from the respondent to the complainant.

In order to succeed in a complaint under the UDRP, a complainant must provide written submissions, and documents or other evidence where necessary, in order to demonstrate each of the elements of section 4(a) of the UDRP. Section 4(a) reads:

#### 4. Mandatory Administrative Proceeding

This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at [www.icann.org/udrp/approved-providers.htm](http://www.icann.org/udrp/approved-providers.htm) (each, a “Provider”).

- (a) **Applicable Disputes** — You are required to submit to a mandatory administrative proceeding in the event that a third party (a “complainant”) asserts to the applicable Provider, in compliance with the Rules of Procedure, that
- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
  - (ii) you have no rights or legitimate interests in respect of the domain name; and
  - (iii) your domain name has been registered and is being used in bad faith.

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

It is not surprising that, in the absence of clear definitions in the operative section, inconsistent legal frameworks have been applied in disputes under the UDRP.

Rule 15(a) acts to supplement section 4(a) and to provide Panels with some guidance about how they are to decide complaints:

#### 15. Panel Decisions

- (a) 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.

As is evident from the plain language of the Rule, it provides no guidance to the parties or the arbitrator(s) as to what test should be applied when determining whether complainants have established a violation of section 4(a) of the UDRP. As a result, the law applied to disputes governed by the UDRP has been inconsistent.

In a review of many of the cases decided under the UDRP, several conflicting patterns of decisions have emerged. First, Panels vary in the extent to which they will resort to the “principles of law” permitted by Rule 15(a). Second, where such legal principles are applied or considered, Panels have often applied the law of an inappropriate or unrelated jurisdiction. Finally, where Panels have applied principles enunciated in prior Panel decisions, Panels often fail to acknowledge that those decisions may be based on the law of an unrelated jurisdiction.

## History of the Application of Rule 15(a)

The provision in Rule 15(a) that permits Panels to consider and apply “any rules or principles of law that it deems applicable” is very broad. However, Rule 15(a) is silent on if or how legal principles are to be selected or applied, and Panels have taken a number of vastly different approaches. In some cases, Panels have declined to apply national statutory or case law altogether and have elected instead to rely solely on their own interpretation of the language of the UDRP and the Rules. Other Panels have declined to apply legal principles from any national jurisdiction, but have relied on previous Panel decisions as a source of precedent. In yet other cases, Panels have drawn extensively on legal principles in rendering decisions. We will review some examples of each of these approaches in turn.

### Panels declining to apply the law of a particular jurisdiction

In many of the decisions in which Panels decline to apply the law of a particular jurisdiction, there is a clear statement that the dispute was decided solely on the basis of section 4(a) of the UDRP or on the basis of previous UDRP Panel decisions.<sup>10</sup> In other cases, Panels acknowledge that legal principles are applicable and could be considered pursuant to Rule 15(a) but then choose not to refer to any legal principles.<sup>11</sup>

### Decisions relying solely on the UDRP

In a number of cases, Panels have stated that the dispute was decided solely based on the text of the UDRP. For example, in *Shirmax Retail Ltd.*<sup>12</sup> (in which the respondent was successful), the Panel expressly refused to consider principles of Canadian trademark law despite the fact that both the complainant and the

respondent were companies domiciled in Canada. In response to the first element of the test under the UDRP (requiring the complainant establish that the respondent's domain name is identical or confusingly similar to their trademark), the respondent argued that under Canadian trademark law "mere identity is insufficient to support a conclusion that two marks are confusing". In rejecting this submission, the Panel declined the "[respondent]'s invitation to stray from the clear language of the ICANN Policy" and held that "mere identity of a domain name with a registered trade-mark is sufficient to meet the first element of the test [under the UDRP], even if there is no likelihood of confusion whatsoever".

In the *SGS Société Général de Surveillance S.A.* decision,<sup>13</sup> the Panel elected to rely solely on the UDRP because the parties were resident in different jurisdictions:

No particular principles of law nor territorial law seem to apply in this case ... [T]he Complainant, the Respondent and the Registrant are resident in different countries.

On that ground, the Panel considers that this case is to be resolved by a direct and exclusive application of the [UDRP] and its Rules.

In *Empresa Brasileira de Telecomunicações S.A.*,<sup>14</sup> the complainant argued that the Panel should apply the law of the United States which was where the respondent was domiciled. The Panel declined to apply United States law and stated that it would consider only the UDRP. The Panel emphasized that the case should be "analysed at a global level" because "the domain name in dispute correspond [sic] to a gTLD [sic] without linkage with any national territory, nor with any national territory, nor with any national legislation in particular".<sup>15</sup>

In a final example, *Gestelevision Telecinco, S.A. v. Trazos Infografía, S.L.*,<sup>16</sup> where the parties were both resident in Spain and had based their arguments on Spanish law, the Panel stated that no national law should be applied since the dispute was related to a domain name with a global level.

### Decisions claiming lack of authority to apply substantive law of any jurisdiction

In some cases, Panels have claimed that they do not have the authority to apply principles of law from a particular jurisdiction. For example, in *France Telecom v. Les pages jaunes francophones*,<sup>17</sup> the complainant was from France and the respondent was from the United States. In considering whether the complainant had established that the respondent had no rights or legitimate interests in respect of the domain name under section 4(a)(ii), the Panel refused to inquire into whether the registration of a domain name solely to preserve priority was considered to be legitimate (in either jurisdiction). The Panel stated the following:

... It might well be that under the laws of some jurisdictions, the registering of domain names to preserve a priority of right would not be deemed worthy of protection, as it has

been judged under Swiss law for trade names that were registered in purely a defensive way. The administrative proceedings do not allow to [sic] inquire in details [sic] about the state of French and United States law in that regard, this difficult question being properly to be [sic] adjudicated by ordinary courts of law.

It appears that in deciding that it was not "allowed" to consider legal principles, the Panel misinterpreted Rule 15(a), which specifically permits Panels to apply rules or principles of law that it determines are applicable.

### Decisions relying on prior UDRP decisions as precedent

In an increasing number of cases, Panels have relied on prior UDRP decisions as a source of precedent. For example, in *3636275 Canada, dba eResolution v. eResolution.com*,<sup>18</sup> the Panel held as follows:

Although entitled to consider principles of law deemed applicable, the Panel finds it unnecessary to do so in any depth. The jurisprudence which is being rapidly developed by a wide variety of Panelists worldwide under the ICANN UDRP provides a fruitful source of precedent.

The Panel relied primarily on five cases previously decided under the UDRP. However, even though the Panel expressly declined to apply legal principles, the Panel noted that courts in the United States had come to similar conclusions in analogous circumstances.

The same Panelist used identical language in *BWR Resources Ltd. v. Waitomo Adventures Ltd.*,<sup>19</sup> in which both parties were from New Zealand. Once again, after indicating that he needed only rely on UDRP jurisprudence, the Panelist went on to bolster his conclusion with New Zealand statutory and case law references.

Although the authors have not conducted a statistical analysis of Panel decisions, it is their impression that, as the body of Panel decisions has grown, the number of decisions citing at least one prior Panel decision has increased dramatically since the inception of the UDRP. The significance of this apparent trend is further discussed below.

### Decisions applying the legal principles of a particular jurisdiction

In contrast to the cases discussed above, many Panels have expressly drawn upon national laws in deciding disputes. These decisions fall broadly into one of two camps.

#### Where parties are from the same jurisdiction

When both parties are domiciled in the same country, Panels have often drawn upon legal principles from that jurisdiction.<sup>20</sup> In *Madonna Ciccone, p/k/a Madonna v. Dan Parisi* and "*Madonna.com*",<sup>21</sup> where both parties were from the United States, the Panel applied legal principles from the United States extensively. For example, the Panel determined that, although one aspect of its role was to make findings of fact within

the scope of the UDRP, their decision would be based on the United States civil standard of “preponderance of the evidence”:

We recognize that other standards may be employed in other jurisdictions. However, the standard of proof employed in the United States seems appropriate for these proceedings generally, and in particular for this proceeding which involves citizens of the United States, actions occurring in the United States and a domain name registered in the United States.

In *Microsoft Corporation v. Amit Mehrota*,<sup>22</sup> the Panel decided that in the circumstances of the case, it was appropriate to “look to rules and principles of law set out in decision of the Courts of the United States in determining whether the complainant has met its burden”. In support of its decision, the Panel quoted the following passage from the WIPO Report:

... [I]f the parties to the procedure were resident in one country, the domain was registered through a registrar in that country and the evidence of bad faith registration and use of the domain name related to activity in the same country, it would be appropriate for the decision-maker to refer to the law of the country concerned in applying [Section 4(a) of the UDRP].<sup>23</sup>

In deciding to apply United States law in *Estate of Stanley Getz aka Stan Getz v. Peter Vogel*,<sup>24</sup> the Panel reasoned that:

Since both the Complainant and the Respondent are domiciled in the United States, and since United States' courts have recent experience with similar disputes, to the extent that it would assist the Panel in determining whether the Complainant has met its burden as established by Paragraph 4(a) of the [UDRP], the Panel shall look to rules and principles of law set out in decisions of the courts of the United States. Since Getz was a resident of the State of California at the time of his death and since his estate is being probated in the courts of the State of California under California law, to the extent that it would assist the Panel, the Panel shall also look to the law of the State of California.

In *Which? Limited v. James Halliday*,<sup>25</sup> although both parties were from England and the Panelist determined it was appropriate to apply principles of English law, he explicitly indicated the choice of law was based on the domicile of the respondent:

... Since the Respondent is domiciled in the United Kingdom, and any legal action would have to be taken against him in that country, the Panel considers principles of law set out in decisions of Courts in the United Kingdom. I do so in deference to the legal submissions in the Response. It is not strictly necessary to do so, because I find that the Complainant succeeds in terms of the [UDRP]. However, I believe that the case law in the United Kingdom supports the view I have taken.

### Where parties are from different jurisdictions

In cases involving complainants and respondents from different jurisdictions, some decisions have explicitly stated that the respondent's residence is the determinative factor in deciding which law ought to apply. For example, the Panel in *Harrods Limited v. Robert Boyd*,<sup>26</sup> found:

... [I]t is legitimate under paragraph 15(a) of the Rules that the Panel should look at principles of law deemed applicable. Since the Respondent is domiciled in the United States, and any legal action would have to be taken against him in that country, it is therefore helpful to look at principles of law set out in decisions of Courts in the United States.

## Problems Arising From the Application of Different Legal Principles

The problems inherent in Panels taking different approaches to the scope of discretion provided by Rule 15(a) is obvious. Some panels choose to access a range of legal sources, and some choose to confine their decisions to the wording of the UDRP and its jurisprudence. As a result, the same case could yield a variety of results, depending on which Panel was to preside. Compounding this concern is the lack of a mechanism for ensuring that the parties are aware of a Panel's choice of law, and thus entire arguments may be dismissed or made in vain. While the reasoning adopted by Panels to support their approach is apparently logical in the context of individual decisions, it is inconsistent with the goal of global uniformity and has bred inconsistency and unpredictability in the adjudication of UDRP disputes.

A particularly disconcerting trend is the application of legal principles drawn from jurisdictions unrelated to the parties. While expressly permitted by Rule 15(a), which allows a Panel to refer to “any rules and principles of law that it deems applicable”, applying unrelated legal principles can obviously put the parties at a serious loss. When one considers that such principles are sometimes applied in the absence of any notice to the parties, which results in the parties not having the opportunity to make submissions to the Panel on these principles, two conclusions can be reached. One, the arguments raised by the parties were not heard or were disregarded, which is an obvious breach of natural justice. Secondly, the decision-making process is arbitrary.

These cases usually fall into one of the three categories discussed below.

### Explicit application of legal principles from unrelated jurisdictions

This phenomenon is most apparent when explicitly done, such as in the decision in *Wal-Mart Stores, Inc. v. Walmarket Canada*.<sup>27</sup> Although the parties were from Canada and Thailand, the Panel applied principles of law drawn from the jurisprudence of the United States and the United Kingdom. The Panel made the following statements in this regard:

It is legitimate under paragraph 15(a) of the Rules that the Panel should look at principles of law deemed applicable. Since the Respondent appears to be domiciled in Canada,

any legal action would have to be taken against him in that country. If the Respondent is to operate in Thailand, then action could be taken there. The Panel has not had cited to it decisions of Superior Courts in Thailand or Canada. Principles of law set out in decisions of Courts in the United States and the United Kingdom in similar cases could easily be of assistance to Canadian or Thai courts. The law protecting intellectual property, whilst admitting of local differences, is often quite similar, given the various international treaties on intellectual property.

Without any further explanation or analysis to justify its bald assumptions or the conclusion it had reached, the Panel in this case went on to specifically discuss and apply case law from the United States and the United Kingdom. The Panel did not discuss whether either Thailand or Canada were even parties to the same “various international treaties” as the United Kingdom or the United States.<sup>28</sup>

### Use of unrelated legal principles to bolster a decision decided on other grounds

In other instances, Panels are less obvious in their application of unrelated legal principles. In *Veuve Cliquot Ponsardin, Maison Fondée en 1772 v. The Polygenix Group Co.*,<sup>29</sup> the Parties were from France and Canada. Despite the Panel’s declaration that “although entitled to consider principles of law deemed applicable, the Panel finds it unnecessary to do so in any depth”, it went on to note that “[c]ourts in the United States have come to similar conclusions about those who act in a manner similar to the Respondent who endeavour to sell domain names to trade-mark owners for a profit”.

Similarly, in *Empresa Brasileira de Telecomunicações S.A.*,<sup>30</sup> the complainant was domiciled in Brazil and the respondent was domiciled in the United States. The Panel asserted that the case was decided by “taking into account only the Policy’s principles”. Nevertheless, the Panel cited previous decisions from courts in the United States and the United Kingdom, other legal principles from the United States, the Brazilian *Trade-mark Act*, and international treaties in support of its decision.

In both of these cases, there is no way of knowing what persuasive or decisive impact the supporting jurisprudence cited by the Panel had on the final outcome of the case.

### Importation of unrelated legal principles through reliance on UDRP case law

Especially unsettling, though, are those circumstances in which a Panel has applied a previous Panel decision without acknowledging that the decision was based, in whole or in part, on the law of a jurisdiction that is unrelated to the immediate parties. The result is that the parties to the immediate dispute are indirectly and perhaps inadvertently subjected to the laws of an unrelated jurisdiction. The significance of this problem is highlighted by the fact that Panels appear to be relying on prior Panel decisions with increasing frequency.

In the *3636275 Canada* case,<sup>31</sup> for example, the Panel cited several previous decisions of WIPO Panels. Although the complainant was from Canada and the respondent was from the United States, the Panel relied on decisions where the parties were from a variety of legal jurisdictions. One of the prior decisions, *Bennett Coleman & Co. Ltd. v. Lalwani and Long Distance Telephone Company*,<sup>32</sup> specifically referred to the laws of India, and thus principles of Indian law were indirectly applied to the parties in the *3636275 Canada* dispute.

The Panel in *Hipercor, S.A. v. Miguel A. González*<sup>33</sup> stated that it would apply principles of Spanish law because both parties resided in Spain. However, there was no Spanish law actually applied in the decision. In fact, by citing prior WIPO decisions that were decided partially on the basis of United States law, it was United States law that was indirectly applied.

Similarly, in *General Optica, S.A. v. RMC, S.L.*,<sup>34</sup> the Respondent asserted that the law of Spain, where both parties were domiciled, should be applied. The Panel appeared to agree:

Taking into account that the laws that govern primarily this Administrative Panel decision are the UDRP and Rules, and that any other subsidiary norm has to be according to the parties’ applicable law; due to both parties having siege and address in Spain, the principles and laws of the Spanish State shall be taken into account.

Once again, the Panel did not actually apply Spanish law in its decision. As in *Hipercor*, a previous WIPO case,<sup>35</sup> United States jurisprudence was cited.<sup>36</sup>

## Recommendations

The UDRP was intended to provide an expeditious and efficient mechanism for the resolution of domain name disputes involving alleged abusive registrations. While the UDRP has succeeded in providing a fast and inexpensive process, this success has come at the expense of consistency, predictability and fairness.

It also bears remembering that the UDRP is a term of all gTLD registration contracts. As such, the principle of contractual certainty requires that registrants should be entitled to ascertain the implications of the UDRP at the time they enter their contracts. That Panels may apply different laws to the UDRP and therefore come to inconsistent conclusions is a clear erosion of the principle of contractual certainty. A party should know what laws it is subjecting itself to when agreeing to the terms of a contract.

In the view of the authors, the Policy and Rules should be amended in three ways in order to create and enforce a uniform set of legal parameters for determining cases under the UDRP. These changes, discussed below, are intended to reflect a respect for the principle of contractual certainty and result in greater consistency, predictability and fairness in the UDRP. Notably, these

changes will not decrease the efficiency of the UDRP. Quite the contrary.

## Adding definitions in the UDRP

As it is currently drafted, the UDRP does not provide Panels with sufficient guidance for evaluating disputes. This may, in part, account for why many Panels have so often taken recourse to national laws pursuant to Rule 15(a), to the effect described above.

Sections 4(b) and (c) of the UDRP are a good first step. These sections set out how Panels are to determine bad faith and legitimate interests under the UDRP. They read as follows:

### b. Evidence of Registration and Use in Bad Faith —

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

- (i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
- (ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or
- (iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.

### c. How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint —

When you receive a complaint, you should refer to Paragraph 5 of the Rules of Procedure in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

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

commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

These sections do not, however, define the terms found in section 4(a) — namely, “identical”, “confusingly similar”, “rights or legitimate interests” and “bad faith”. Rather, they provide non-exhaustive lists of circumstances that would tend to indicate “bad faith” and “legitimate interests” respectively. Nowhere in the UDRP are Panels provided any guidance on the issue of whether a trademark or service mark is identical or confusingly similar to a domain name.

These gaps in the UDRP have been filled to an extent by reference to legal principles as permitted by Rule 15(a). As detailed above and discussed further below, this approach leads to inconsistent results.

There are a number of dispute resolution policies around the world, primarily for country code domain names, that go further than the UDRP in enumerating the elements that must be proven by a complainant. One of the best examples is the Canadian Internet Registration Authority Dispute Resolution Policy (the “CIRA Policy”).<sup>37</sup> The CIRA Policy includes detailed definitions of the terms “Mark”, “Rights in a Mark”, “Confusion”, “Use”, “Legitimate Interests” and “Bad Faith”. For example:

A “**Mark**” is:

- (a) a trade-mark, including the word elements of a design mark, or a trade name that has been used in Canada by a person, or the person's predecessor in title, for the purpose of distinguishing the wares, services or business of that person or predecessor or a licensor of that person or predecessor from the wares, services or business of another person;
- (b) a certification mark, including the word elements of a design mark, that has been used in Canada by a person or the person's predecessor in title, for the purpose of distinguishing wares or services that are of a defined standard;
- (c) a trade-mark, including the word elements of a design mark, that is registered in CIPO; or
- (d) the alphanumeric and punctuation elements of any badge, crest, emblem or mark in respect of which the Registrar of Trade-marks has given public notice of adoption and use pursuant to paragraph 9(1)(n) of the Trade-marks Act (Canada).<sup>38</sup>

...

“**Confusingly Similar**”. A domain name is “**Confusingly Similar**” to a Mark if the domain name so nearly resembles the Mark in appearance, sound or the ideas suggested by the Mark as to be likely to be mistaken for the Mark.<sup>39</sup>

The CIRA Policy also specifies that a complainant must prove its case on “a balance of probabilities”.

The CIRA policy, by providing greater uniformity, will undoubtedly provide more predictability and consistency than is currently found in decisions under the UDRP. While the definitions established in the CIRA Policy may provide only a useful starting point for the implementation of the proposed amendments to the

UDRP, at the very least they demonstrate that it is possible to define the terms in section 4(a) with some specificity. In our view, one of the best ways to create legal predictability in the UDRP is to better enumerate in the UDRP terms such as “identical”, “confusingly similar”, “bad faith” and “rights or legitimate interests”.

### Amendment of Rule 15(a)

Although in many UDRP cases the application of the law of a particular jurisdiction might not clearly and directly affect the outcome of the case, the potential for problems is real. For example, many countries outside the United States do not embrace the concept of “famousness”<sup>40</sup> in their trademark laws. Another example is found in section 9 of the Canadian *Trade-marks Act*, under which “public authorities” in Canada are able to obtain registration of “official marks”. These are virtually unexpungeable marks that offer a broader scope of protection than ordinary trademarks — section 9 prohibits others from using a mark that is “likely to be mistaken for” a section 9 official mark. Ordinary trademarks protect only against the use of confusing marks and that requires a comparison of a number of factors including, *inter alia*, the similarity of the marks, the nature of the trade, the nature of the wares or services. It follows from these examples that, on an identical fact pattern under the UDRP, the outcome in a given case could depend entirely on whether or not a Panel decided to apply the unique legal concepts of “famousness” or “official marks”. Whether or not these two concepts are applied will have an impact on the breadth of protection given to a mark and on whether or not a mark and a domain name are confusingly similar under the UDRP.

However, even in the absence of such hypothetical examples, the UDRP case law outlined above provides concrete instances where parties must have been surprised by the Panel’s application of laws of unrelated jurisdictions, or by the failure of the Panel to consider legal argument presented, entirely depending on the Panel’s view of the scope or necessity of Rule 15(a). These outcomes could not have been anticipated by the parties, who no doubt came away from the proceedings with the perception that their participation in the process was largely unnecessary.

The UDRP was developed by reference to the status of national laws and international treaties. In our view, it is redundant to allow for consideration of national laws during the decision-making process because the UDRP already reflects a somewhat harmonized version of these laws. The practice of referring to territorial laws undermines a central purpose of the UDRP — to provide a uniform mechanism for resolution of domain name disputes in the face of the borderless nature of the Internet. By continuing to refer to national laws, Panels will reinforce jurisdiction specific intellectual property rights and

undermine the goal of a global uniformity in resolving domain name disputes.

In the view of the authors, prior to a decision being rendered, parties are also entitled to know the legal principles that will or will not be applied in the adjudication of disputes. At a minimum, a party to a UDRP proceeding should know what law will be applied in advance of submitting argument so that it can argue the relevant law. As it stands now, the lack of predictability has resulted in parties not knowing until after an award is rendered which legal principles would be applied.

The authors therefore recommend that Panels should not be entitled to apply whatever law they choose. Rule 15(a) should be amended to delete the reference to “and any rules or principles of law that [the Panel] deems applicable”.

The UDRP should also be amended to provide that Panels should rely on existing UDRP decisions as precedent, but only to the extent that these decisions do not refer to the legal principles or the laws of a particular jurisdiction. In other words, if a prior decision relied on the laws of, for example, Canada, in determining the issue of bad faith, then that decision should not be relied on for the purpose of defining bad faith in a subsequent case.

By providing definitions, removing reliance on laws of a particular territory and developing precedent within the UDRP, several things will happen. First, through the application of more uniform principles will come greater certainty in results. Second, reliance on previous decisions will provide guidance to parties and panels alike therefore increasing certainty. Combined, these will bring more contractual certainty and help make the UDRP more fair.

The two amendments discussed thus far are simple and will not increase the time or cost of resolving UDRP disputes. Quite the contrary, time and cost should actually be reduced because, for example, the parties will not have to argue about which national laws might be applicable and panels will not have to decide that issue. However, these two amendments alone may not be sufficient to achieve the goal of increased consistency and alone nor can they be of real assistance in developing a compelling body of UDRP case law. Therefore, in addition to the recommendations above, we also recommend that the UDRP be amended to include an appeal tribunal.

### Appeal tribunal

The UDRP currently permits parties to commence court proceedings at any time before, after or during a UDRP dispute.<sup>41</sup> The UDRP also permits “appeals” of Panel decisions to courts of “mutual jurisdiction” pursuant to section 4(k) of the UDRP and Rule 3(b)(xiii) of the Rules.<sup>42</sup> These appeals are essentially *de novo* hearings.

Despite the current abundance of irreconcilable Panel decisions, the appeal mechanism contemplated by the UDRP has been invoked in only a very few cases. The time and expense involved in appealing a Panel decision to court, often one located in a foreign jurisdiction,<sup>43</sup> likely explains why so few Panel decisions have been appealed. The lack of any practical means of appeal in the UDRP has contributed to the lack of predictability and inconsistency.

Moreover, under the current system Panels are free to decide disputes on their facts without referring to similar previous Panel decisions, and are certainly not bound to follow previous decisions. As a result, conflicting decisions are never, nor will they ever be, reconciled.

The creation of an appeal tribunal would help address many of the inconsistencies noted in the body of UDRP caselaw. An appeal tribunal would establish principles and precedent under the UDRP, which lower level Panels would be required to follow. In our view, an appeal tribunal will play a vital role in the development of a consistent, legitimate, and effective body of “UDRP law”, independent of national laws.

At least one country code domain name administrator, Nominet,<sup>44</sup> has implemented such an appeal mechanism. The appeal mechanism that might be added to the UDRP could take many different forms. For example, it might be an absolute right of the parties, it might require leave of the tribunal to appeal, or it might be an “opt-in” system where the parties would have to agree at the outset of the case whether it could be appealed. No matter what form the appeal mechanism takes, we recommend that it be established with very clear parameters, and in a manner consistent with the goals of the UDRP, including that it be highly expeditious and efficient.

Unlike the recommendations above, this recommendation is made knowing that it will add to the cost and time needed to resolve some disputes. Although these consequences are contrary to the goal of resolving cybersquatting disputes quickly and efficiently, in the view of the authors, this is a necessary compromise. It is our expectation that the majority of awards will not be appealed; therefore, there will be no practical impact in most disputes. To minimize the cost and delay of those appeals that are pursued, there should be similarly tight time restrictions as are currently found in the UDRP.<sup>45</sup>

As for further appeals to the court, these should be permitted on the narrowest grounds possible. Thus, along with the recommendations discussed above, we propose that the UDRP be amended to include an appeal tribunal.

## Conclusion

Implementation of the UDRP has proven to be an effective means for resolving cybersquatting disputes. Notwithstanding its success, the UDRP can be even better. Various authors have critiqued the UDRP and have made recommendations for improvement.<sup>46</sup> In our view, the inconsistent application of legal principles by Panels under Rule 15(a) must be addressed. While the goal of creating an international system for dealing with the global problem of cybersquatting is laudable, Rule 15(a) has not proven as successful as hoped in furthering this objective. In some instances, it may even have corrupted the dispute resolution process.

We recommend revisions to the UDRP to allow adjudication of disputes by exclusive reference to the UDRP and without reference to legal principles from particular jurisdictions. Rather, reliance would be placed on definitions to be provided in the UDRP in relation to those issues within its mandate, such as bad faith and confusion, which Panels are to consider under Section 4(a). These changes, along with an appeal mechanism within the UDRP, would lead to the development of a body of “UDRP law”. When faced with similar fact scenarios or issues, Panels would be able to draw upon precedent-setting cases in reaching their conclusions.

The development of a body of UDRP jurisprudence independent of national laws is wholly consistent with the objectives of the UDRP. In addition, a UDRP which requires the application of principles known to the parties to a dispute in advance of making submissions would respect the principle of contractual certainty and facilitate greater consistency and predictability in the dispute resolution process. The UDRP would become more “borderless” as references to national laws disappear. The process would be more fair and more legitimate and confidence in the process would increase. With that, the UDRP will be more readily accepted as, not only an efficient means of resolving disputes, but also as one with great credibility.

## Notes:

<sup>1</sup> See ICANN's Web site at: <http://www.icann.org/dndr/udrp/policy.htm>.

<sup>2</sup> The WIPO Report can be accessed online at <http://wipo2.wipo.int/process1/report/finalreport.html> [hereinafter WIPO Report].

<sup>3</sup> *Ibid.* at para. 150.

<sup>4</sup> See ICANN's Web site at: <http://www.icann.org/dndr/udrp/uniform-rules.htm>. For a complete review of the UDRP and its Rules of Procedure, see B.A. Solomon, “Two New Tools to Combat Cyber Piracy — A Comparison” (September/October 2000) 90 TMR 679.

<sup>5</sup> WIPO Report, *supra* note 2 at para. 150.

<sup>6</sup> A fifth centre, eResolution, has filed for bankruptcy.

<sup>7</sup> See [arbiter.wipo.int/domains](http://arbiter.wipo.int/domains), [www.arbforum.com/domains](http://www.arbforum.com/domains), [www.adndrc.org](http://www.adndrc.org) and [www.cpradr.orgfor](http://www.cpradr.orgfor) a full schedule of fees.

<sup>8</sup> Some purely procedural matters such as the method of communicating a complaint to a DRP are addressed by the “Supplemental Rules” specific to each DRP.



- <sup>9</sup> Cancellation has almost never been sought as there is no way to effectively cancel a domain name. Once cancelled, a domain name registration immediately becomes available for registration by anyone, including the unsuccessful respondent.
- <sup>10</sup> See, for example, *Shirmax Retail Ltd./Détailants Shirmax Ltée v. CES Marketing Group Inc.*, eResolution Case No. AF-0104; *SGS Société Générale de Surveillance S.A. v. Inspectorate*, WIPO Case No. D2000-0025; and *Empresa Brasileira de Telecomunicações S.A.-Embratel v. Kevin McCarthy*, WIPO Case No. D2000-0164.
- <sup>11</sup> These decisions include: *Reef Industries, Inc. v. Moose Lake Products Company, Inc.*, WIPO Case No. D2000-0041; *Microsoft Corporation v. Amit Mehrotra*, WIPO Case No. D2000-0053; *Marconi Data Systems, Inc. v. IRG Coins and Ink Source, Inc.*, WIPO Case No. D2000-0090; *Array Printers AB v. Lennart Nordell*, WIPO Case No. D2000-0092; *Avnet, Inc. v. AV-Network, Inc.*, WIPO Case No. D2000-0097; *Stråfors AB v. P D S AB*, WIPO Case No. D2000-0112; *Siba AB v. Torbjörn Hellerstad*, WIPO Case No. D2000-0146; *Arla, ekonomisk förening v. P D S and Tony Lennartsson*, WIPO Case No. D2000-0151; *TV Globo Ltda. v. Green Card Transportes e Eventos Ltda.*, WIPO Case No. D2000-0351; *SEUR ESPANA, S.A. v. Antonio Llanos Alonso*, WIPO Case No. D2000-0691 and *Unión Eléctrica Fenosa v. Javier Hidalgo Romero*, WIPO Case No. D2000-0892.
- <sup>12</sup> *Supra*, note 10.
- <sup>13</sup> *Ibid.*
- <sup>14</sup> *Ibid.*
- <sup>15</sup> Nonetheless, as will be discussed in further detail below, the Panelist remarked that both U.S. law and international law confirmed his findings.
- <sup>16</sup> WIPO Case No. D2000-0540.
- <sup>17</sup> WIPO Case No. D2000-0489.
- <sup>18</sup> WIPO Case No. D2000-0110.
- <sup>19</sup> WIPO Case No. D2000-0861.
- <sup>20</sup> In addition to the cases noted in the text, there are several other instances that can be cited, including: *Packing World Inc. v. Zynpak Packaging Products Inc.*, e-RESOLUTION Case No. AF-0233; *Lyle Fuller v. Doug Barber*, e-RESOLUTION Case Nos. AF-0294a and AF-0294b; *World Wrestling Federation Entertainment, Inc. v. Michael Bosman*, WIPO Case No. D99-0001; *Robert Ellenbogen v. Mike Pearson*, WIPO Case No. D00-0001; *Mary-Lynn Mondich and American Vintage Wine Biscuits, Inc. v. Shane Brown, doing business as Big Daddy's Antiques*, WIPO Case No. D00-0004; *Alcoholics Anonymous World Services, Inc. v. Lauren Raymond*, WIPO Case No. D2000-0007; *Home Interiors & Gifts, Inc. v. Home Interiors*, WIPO Case No. D2000-0010; *Banco Espanol de Crédito, S.A. v. Miguel Duarte Pery Vidal Taveira*, WIPO Case No. D2000-0018; *Ingersoll-Rand Co. v. Frank Gully, d/b/a Advcomren*, WIPO Case No. D2000-0021; *Bellevue Square Managers, Inc. v. Redmond Web and Branden F. Moulton*, WIPO Case No. D2000-0056; *The Rockport Company, LLC v. Gerard A. Powell*, WIPO Case No. D2000-0064; *RAIMAT, S.A. v. Antonio Casals*, WIPO Case No. D2000-0143; *Nike, Inc. v. Farrukh Zia*, WIPO Case No. D2000-0167; *Jeanette Winterson v. Mark Hogarth*, WIPO Case No. D2000-0235; and *America Online, Inc. v. Connect at 50 Plus*, WIPO Case No. D2000-0978.
- <sup>21</sup> WIPO Case No. D2000-0847.
- <sup>22</sup> *Supra*, note 10. Similar statements were made in: *Sporting Goods Manufacturers Association v. InterAD Group Inc.*, WIPO Case No. D2000-0202 and *Alcoholics Anonymous World Services Inc. v. Lauren Raymond*, *supra*, note 20.
- <sup>23</sup> WIPO Report, *supra* note 2 at para. 176.
- <sup>24</sup> WIPO Case No. D2000-0773.
- <sup>25</sup> WIPO Case No. D2000-0019.
- <sup>26</sup> WIPO Case No. D2000-0060. The identical reasoning was applied (by the same Panelist) in *Capcom Co. Ltd. and Capcom United States, Inc. v. Dan Walker trading as "Namesale"*, WIPO Case No. D2000-0200.
- <sup>27</sup> WIPO Case No. D2000-0150.
- <sup>28</sup> In fact, neither Thailand nor Canada is a signatory to, for example, the Trademark Law Treaty (October 17, 1994), online: <http://www.wipo.org/treaties/ip/tlt/>. And, Thailand has not signed the *Paris Convention* (March 20, 1883, last amended September 28, 1979), online: <http://www.wipo.org/treaties/ip/paris/>.
- <sup>29</sup> WIPO Case No. D2000-0163.
- <sup>30</sup> *Supra*, note 12.
- <sup>31</sup> *Supra*, note 18.
- <sup>32</sup> WIPO Case Nos. D2000-0014 and 0015.
- <sup>33</sup> WIPO Case No. D2000-0045. See also *Packing World Inc. v. Zynpak Packaging Products Inc.*, *supra*, note 20. Similarly, in *J. García Carrión, S.A. v. Ma José Catalán Frías*, WIPO Case No. D2000-0239, the Panel stated that Spanish laws were applicable due to the residence of both parties in Spain; however, no Spanish law was cited to support the decision. Rather, United States law was imported by reference to the decision in *Christian Dior Couture SA v. Liage International Inc.*, WIPO Case No. D2000-0098.
- <sup>34</sup> WIPO Case No. D2000-0970.
- <sup>35</sup> *Supra*, note 29.
- <sup>36</sup> WIPO Report, *supra* note 2 at para. 150.
- <sup>37</sup> [http://www.cira.ca/en/cat\\_dpr\\_policy.html](http://www.cira.ca/en/cat_dpr_policy.html).
- <sup>38</sup> CIRA Policy, section 3.2.
- <sup>39</sup> CIRA Policy, section 3.4.
- <sup>40</sup> As found, for example, in section 43(c)(1) of the *Lanham Act*, 15 U.S.C. § 1125(c)(1).
- <sup>41</sup> Rules, Rule 4(k).
- <sup>42</sup> In *Weber-Stephen Products Co. v. Armitage Hardware and Building Supply Inc.*, 54 U.S.P.Q. ¶1766; 2000 US Dist. Lexis 6335 (N.D. Ill. 3 May, 2000), the court stated that it was not bound by a Panel decision. However, the court did not state the standard by which it would review the decision or how much deference would be given to the Panel decision.
- <sup>43</sup> The Rules restrict court proceedings to courts of Mutual Jurisdiction as defined therein.
- <sup>44</sup> See s. 9 of DRS Policy, online: <http://www.nic.uk/ref/drs-policy.html>.
- <sup>45</sup> See Rules, Rules 5(a) and 6.
- <sup>46</sup> See e.g., M. Geist, "Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP", online: <http://aix1.uottawa.ca/~geist/geistudrp.pdf>; M. Geist, "Fundamentally Fair.com?: An Update on Bias Allegations and the ICANN UDRP", online: <http://aix1.uottawa.ca/~geist/fairupdate.pdf>; INTA Internet Committee, "The UDRP by All Accounts Works Effectively: Rebuttal to Analysis and Conclusions of Professor Michael Geist in 'Fair.com?'" and "Fundamentally Fair.com?", online: [http://www.inta.org/downloads/tap\\_udrp\\_2paper2002.pdf](http://www.inta.org/downloads/tap_udrp_2paper2002.pdf).