

## Domain Name Disputes: Why Are So Many Disputes Resolved Administratively?

AS OPPOSED TO standard business practices even a decade ago, today many businesses register domain names and use the Internet to promote their goods and services. Businesses work to keep information on their websites current and to market themselves in a way that enables them to increase their search engine rankings. Businesses purchase multiple domain names that correlate with trademarks that they regularly use in an effort to drive more traffic to their websites.

Unlike federal trademarks that require application to and review by the U.S. Patent and Trademark Office before registration, domain names are easy to obtain quickly. If a domain name is available, it can be purchased within a matter of minutes. The business can simply pick a registrar, submit the information required, and pay the registration fee. Registrars are not required to complete any trademark searches before an available domain name can be purchased online.

As more businesses work to establish an Internet presence, some learn that the domain names they want to register are not available for purchase. Depending on who registered the domain name and how it is being used, businesses can challenge ownership of the domain name, seeking to cancel or transfer ownership of the domain name. This article addresses two options for resolving domain name disputes—litigation and administrative proceedings—and focuses on possible reasons that complainants may choose to arbitrate rather than litigate such disputes.

In November 1999, Congress enacted the Anticybersquatting Consumer Protection Act (ACPA) that amends the Lanham Act to address cyberpiracy. Under the ACPA, a trademark owner can file a civil action in federal court against a company or an individual who registers, traffics in, or uses a domain name that is identical or confusingly similar to a registered trademark and has a bad faith intent to profit from such use. The ACPA sets forth nine factors that the court may consider when determining whether a person had a bad faith intent when it registered a domain name. To the extent that a trademark owner can meet its burden under the ACPA, the federal courts may

order cancellation or transfer of the domain name and permit the trademark owner to recover damages from the trademark infringer.<sup>1</sup>

The number of registered domain names continues to increase each year, but the number of legal actions involving trademarks filed in federal court has not increased at a corresponding rate. During the 12-month period ending Sept. 30, 1996, 269,132 civil cases were filed in federal district courts; 2,925 of those cases involved trademarks. During the 12-month period ending Sept. 30, 2000, the number of civil cases filed in federal district courts decreased to 259,517, but of those cases, the number involving trademarks increased to 4,204 cases. There has not been another year (measured from Oct. 1 to Sept. 30) since 1999–2000 when the number of civil cases involving trademarks has reached 4,204 or more. Instead, in each 12-month period since 1999–2000, the number of the civil cases involving trademarks filed in federal district court has fluctuated between 3,348 and 3,740 per year, with the number filed in 2009–2010 reflecting 282,895 civil cases, of which 3,652 cases involved trademarks.<sup>2</sup>

One possible factor that may contribute to the lack of a consistent increase in trademark filings in federal court each year after the enactment of the ACPA is that businesses have another option for resolving domain name disputes. Instead of filing a civil action in federal court under the ACPA, a business can initiate an administrative proceeding under the Uniform Domain Name Dispute Resolution Policy (UDRP).

The UDRP was approved on Oct. 24, 1999, by the Internet Corporation for Assigned Names and Numbers (ICANN), the worldwide governing body for domain names and the organization that is responsible for “keeping the Internet secure, stable and interoperable.”<sup>3</sup> All registrars of domain names are bound by the UDRP, and anyone who registers a domain name from a registrar is also bound by the UDRP.<sup>4</sup>

Under the UDRP, the registrar has the power to cancel, transfer, or otherwise make changes to domain name registrations when (1) the registrar receives a written or electronic instruction from the registrant to take such action; (2) the registrar receives a court order or decision from an arbitral tribunal requiring such action; and/or (3) the registrar receives a decision from an administrative panel in any administrative proceeding conducted under the UDRP in which the registrant was a party.<sup>5</sup> A complainant can initiate a mandatory administrative proceeding by filing

a claim with one of the administrative dispute resolution providers approved by ICANN.<sup>6</sup> The two dispute resolution providers most frequently used by businesses in the United States to arbitrate domain name disputes are the National Arbitration Forum (NAF) and the World Intellectual Property Organization (WIPO).

To prevail in an administrative proceeding, the complainant must prove that (1) registrant's domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) the registrant has no rights or legitimate interests in the domain name; *and* (3) the domain name has been registered by the registrant and is being used in bad faith. Similar to the ACPA, the UDRP lists evidence to be considered when determining if registration and use of a domain name was done in bad faith. Unlike the ACPA, the only relief to which a complainant is entitled under the UDRP if it proves its case is the administrative panel's decision requiring cancellation of the registrant's domain name or ordering the transfer of the registrant's domain name to the complainant.<sup>7</sup>

After deliberating the case, the administrative panel issues a written decision in which it lists the reasons for its decision and the names of the panel members. The NAF and the WIPO both maintain searchable da-

tabases on their websites where the arbitration decisions are publicly available.<sup>8</sup>

Statistics available from both of these dispute resolution providers show a general trend of increased filings of administrative proceedings for domain name disputes under the UDRP. Since the UDRP was implemented in 1999, NAF has handled more than 17,000 disputes,<sup>9</sup> and WIPO has handled more than 21,000.<sup>10</sup>

Even though the number of cases filed has not increased every single year since 1999, the number of filings has increased when the last decade is viewed as a whole. For example, in 2003, a total of 2,037 cases involving domain names were filed with NAF (937 cases) and WIPO (1,100 cases); whereas, in 2009, a total of 3,866 domain name cases were filed with the NAF (1,759 cases) and WIPO (2,107 cases).<sup>11</sup> The latest figures available from WIPO show that 2,696 cases were filed with that organization in 2010, and, in 2011, 2,764 cases were filed.

Possible reasons for complainants being more inclined to initiate an action under the UDRP as opposed to the ACPA include the following:

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- *Speed:* A UDRP proceeding is quicker than a proceeding in federal court under the ACPA. The parties in a UDRP proceeding cannot participate in discovery, and the UDRP does not permit in-person hearings unless the panel determines in “its sole discretion” and as an “exceptional matter” that such a hearing is required to decide the dispute.<sup>12</sup> In most cases, the administrative panel renders decisions based on a limited number of written submissions by the complainant and the registrant. Depending on the number of submissions, the panel can hand down a ruling within as few as 50–60 days from the date the case is filed.<sup>13</sup>

Under the Rules for Uniform Domain Name Dispute Resolution Policy as approved by ICANN, an administrative proceeding is initiated by submitting to a dispute resolution provider a complaint that complies with the UDRP and the Rules for Uniform Domain Name Dispute Resolution Policy. A complaint can address more than one domain name as long as all domain names in the complaint are registered by the same domain name holder. After filing a complaint, the dispute resolution provider reviews the complaint to ensure compliance with the UDRP and the rules, receives the fees that are due, and provides written notice of the complaint to the respondent that registered the domain name in dispute. The respondent then has 20 days from the date of commencement to submit a response to the complaint, unless an extension is provided. In the absence of “exceptional circumstances,” the panel has 14 days from appointment to render a decision.<sup>14</sup>

- *Cost:* A UDRP proceeding is less expensive than a proceeding in federal court under the ACPA. Again, this relates at least in part to the speed of the proceeding and the lack of discovery. For example, the fee owed to the NAF for a single-member panel to decide a complaint involving one to two domain names is \$1,300; for a three-member panel to decide the same complaint, the fee is \$2,600.<sup>15</sup> The filing fee owed to the WIPO for a single-member panel to decide a complaint involving one to five domain names is \$1,500; for a three-member panel to decide the same complaint, the fee is \$4,000.<sup>16</sup>

A single-member panel is appointed to resolve the dispute unless either party requests three panelists. When a single panelist is used or the complainant elects to have the dispute resolved by a three-member panel, the complainant is responsible for paying all the fees for the panelists. When the respondent requests that a three-member panel be appointed to resolve the dispute, the complainant and the respondent

share the fees equally.<sup>17</sup> The costs will increase by \$400 for the complainant if the complainant in a proceeding before the NAF wants to submit an additional written statement and documents to address issues the respondent raised in its response to the complaint.<sup>18</sup>

- *No Waiver Requirement:* Both the registrant and the complainant have the ability to initiate an action in court either before or after an administrative proceeding.<sup>19</sup> Following issuance of a decision by the arbitrators under the UDRP, the registrar is required to wait 10 business days before implementing the panel’s decision. If notification of a lawsuit is provided (with proof of a file-stamped complaint) within the 10-day period, the registrar may not take further action to implement the panel’s decision until evidence is received that the parties have resolved the dispute, the lawsuit has been withdrawn or dismissed, or the court has entered an order dismissing the lawsuit or deciding that the registrant has no rights to the domain name.<sup>20</sup> Even if a complainant is successful in a UDRP proceeding, the complainant still can file an action in federal court under the ACPA to recover damages and injunctive relief in addition to the relief obtained in the administrative proceeding involving the domain name.
- *International Applicability:* UDRP proceedings are international and can be conducted in languages other than English, including French, Spanish, Russian, Chinese, and Japanese. Unlike in federal court, a complainant is not responsible for obtaining formal service on the respondent in compliance with the Federal Rules of Civil Procedure. Instead, the dispute resolution provider sends a copy of the complaint to the respondent via e-mail, and the respondent has 20 days in which to respond to the complaint.<sup>21</sup> In addition, by filing under the UDRP, a complainant avoids dealing with issues like whether or not a federal court has jurisdiction over a foreign respondent.
- *Neutral Panelists:* Complainants who elect to have a three-member panel decide the dispute can play a role in selecting the neutral parties who will decide their case. The dispute resolution provider gives the complainant a list of candidates from which the complainant chooses names of three candidates to serve as one of the panelists. Many of the names on these lists of neutral parties are intellectual property lawyers knowledgeable about domain name disputes. NAF and the WIPO maintain searchable data-

bases of qualified dispute resolution panelists as well as each panelist's résumé.<sup>22</sup>

- *Odds of a Favorable Resolution:* Complainants have a good chance of prevailing in a UDRP proceeding. The most recent statistics available from WIPO show the following statistics of the outcome of cases: 84.83 percent of the domain names are transferred, 1.42 percent of the domain names are terminated, and 13.75 percent of the complaints are denied.<sup>23</sup> Although these statistics are not a guarantee of success, they may be a factor that complainants take into account when deciding whether or not to initiate a UDRP proceeding.

For more complex cases, cases that require discovery, or cases in which monetary damages or injunctive relief are sought, federal court still may be a complainant's optimal forum for seeking relief. With that said, the nature of many disputes and characteristics of the parties involved drive many complainants to opt for an administrative resolution of their disputes over domain names under the UDRP. Whether the case is filed under the ACPA or the UDRP, the focus remains on protecting a business's trademarks and its ability to register domain names that reflect its trademarks. **TFL**

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## Endnotes

<sup>1</sup>15 U.S.C. § 1125(d).

<sup>2</sup>The statistics are available on the U.S. Courts website maintained by the Administrative Office of the U.S. Courts on behalf of the federal judiciary at [www.uscourts.gov/Statistics/FederalJudicialCaseloadStatistics.aspx](http://www.uscourts.gov/Statistics/FederalJudicialCaseloadStatistics.aspx).

<sup>3</sup>[www.icann.org/en/about/](http://www.icann.org/en/about/).

<sup>4</sup>[www.icann.org/en/udrp/udrp-policy-24oct99.htm](http://www.icann.org/en/udrp/udrp-policy-24oct99.htm).

<sup>5</sup>*Id.* at 3. Cancellations, Transfers and Changes.

<sup>6</sup>*Id.*; see also [www.icann.org/en/dndr/udrp/approved-providers.htm](http://www.icann.org/en/dndr/udrp/approved-providers.htm).

<sup>7</sup>[www.icann.org/en/udrp/udrp-policy-24oct99.htm](http://www.icann.org/en/udrp/udrp-policy-24oct99.htm) at 4.a., 4.b., and 4.i.

<sup>8</sup>*Id.* at 15. Panel Decisions. See, e.g., [www.domains.adrforum.com/decision.aspx](http://www.domains.adrforum.com/decision.aspx) and [www.wipo.int/amc/en/domains/decisionsx/index.html](http://www.wipo.int/amc/en/domains/decisionsx/index.html).

[www.wipo.int/amc/en/domains/decisionsx/index.html](http://www.wipo.int/amc/en/domains/decisionsx/index.html).

<sup>9</sup>[www.domains.adrforum.com](http://www.domains.adrforum.com).

<sup>10</sup>[www.wipo.int/amc/en/domains/statistics/cases.jsp](http://www.wipo.int/amc/en/domains/statistics/cases.jsp).

<sup>11</sup>The statistics are available at [www.wipo.int/amc/en/domains/statistics](http://www.wipo.int/amc/en/domains/statistics) and [www.domains.adrforum.com/users/icann/resources/DomainNameDisputeResolution-FactSheet.pdf](http://www.domains.adrforum.com/users/icann/resources/DomainNameDisputeResolution-FactSheet.pdf).

<sup>12</sup>*Id.* at 13. In-Person Hearing and 15. Panel Decisions.

<sup>13</sup>[www.domains.adrforum.com/rcontrol/resources/DomainNameDisputeResolution-FactSheet.pdf](http://www.domains.adrforum.com/rcontrol/resources/DomainNameDisputeResolution-FactSheet.pdf) and [www.wipo.int/amc/en/domains/guide/index.html#b2](http://www.wipo.int/amc/en/domains/guide/index.html#b2).

<sup>14</sup>[www.icann.org/en/dndr/udrp/uniform-rules.htm](http://www.icann.org/en/dndr/udrp/uniform-rules.htm) at 4-5.

<sup>15</sup>[www.domains.adrforum.com/users/icann/resources/UDRP%20Supplemental%20Rules%20eff%20July%201%202010%20\(final\).pdf](http://www.domains.adrforum.com/users/icann/resources/UDRP%20Supplemental%20Rules%20eff%20July%201%202010%20(final).pdf).

<sup>16</sup>[www.wipo.int/amc/en/domains/fees/index.html](http://www.wipo.int/amc/en/domains/fees/index.html).

<sup>17</sup>*Id.* at 6. Appointment of the Panel and Timing of Decision.

<sup>18</sup>[www.domains.adrforum.com/users/icann/resources/UDRP%20Supplemental%20Rules%20eff%20July%201%202010%20\(final\).pdf](http://www.domains.adrforum.com/users/icann/resources/UDRP%20Supplemental%20Rules%20eff%20July%201%202010%20(final).pdf).

<sup>19</sup>*Id.* at 4.k.

<sup>20</sup>[www.icann.org/en/udrp/udrp-policy-24oct99.htm](http://www.icann.org/en/udrp/udrp-policy-24oct99.htm) at 4.k.

<sup>21</sup>[www.icann.org/en/dndr/udrp/uniform-rules.htm](http://www.icann.org/en/dndr/udrp/uniform-rules.htm).

<sup>22</sup>[www.domains.adrforum.com/panel.aspx](http://www.domains.adrforum.com/panel.aspx); [www.wipo.int/amc/en/domains/panel/panelists.html](http://www.wipo.int/amc/en/domains/panel/panelists.html).

<sup>23</sup>[www.wipo.int/amc/en/domains/statistics/decision\\_rate.jsp?year=](http://www.wipo.int/amc/en/domains/statistics/decision_rate.jsp?year=).