DOMAIN NAME DISPUTES: AN ASSESSMENT OF THE UDRP AS AGAINST TRADITIONAL LITIGATION

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"In real life, unlike in Shakespeare, the sweetness of the rose depends upon the name it bears. Things are not only what they are. They are, in very important respects, what they seem to be."[1]

I. INTRODUCTION

As the move towards the Information Society continues in Europe, and indeed globally, the recognition of the Internet as an exciting new commercial medium by companies and traders has been swift and widespread. The commercial sector has embraced this marketing and communications tool and today, virtually every company, from global conglomerates to one-man operations, has established its own Internet Web site. Web sites vary in their functions: some are merely another form of advertisement, while others offer goods, services, and information about a company. One of the most important aspects of any Web site is its address or domain name. The domain name is the consumer's portal to the seemingly limitless Web sites available on the World Wide Web, and the global nature of the Internet has led to a new form of legal dispute in this regard. Unlike trademarks, which are territorial in their application, domain names have a global span in their operation, making it impossible for two companies to use the same Web address. Thus, although many companies worldwide may trade under the name McDonald's, only one company will be entitled to register the address mcdonalds.com.

These disputes have arisen in various contexts. First, there have been many instances in which two companies with a legitimate interest in a domain name have squabbled over that name—for example, where the

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1. This quotation is excerpted from a speech delivered by Vice President Hubert H. Humphrey (1911–1978) in Washington, D.C., on March 26, 1966. COLUMBIA WORLD OF QUOTATIONS (1996), *available at* http://www.bartleby.com/66/57/29657.html.

name serves as their trademark (registered or unregistered). These contests have been termed cases of "domain name envy."[2] Second, a particular domain name may be registered by a roguish entrepreneur who hopes to later offer it for sale to a trademark owner at a high price in a practice known as "cybersquatting" or "domain name hijacking."[3] Other disputes can arise where a trader uses a domain name similar to that of a well-known trademark in order to attract customers to his Web site. This latter type of domain name dispute has inspired all manner of opportunists, including an individual who changed his name by deed poll to wembleystadium.net with the hope of retaining his Web site address of the same name.[4]

There have been a number of different legal and Internet self-regulatory mechanisms for dealing with these disputes. The two most widely used, and most relevant to this discussion, are national courts and the Internet Corporation for Assigned Names and Numbers ("ICANN") Uniform Domain Name Dispute Resolution Policy (better known as the "UDRP").[5] The purpose of this article is to examine the approaches taken to dispute resolution by the national courts and the UDRP, and to discuss the extent to which the courts should, or should not, give deference to decisions of dispute resolution panels and to the principals of the UDRP. In an area that has received much academic attention, my goal is to strike a balance between the differing approaches adopted by the self-regulatory dispute resolution providers and the traditional arbitrator—the courts.

II. THE UDRP

A. The Establishment and Scope of the UDRP[6]

During the early stages of Internet development, sole responsibility for the allocation of Web addresses fell to the Internet Assigned Numbers Authority ("IANA"),[7] an organization based out of the University of Southern California. In 1993, as the popularity of the Internet began to grow, Network Solutions, Inc., a private sector U.S.-

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2. Charlotte Waelde, *Trade Marks and Domain Names: There's a Lot in a Name*, *in* LAW AND THE INTERNET: A FRAMEWORK FOR ELECTRONIC COMMERCE 133, 135 (Lilian Edwards & Charlotte Waelde eds., 2000).

3. *Id.* at 135–36.

4. Wembley Nat'l Stadium, Ltd. v. Thomson, No. D2000-1233 (World Intellectual Property Organization ["WIPO"], Nov. 16, 2000), *available at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1233.html.

5. Uniform Domain Name Dispute Resolution Policy, ICANN, *at* http://www.icann.org/udrp/udrp-policy-24oct99.htm (Oct. 24, 1999) [hereinafter UDRP Policy].

6. *See generally* ICANN, *at* http://www.icann.org/udrp; IAN J. LLOYD, INFORMATION TECHNOLOGY LAW 21-32 (3d ed. 2000).

7. Although the IANA allocated Web addresses, it was chiefly involved in the allocation of IP numbers and began to lose its monopoly in the early 1990's when domain names came into operation.

based organization, received a five-year contract to manage most of the open generic top level domains ("gTLDs"), including the lucrative and highly coveted .com, .net, and .org domains. International concern began to grow in the mid 1990s over the United States' dominance of Internet management, and at the lackluster and ineffective dispute resolution services being offered by Network Solutions in the face of increasing commercial demand for gTLDs. The International Ad Hoc Committee ("IAHC") was established in 1996 to examine possible solutions to the problems presented by the domain name system. The Committee, which included organizations such as the World Intellectual Property Organization ("WIPO") and the International Telecommunications Union, made several proposals, including the introduction of new gTLDs and an end to Network Solutions' monopoly in the administration of the gTLDs. International governments eventually reached an agreement on how to proceed, and in October 1998, they established ICANN. ICANN was given responsibility for "the management of the domain name system, the allocation of IP address space, the assignment of protocol parameters, and the management of the root server system."[8] As a result, competition for the registration of generic domains was thrown wide open. To date there are 173 ICANN-accredited registrars and the list continues to grow.[9]

With more domain names being registered than ever before, the need for an effective dispute resolution service became pressing. WIPO was involved in a much-publicized consultative process with ICANN concerning the form and scope of any dispute resolution procedure. The system that emerged—the UDRP—drew heavily on the consensus reached by the protracted and heated wrangling of the WIPO working group, a consensus encapsulated in the *Final Report of the WIPO Internet Domain Name Process* published in April 1999.[10] The UDRP was approved by ICANN in October 1999 and went into immediate effect. All gTLD registrars are contractually bound to apply the UDRP in cases of domain name disputes. Under the UDRP, accredited registrars are bound to refrain from taking any action regarding complaints received from trademark holders on the impact of registered domains until instructed to do so by the domain registrant or by an appropriate court or independent arbitrator. While not applicable in cases of domain name envy, in cases of abusive registration of domain names, registrants are required to submit to special dispute resolution proceedings before an approved dispute resolution provider. There are currently four such providers: WIPO, the National Arbitration Forum ("NAF"), CPR

8. ICANN at Large Membership, *at* http://www.icann.org.tw/Resource/AtLarge/members/news.html (May 9, 2000).

9. *See* ICANN-Accredited Registrars, ICANN, *at* http://www.icann.org/registrars/accredited-list.html (page updated Oct. 28, 2003).

10. Final Report of the WIPO Internet Domain Name Process, *available at* http://wipo2.wipo.int/process1/report/finalreport.html (Apr. 30, 1999).

Institute for Dispute Resolution, and the Asian Domain Name Dispute Resolution Centre ("ADNDRC").[11] The complainant in UDRP proceedings has the opportunity to select the service provider and must establish that each of the following three elements is present:

(i) [The registrant's] domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) [The registrant] has no rights or legitimate interests in respect of the domain name; and

(iii) [The registrant's] domain name has been registered and is being used in bad faith.[12]

Paragraph 4(b) of the UDRP identifies a non-exhaustive list of what constitutes evidence of bad faith for the purposes of Article 4(a)(iii), including registration for the primary purpose of resale, registration to disrupt the business, or registration to create a false sense of affiliation with the trademark owner.[13] Paragraph 4(c) highlights ways in which registrants can demonstrate their rights and legitimate interests in the domain name, and operates effectively as a defense.[14] This can be achieved by evidence displaying prior use of the domain name in connection with a bona fide offering of goods or services, evidence demonstrating the registrant has been commonly known by the domain name, or proof of a legitimate, non-commercial or fair use of the domain name.[15] The parties also retain the option of having the dispute heard before a three-member, rather than a single-member, panel. However, if the registrant requests this option, he is obligated to share the costs of the proceedings with the complainant.

The dispute resolution service is designed to be an efficient, cost-effective, and fair substitute to litigation and, as such, operates on a fast-track basis: Disputes should only take 45 days, including notification to the respondent. Additionally, the dispute resolution service costs considerably less than a day in court, and is conducted entirely online. The service is not designed to operate as a court (the UDRP contemplates the issue of simultaneous litigation), and its global nature has led to some jurisdictional problems. However, the fact that a dispute resolution panel takes into account the UDRP rules and "any rules and principles of law that it deems applicable"[16] has led to the practice of referring to the law of the country in which registration took place and/or in which trademark rights exist.

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11. Approved Providers for Uniform Domain–Name Dispute–Resolution Policy, ICANN, *at* http://www.icann.org/dndr/udrp/approved-providers.htm (page updated Mar. 1, 2002). Another service provider, eResolution, recently folded due to lack of business.

12. UDRP Policy, *supra* note 5, ¶ 4(a).

13. *Id.* at ¶ 4(b).

14. *Id.* at ¶ 4(c).

15. *Id.*

16. Rules for Uniform Domain Name Dispute Resolution Policy, ICANN, ¶ 15(a), *at* http://www.icann.org/dndr/udrp/uniform-rules.htm (Oct. 24, 1999) [hereinafter UDRP Rules].

The UDRP, within its first three years of practice, has come under heavy criticism from certain academic quarters[17] but has also been hailed as a great success and "an important model for Dispute Resolution in other e-commerce areas."[18] In the following section, the operation of the UDRP is examined and assessed on its merits, mainly by reference to various statistical studies that have been conducted since the advent of the UDRP.

B. Analysis of the UDRP

Since the first UDRP proceedings were brought in 1999,[19] almost 4,500 cases have made their way through the various arbitration panels that administer the UDRP. While the size of this caseload, itself, demonstrates the efficiency and popularity of the UDRP, concerns remain as to the fundamental fairness of the new system. These concerns are largely founded on a practice known as reverse domain name hijacking. This occurs when a trademark owner uses his considerable commercial clout to secure the transfer of a domain name from what may be a legitimate registrant.[20] This practice is nothing new to the world of trademark law, and many faltering young entrepreneurs have succumbed to the might of large conglomerates, who zealously protect their trademarks by issuing threatening letters and commencing legal proceedings in the hope that the prohibitory costs involved in defending such suits will cause new competitors to halt use of the offending mark. Here, it is argued that the central tenets of the UDRP as found in its Paragraph 4 provisions, provide a fair standard of proof between the parties and do not establish a suitable legal framework for complainants who wish to engage in the unfair practice of reverse domain name hijacking. Rather, Paragraph 4's provisions are a stringent and lucid set of legal proofs that, when coupled with the bulwark provided by Paragraph 4(c)'s defenses, seem to offer stout protection to legitimate and bona fide registrants. Yet the complaints persist. The logical conclusion, borne out by the evidence, is that any breakdown in this fairness occurs at the procedural, administrative, and operative levels; the legal framework is sound, even if its operation is flawed. This is important to note, especially when dealing with proposals to improve the system. If the UDRP is fundamentally unfair, why bother trying to

17. *See, e.g.*, Michael Geist, *Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP* (Aug. 2001), *at* http://aix1.uottawa.ca/~geist/geistudrp.pdf [hereinafter Geist, *Fair.com*].

18. Masanobu Katoh, Remarks at the Internet Law & Policy Forum 2000 Annual Conference 19 (Sept. 11, 2000) (transcript *at* http://www.ilpf.org/events/jurisdiction2/conf00d1.pdf).

19. *See* World Wrestling Fed'n Entm't, Inc. v. Bosman, No. D99-0001 (WIPO Jan. 14, 2000), *available at* http://arbiter.wipo.int/domains/decisions/html/1999/d1999-0001.html. This case involved the abusive registration of worldwrestlingfederation.com by the respondent and the domain name was transferred to the complainant by the WIPO arbitration panel.

20. Waelde, *supra* note 2, at 149.

reform it? If, on the other hand, the UDRP's flaws lie in its administration, then surely the concerns are worth addressing in a more constructive light.

The vast majority of the criticism leveled at the UDRP's operation is concerned with one facet of the system: the fact that a complainant may choose the dispute resolution service provider whom he or she wishes to deal with the claim. Obviously, if there is one service provider who the claimant feels is more likely than another to order the transfer of the contested domain name, he will opt for that provider. Because service providers are in essence commercial entities, it is in their best economic interest to attract potential claimants to their Web sites, even if this means interpreting the UDRP rules to the advantage of the claimant in any given case. Statistical analyses carried out by Geist,[21] Mueller,[22] and Sorkin[23] seem to lend weight to the argument that forum shopping exists among potential complainants. For example, in a comprehensive study of all UDRP decisions released as of February 18, 2002, Geist points out that WIPO's share of the UDRP caseload is 59.2%, NAF's is 34.5%, and eResolution holds only 5.6% of the market share.[24] This corresponds to complainant win percentages of 83% (WIPO), 86% (NAF) and 64% (eRes.) in single panel decisions, and 62% (WIPO), 49% (NAF) and 50% (eRes.) in three-member panel decisions. While these statistics seem to suggest that WIPO and NAF's popularity is almost directly proportional to their likelihood of awarding a transfer to the complainant, a closer inspection of the figures indicates otherwise.

Donahey points out that between fifty and sixty percent of all UDRP cases are decided on a default basis, where no response is filed by the registrant and argues that this fact considerably alters the figures presented by Geist.[25] Donahey also rightly points out that eResolution has a lower percentage of default cases than the other providers, and that reduces its overall complaint win percentages.[26] This higher percentage of contested cases may be attributed to eResolution's online forms response format, which simplifies participation on the part of the respondent. This is something that ICANN might consider making compulsory for dispute resolution service providers at some point in the future. Any steps taken to encourage the participation of all parties in

21. *See* Geist, *Fair.com*, *supra* note 12, at 1; *see also* Michael Geist, *Fundamentally Fair.com? An Update on Bias Allegations and the ICANN UDRP*, *at* http://aix1.uottawa.ca/~geist/fairupdate.pdf (last visited Aug. 23, 2003) [hereinafter Geist, *Fair.com Update*].

22. MILTON MUELLER, ROUGH JUSTICE: AN ANALYSIS OF ICANN'S UNIFORM DISPUTE RESOLUTION POLICY, CONVERGENCE CENTER: SYRACUSE UNIVERSITY SCHOOL OF INFORMATION STUDIES, *at* http://www.acm.org/usacm/IG/roughjustice.pdf (last visited Nov. 2, 2003).

23. David E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 SANTA CLARA COMPUTER & HIGH TECH. L.J. 35 (2001).

24. Geist, *Fair.com Update*, *supra* note 21, at 5.

25. M. Scott Donahey, *The UDRP: Fundamentally Fair, But Far From Perfect*, 6 ELEC. COMM. & L. REP. (BNA) 937 (2001).

26. *Id.*

domain name disputes could only serve to have the positive effect of generating confidence in a system which has heretofore attracted a good deal of cynicism.

Another aspect of the UDRP identified by Geist as being less than fundamentally fair is the selection process used by service providers in deciding which panelists should hear what cases.[27] According to his figures, Geist's suggestion that the allocation trends at NAF and WIPO are far from random is not entirely implausible. For instance, just six NAF panelists have decided 778 out of 1379 cases, and the complainant win percentages in these cases is 95.1%. Furthermore, two WIPO panelists, Milton Mueller and Gervaise Davis III, have never been allocated a single panel case, despite having heard forty cases as members of a three-member panel. Mueller, does not, however, cite the panel allocation procedure as a UDRP flaw. Rather, he suggests a preference for allowing the respondent to control the choice of arbitration service provider, not the complainant.[28] I agree with Mueller because this practice would tilt pecuniary benefits in favor of the provider who most diligently applies the UDRP to the letter of the law. The recent financial collapse of eResolution, the dispute resolution provider with the lowest complainant win percentage, will hopefully expedite reforms in this area. Other reforms have been suggested. For example, Saxe Levy has argued that the absence of an official precedent system in UDRP proceedings has proved to be a serious problem.[29] In a similar fashion, Donahey argues that an appellate review system is necessary to promote uniformity and predictability.[30]

A good illustration of the sometimes capricious nature of UDRP decisions is found in *Excelentisimo Ayuntamiento de Barcelona v. Barcelona.com Inc.*[31] In this case, the city of Barcelona, Spain, sought the transfer of the domain name barcelona.com from the respondent company, who had developed a Web site to promote links between Europe, the United States, and South America (where there are evidently a number of cities and towns bearing the name "Barcelona"). The WIPO panel ordered the transfer of the decision on dubious grounds. It stretched the meaning of bad faith in Paragraph 4(b), finding watered-down evidence of a number of the factors mentioned therein. It also loosely applied Paragraph 4(a)(ii) on legitimate interest in the domain name. The respondent produced evidence of having applied for a trademark in barcelona.com, yet the panel controversially found that

27. Geist, *Fair.com*, *supra* note 21, at 7-9.
28. MUELLER, *supra* note 22, at 2.
29. Jo Saxe Levy, *Precedent and Other Problems with ICANN's UDRP Procedure*, 6 CYBERSPACE LAW. 20, 20 (Apr. 2001).
30. M. Scott Donahey, *The UDRP and the Absence of the Rule of Law*, *available at* http://www.tzllp.com/content/articles/Msd0446.pdf (July 2000).
31. No. D2000-0505 (WIPO Aug. 4, 2000), *available at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0505.html.

the claimant had "better rights and more legitimate interests" than the registrant. Reading between the lines in this case, it appears that the respondent may not have been absolutely forthright—a fact later proved when court proceedings were initiated. However, the panel deserves some criticism because it came to its conclusions outside of the strict rules set down in the UDRP—a practice not to be lauded.

It must be said, however, that the barcelona.com decision was not necessarily typical of the UDRP, nor does its inclusion here purport to provide an authoritative analysis of the area. Another case that also involved the name of a city as the disputed domain, bamberg.net,[32] serves as a useful contrast. Here, the claimant, a private company consisting primarily of the citizens and city of Bamberg, Germany,[33] requested the transfer of the names bamberg.net and bamberg.org from an American citizen, Marcel Stenzel. The interesting aspect of this case was that Mr. Stenzel had apparently engaged in cybersquatting. He had registered the domain names five years before, ostensibly for the purpose of resale, as was deduced from evidence of an email offer he made for sale to the city. Despite this, the panel found that the claimant failed to get past Paragraph 4(a)(i)'s requirement that a "domain name [be] identical or confusingly similar to a trademark or service mark in which the complainant has rights,"[34] in its inability to produce evidence of ownership in any trade or service marks in the name "Bamberg". The panel also took issue with the fact that a private company (albeit one in which the city was a main member) pressed the case rather than the city of Bamberg, itself. This case not only helps to dispel fears of "reverse domain name hijacking," but serves to highlight the growing maturity in decision-making that has come with experience on the part of the UDRP. Fen Lim, in an address to the 16th British and Irish Law, Education and Technology Association ("BILETA") Annual Conference, also noted this trend.[35] In a study of cases concerning disputes over domain names involving celebrity's names, Lim found the *Bruce Springsteen* decision,[36]where the panel scrutinized Internet user behavior and the context in which domain names are used, to have come a long way from an earlier poor decision in the *Madonna* case.[37] The improvement in quality of UDRP decisions with experience is a trend that seems set to continue.

32. Bürgernetzverein Bamberg e.V. v. Stenzel, Nos. AF-0267a, AF-0267b (WIPO Sept. 7, 2000), *available at* http://www.disputes.org/eresolution/decisions/0267.htm.

33. The name of the company is roughly translated as "Netizens of Bamberg Association."

34. UDRP Policy, *supra* note 5, at ¶ 4(a)(i).

35. Yee Fen Lim, Taking the Sting Out of Domain Name Disputes, Address at 16th BILETA Annual Conference (Apr. 9–10, 2001) (transcript *available at* http://www.bileta.ac.uk/01papers/lim.html).

36. Springsteen v. Burgar, No. D2000-1532 (WIPO Jan. 25, 2001), *available at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1532.html.

37. Ciccone v. Parisi, No. D2000-0846 (WIPO Oct. 12, 2000), *available at* http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0847.html.

While the UDRP, in its infancy as a dispute resolution service, has experienced some teething difficulties, the system has proved to be a cost-effective, fair, and efficient mechanism for dealing with disputes involving the practice of cybersquatting. Simply amending its procedures to allow the registrant of the disputed domain name to select the service provider could solve many of its flaws. This author concurs with the findings in the Max-Planck Institute study that, "[a]s a matter of principle, the UDRP is functioning satisfactorily. No major flaws have been identified in the course of the evaluation."[38] The next section will focus on national court litigation involving domain names, with particular reference to the United Kingdom and to some notable cases in the United States that have gone to court following UDRP decisions.

III. Domain Disputes in National Courts

A. Disputes in the United Kingdom

As new legal conflicts emerge, it is always a challenge for courts to decide the appropriate law to apply in such novel litigation. The law in relation to domain name disputes has indeed raised such challenges, and the courts have mainly applied the 1994 Trade Marks Act[39] and the well-established common law tort of passing off to such situations. It is an area of law that is certainly in flux, and very few cases have come before the courts although, as Waelde notes, "[o]ne suspects that there is a great deal of activity that never reaches the stage of litigation."[40] As mentioned previously, there are two main types of disputes that can be identified under the banner "domain name disputes"—cases of domain name hijacking or cybersquatting, and cases of domain name envy or honest concurrent use.[41] The latter type of dispute falls, of course, outside the boundaries of the UDRP and, as such, does not provide a useful point of reference for comparison between the two conflict resolution mechanisms. Cases of this kind, such as *Pitman Training Ltd. v. Nominet U.K.*,[42] *Prince plc. v. Prince Sports Group*,[43] and *Avnet Inc. v. Isoact Ltd.*,[44] which have been brought in the United Kingdom, have been decided largely on the basis of Section 10 of the 1994 Trade Marks Act.[45]

38. Annette Kur, UDRP: A Study by the Max-Planck-Inst. for Foreign and Int'l Patent, Copyright & Competition Law 72 (2002), *at* http://www.intellecprop.mpg.de/Online-Publikationen/2002/UDRP-study-final-02.pdf.
39. Trade Marks Act, 1994, c. 26 (4th ed. Halsbury's Statutes 2001) (Eng.).
40. Waelde, *supra* note 1, at 136.
41. Lloyd, supra note 6, at 456–73.
42. [1997] F.S.R. 797.
43. [1998] F.S.R. 22.
44. [1997] F.S.R. 16.
45. Trade Marks Act, 1994, c. 26, §10 (4th ed. Halsbury's Statutes 2001) (Eng.).

Infringement under Section 10 of the Trade Marks Act will occur when: (1) a sign that is identical to a registered trademark is used in the course of trade in connection with identical goods and services for which the mark is registered;[46] (2) an identical or similar sign is used in connection with identical or similar goods for which a mark is registered if there is a likelihood of public confusion;[47] or (3) an identical or similar sign is used in connection with goods or services not similar to those for which it is registered, where the trademark has a reputation, and where use of the sign takes unfair advantage or is detrimental to the distinctive character or repute of the trade mark.[48] The global nature of the Internet, coupled with the territorial application of trademarks, causes jurisdictional problems. In addition, cases such as *Prince plc. v. Prince Sports Group*, where two companies in different jurisdictions have equal right to the same domain name, can only be resolved on a first-come, first-served basis.

On the issue of cybersquatting, the first decision to be handed down by a U.K. court was that in *Harrods v. U.K. Network Services Ltd.*,[49] where the High Court made an order relinquishing the defendant's rights in the domain names harrods.com and harrods.co.uk. The defendant failed to turn up for the hearing and the ex parte judgment is consequently of little binding force. The leading case in the area is that of *British Telecomm. v. One in a Million Ltd*.[50] The case involved defendants' registration of several domain names, including britishtelecom.com, virgin.org, sainsburys.com, marksandspencer.com and ladbrokes.com, with the intent to sell those names to the various trademark owners involved. Judgment for the plaintiffs was subsequently granted in the High Court and the decision was upheld by the Court of Appeal. The case was decided on the basis of passing off, but there was also some mention, in the judgment of Lord Justice Aldous, of infringement under Section 10(3) of the Trademarks Act. With respect to passing off, Lord Justice Aldous rejected the appellant's contention that the mere registration of a domain name, without some further use, was not sufficient to show the degree of public deception necessary to prove a case of passing off.

> [W]hether any name is an instrument of fraud will depend upon all the circumstances. A name which will, by reason of its similarity to the name of another, inherently lead to passing-off, is such an instrument. If it would not inherently lead to passing-off, it does not follow that it is not an instrument of fraud. The court should

46. *Id.* at § 10(1).
47. *Id.* at § 10(2).
48. *Id.* at § 10(3).
49. Bina Cunningham, *Trade Marks - Domain Name Registration - Order 14 Application - Trade Mark Infringement and Passing Off*, EUROPEAN INTELL. PROP. REV. 106 (1997).
50. [1999] 1 W.L.R. 903.

> consider the similarity of the names, the intention of the defendant, the type of trade and all the surrounding circumstances.[51]

Such an understanding expands the limits of passing off beyond what was set forth by Lord Diplock in *Erven Warnink BV v. J Townend & Sons (Hull) Ltd.*,[52] and has been criticized by Thorne and Bennett.[53] They suggest that the judgment was more the result of commercial pressure by powerful plaintiffs rather than a correct application of the law:

> [T]he authors feel that there must be a distinction between the consequences of mere possession of a registered domain name and the intention to trade or the act of trading using a domain name. In the latter case there can be no doubt that such use is capable of constituting passing off.[54]

It is this crucial distinction that renders the law of passing off unsuitable for cases of cybersquatting, a distinction not an issue as it pertains to the UDRP, which recognizes abusive registration. Neither can trademark infringement constitute an effective basis for decisions on domain name hijacking. The incompatibility of national trademark laws with domain disputes has been extensively recognized.[55] Waelde's fear in the wake of *One in a Million Ltd.* was that the application of trademark law would offer a special protection to Section 10(3)'s distinctive or well-known marks, making it difficult for smaller companies to use any version of these marks as a domain name for legitimate commercial or individual purposes. The experience in other jurisdictions, such as in the United States, where cybersquatting specifically has been addressed in legislation, and where a number of UDRP cases have ended up in court, has been different.

B. Domain Disputes in Other Jurisdictions

A recent case in the United States has highlighted the suitability of legislation designed specifically to deal with the problem of cybersquatting. The case concerned the appeal of the UDRP decision in *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona* to a

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51. [1999] F.S.R. 1, 8.

52. [1979] 2 All ER 927 (Eng.).

53. Clive Thorne & Simon Bennett, *Domain Names- Internet Warehousing: Has Protection of Well-Known Names on the Internet Gone Too Far?*, EUROPEAN INTELL. PROP. REV. 468 (1998).

54. *Id.* at 469.

55. *See, e.g.*, David F. Fanning, *Quasi In Rem on the Cyberseas*, 76 CHI.-KENT L. REV. 1887 (2001); Melinda S. Giftos, *Reinventing a Sensible View of Trademark Law in the Information Age*, 2 J. INTELL. PROP. 2 (2000), *at* http://www.kentlaw.edu/student-orgs/jip/Vol2No1/trademark.htm; Denis Kelleher, *Internet Domain Name Disputes*, 148 NEW L. J. 811 (1998); Jeremy Morton, *Opinion.com*, EUROPEAN INTELL. PROP. REV. 496 (1997); Jonathan Stoodley, *Internet Domain Names and Trade Marks*, EUROPEAN INTELL. PROP. REV. 509 (1997); Nandan Kamath, The Game of the Name–Personal Name Domain Names and Applicable Law, Address at 16th BILETA Annual Conference (Apr. 9–10, 2001), *at* http://www.bileta.ac.uk/01papers/kamath.html.

U.S. District Court.[56] In a judgment delivered on February 22, 2002, the court ordered the transfer of the domain name to the city of Barcelona. The court found sufficient evidence of a bad faith intention to profit from the registered trademark, on behalf of the plaintiff, under the Anticybersquatting Consumer Protection Act,[57] thereby upholding the decision of the WIPO panel. The approach taken by the U.S. Congress in providing legislation to tackle this problem is preferable over the short-sighted, ad hoc approach adopted in the United Kingdom, in which courts, in decisions such as *One in a Million*, wrestle to try to adapt an area of law to suit a type of legal conflict to which it is eminently unsuited.

Another U.S. decision to be lauded is that of *Avery Dennison Corp. v. Sumpton*.[58] This was an alleged case of cybersquatting, in which the Ninth Circuit Court of Appeals reversed a previous decision that transferred the domains avery.net and dennison.net to the respondent. Earlier case law had been criticized for failure to perform a detailed analysis of the famousness of the mark, instead focusing on requirements for dilution (taking advantage of the distinctive character or repute of a mark). This case effectively raised the bar for future dilution claims by insisting on a strict application of the famousness factors, set forth in the Federal Trademark Dilution Act.[59] It remains to be seen, however, whether this decision will have the desired effect of reducing the legal clout of well-known trademark owners from their current position of dominance.

In Ireland, where the courts have traditionally followed U.K. decisions on trademark and passing off, no domain name disputes have reached the courts. However, in *Local Ireland v. Local Ireland-Online*,[60] the High Court's Justice Herbert granted an interlocutory injunction where the defendant had set up an Internet-based company trading under the name localireland-online.com. The company was in direct competition with the plaintiff's business, localireland.com. However, due to the interlocutory nature of the proceedings and the fact that the *One in a Million* case was not raised, any attempt to distill the legal standing of domain name disputes in Ireland would be mere conjecture.

At the time of this writing, forty-eight UDRP decisions have been challenged in court.[61] Of these, forty-seven appear to have been cases filed in the United States. The other case, *Easthaven, Ltd. v. Nutrisystem.com, Inc.*[62] (heard before the Ontario Superior Court of

56. 189 F. Supp. 2d 367 (E.D. Va. 2002).
57. 15 U.S.C. § 1125(d)(1)(A) (2003).
58. 189 F.3d 868 (9th Cir. 1999).
59. 15 U.S.C. § 1125(c) (2003).
60. [2000] 4 I.R. 567 (Ire.), *available at* http://www.bailii.org/ie/cases/IEHC/2000/67.html.
61. For a current listing, *see* The UDRP-Court Challenge Database, *at* http://www.udrplaw.net/UDRPappeals.htm (last updated Mar. 27, 2003).
62. [2001] 55 O.R.3d 334.

Justice in Canada), was a successful application to have the case transferred to a U.S. court in Pennsylvania. This decision was interesting in and of itself due to the thorny issue of jurisdiction in Internet-related cases. The concentration of these cases in the United States has raised the issue, in that jurisdiction at least, of whether UDRP decisions should be granted deference by the courts. In conclusion, I will consider some of these arguments and suggest some measures that could be adopted to improve the law in relation to domain name disputes.

IV. CONCLUSION

In *Barcelona.com*,[63] the U.S. District Court in Virginia, referring to the earlier case of *Weber-Stephen Products Co. v. Armitage Hardware & Building Supply, Inc.*,[64] concluded that "a federal district court 'is not bound by the outcome of the ICANN administrative proceedings,'. . . [that] the panel ruling should be given no weight and this case must be decided based on the evidence presented before the Court."[65] Howard has put forward an interesting argument that national courts should give deference to decisions of UDRP panels.[66] Her proposal is based on the fact that the UDRP is Web-based and that proceedings can be conducted entirely online, that the UDRP eliminates jurisdictional problems, that the costs are far lower, and that the hearing is conducted by experts who can produce a decision within forty-five days.[67] Although the argument seems sensible, it would not be desirable for the courts, as a matter of public policy and sovereignty, to be obligated to follow the decisions of private commercial arbitrators, regardless of the advantages. Furthermore, this issue was one which was contemplated during the consultations which took place before the UDRP came into existence. In its final report, WIPO noted that

> [T]he availability of the administrative procedure should not preclude resort to court litigation by a party. In particular, a party should be free to initiate litigation by filing a claim in a competent national court instead of initiating the administrative 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 the subject of the administrative procedure.[68]

I would tend to agree with Sorkin, himself a UDRP panelist, and his contention that "[j]udicial deference to UDRP panel decisions invites

63. 189 F. Supp. 2d at 371.
64. 54 U.S.P.Q. 2d (BNA) 1766 (N.D. Ill. 2000).
65. *Barcelona.com*, 189 F. Supp. 2d at 371 (quoting *Weber-Stephen Prods.*, 54 U.S.P.Q. 2d at 1768).
66. Donna L. Howard, *Trademarks and Service Marks and Internet Domain Names: Giving ICANN Deference*, 33 ARIZ. ST. L.J. 637 (2001).
67. *Id.* at 659-61.
68. *Final Report of the WIPO Internet Domain Name Process*, ¶ 150(iv) (Apr. 30, 1999), *available at* http://wipo2.wipo.int/process1/report/finalreport.html.

serious substantive and procedural objections."[69] A preferred approach would be for the British Parliament to provide legislation for the problem of cybersquatting, encompassing rules similar to Paragraph 4 of the UDRP. This method ensures the best of both worlds—taking the distilled experience and specialized knowledge that make up the UDRP and transposing it into national law, where it can be interpreted and applied by the United Kingdom's own judiciary.

As has been previously noted, a good many decisions of the various UDRP panels have been subsequently or concurrently litigated in a national court. Unfortunately, from the point of view of a meaningful comparative analysis, none has involved a detailed judicial review of the UDRP's decision-making framework. In light of the dicta of the court in *Weber-Stephen Products,* with respect to judicial deference to the UDRP, it may be unfair to engage in direct comparison between these two very different forms of arbitration, but certain broad evaluations can be made.[70] The issue of cost is a crucial one in cases of domain disputes; the UDRP can certainly be said to offer a viable and very affordable alternative to litigation, particularly to small- and medium-sized domain name users. Another crucial point is the problem of jurisdiction, which the UDRP eliminates almost entirely through its framework. The inability of the national courts to secure judgment against defendants outside their jurisdiction renders them relatively impotent in extra-territorial domain name disputes. Without further international mechanisms in place to deal with this issue, the current usefulness of the UDRP procedure in this regard cannot be overstated.

A consensus seems to have emerged that the operation of the UDRP continues to provide an excellent forum for domain name dispute resolution, with the one suggested reform to allow the respondent to select the dispute service provider. Coupled with the success of dispute providers at a national level (Nominet UK recently heard its 160th case),[71] the introduction of dispute procedures for the seven new gTLDs such as the STOP procedure[72] for .biz disputes, and the difficulty of international enforcement of national court orders, this form of Internet-based dispute resolution surely marks the future for domain name contests and disputes in other areas of e-commerce.

69. David E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 SANTA CLARA COMPUTER & HIGH TECH. L.J. 35, 55 (2001).

70. 54 U.S.P.Q. 2d at 1768.

71. Foot Anstey Sargent v. Adrian Cameron, DRS 00160 (Nominet, Feb. 3, 2002), *at* http://www.nominet.org.uk/DisputeResolution/Decisions/FootAnsteySargent-v-AdrianCameron.html.

72. *See generally*, Start-up Trademark Opposition Policy and Rules for .BIZ, *at* http://www.neulevel.biz/ardp/docs/stop.html (last visited Dec. 20, 2003).