

# Global

## Resolving international domain name disputes

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From its beginnings as a research forum to its current form as an international commercial and information matrix, the Internet has changed world trade forever. Addresses on the Internet are called domain names (eg, 'microsoft.com') and these domain names have considerable value and influence in commerce. It is inevitable that domain names, now clearly recognised as subject to IP laws, should become involved in disputes regarding control and use. Resolution of international domain name disputes, as with resolution of any international trademark dispute, is complex but achievable through a multi-pronged approach.

In any particular country, prevention is often the best way to avoid conflict. Prevention in the domain name context involves searching the domain name and registering it in all relevant registries. However, what happens if a registry is missed or a variation is registered? If a dispute ensues the standard tools of dispute resolution are available: negotiation, litigation and arbitration. What makes international domain name disputes unique is their cross-border quality, complicating such central issues as jurisdiction, choice of law and forum and enforcement. For example, a domain name owner in China operates a website hosted on French servers infringing Canadian trademarks and Brazilian copyrights. Where do the parties begin to tackle this conflict? This chapter first considers how the international IP system applies to domain names, then looks at preventive measures and methods of conflict resolution.

### Global trademark and copyright law

Despite the advent of so-called 'world brands', trademark law is still principally territorial in nature. There are essentially three ways to obtain trademark rights – use, registration and reputation – and these methods must be applied country by country or region by region (eg, the European Union). Thus, if a Canadian

party wants to take action against the infringement of its trademark in China, it is helpful to have trademark use, registration and/or reputation in China, despite what it may have in Canada. When there is a trademark/domain name conflict, therefore, it is helpful to have trademark rights in the country of the registrant, the registry and/or the internet service provider.

Internationally, copyright is protected in different ways. Although copyright is somewhat territorial, international treaties such as the Berne Convention provide fairly extensive global coverage without the need to satisfy local formalities such as registration. Thus, when the copyright in a website is infringed, the analysis need be less country specific on the central issue of protection, although other important issues such as jurisdiction still need to be examined.

### Prevention

Should a company seek to search and register its trademark in all available registries – that is, generic top-level domains (gTLDs) such as '.com' and '.net', as well as country-code top-level domains (ccTLDs) such as '.de' and '.ca'? There is a wide divergence of opinion on the issue, with some trademark owners registering broadly, others narrowly, others only the specific trademark and still others all conceivable variations. Each trademark owner should choose its own strategy depending on its sales, market, piracy problems and budget.

Before planning a massive registration programme, an examination should be made as to the different requirements for registration in the gTLDs and ccTLDs anticipated. For example, whereas '.com' is open to all, '.edu' is restricted to certain types of educational institution. Moreover, within the ccTLD registries some may have open domain name registration (eg, '.ch'), which means that anyone in the world can register a domain name with that country code, while others are closed (eg, '.jp'), meaning that a domain name registrant must meet

specific criteria before being able to register a domain name in that country. For example, to register a '.jp' domain name the registrant must have a link or involvement with Japan (known as a local presence). Undertaking a comprehensive registration programme may prevent domain name disputes from occurring, but once a dispute arises several methods exist to resolve the conflict.

### Negotiation

Negotiation is the most common form of domain name dispute resolution. When a conflict is discovered, an investigation is usually undertaken and, depending on the circumstances, a cease and desist letter may be sent or a possible purchase of the domain name considered. Of particular interest will be the tone taken by the domain name registrant and whether the domain name was obtained in bad faith. Did the registrant know about the company's trademark? Is the registrant trying to make a profit? Is the registrant a reasonable person with whom a negotiation can take place, or is it a waste of time to speak to the registrant? If the registrant is paid off, what effect will that action have on others who might seek to register similar domain names? All these issues will surface when a negotiation commences.

### Litigation

Litigation in the national courts is a widely used mechanism for dealing with domain name disputes. Before commencing a lawsuit, however, the trademark owner must determine the rights (if any) which it owns in the appropriate jurisdiction. Due diligence is important as an investigation will reveal whether the registrant (from the standpoint of the trademark owner who believes that the registered domain name infringes upon its mark) uses the domain name in commerce, is a cybersquatter or has substantial rights in the mark. Depending on the information obtained, the trademark owner may choose to send a cease and desist letter to the registrant. Often this action produces a favourable result at a fraction of the cost of litigating the matter. However, should the letter be ineffective, bringing a lawsuit may be the best means to halt the infringement.

Choosing a litigation strategy will depend on the jurisdiction in which the suit is brought. A thorough understanding of local law is imperative – the trademark owner should not rely solely on the recommendations of local counsel and should review treaties and other statutes to assist. In the hypothetical case mentioned above, a trademark owner may well need to consider the relevant law in China, Brazil, Canada and France and decide on the best course of action, including jurisdiction, relevant law and court systems. In addition, although a court may

determine through its analysis that personal jurisdiction over a foreign defendant is proper, the judgment may not be given full faith and credit unless the extraterrestrial application of the court order is enforceable in the foreign jurisdiction. The foreign court may also look at whether the website is actually directed at that country, or is merely a general information website aimed at all readers.

As a result of the new technology being addressed, several jurisdictions have enacted legislation designed specifically to deal with the problem of domain name infringement and cybersquatting. For example, the US Congress has passed the Anti-cybersquatting Consumer Protection Act (15 USC 1125(d)). The statute provides a private cause of action against those who "register, traffic in or use" a domain name with a "bad-faith intent to profit". In addition to normal trademark remedies, the statute also provides for statutory damages.

International domain name litigation can be difficult and expensive. Due to the new technologies involved and the widely divergent legal systems governing these conflicts, the Internet Corporation for Assigned Names and Numbers (ICANN), the internet governing body, implemented a uniform arbitration system in 1999.

### Arbitration

Although normal alternative dispute resolution and arbitration procedures can resolve domain name disputes, the most common form of arbitration is through ICANN. ICANN arbitration is governed by the Uniform Domain Name Dispute Resolution Policy (UDRP), which has been in effect since 2000. For a fee of \$1,500 for a single arbitrator, an online arbitration can be instituted. To succeed under Article 4(a) of the UDRP, the complainant must establish that:

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

All three factors must be present for the complaint to succeed.

To determine bad faith under Article 4(b) of the UDRP, the panel considers four non-exhaustive factors:

- circumstances indicating that the registrant has registered or acquired the domain name primarily for the purpose of selling, renting or otherwise transferring the domain name registration to the

complainant, which is the owner of the trademark or service mark, or to a competitor of that complainant, for valuable consideration in excess of the registrant’s documented out-of-pocket costs directly related to the domain name;

- whether the registrant has 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 the registrant has engaged in a pattern of such conduct;
- whether the registrant has registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- whether, by using the domain name, the registrant has intentionally attempted to attract, for commercial gain, internet users to its website or other online location by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation or endorsement of the website or location or of a product or service on the registrant’s website or location.

To determine legitimate rights on behalf of the registrant, under Article 4(c) the panel will review:

- before any notice to the registrant of the dispute, its use of, or demonstrable preparations for use of, the domain name or a name corresponding to the domain name in connection with a good-faith

offering of goods or services;

- whether the registrant (as an individual, business or other organisation) has been commonly known by the domain name, even if it has acquired no trademark or service mark rights; or
- whether the registrant was making a legitimate non-commercial or fair use of the domain name without intent for commercial gain misleadingly to divert consumers or to tarnish the trademark or service mark at issue.

The UDRP is becoming more prevalent as a preferred dispute resolution system, particularly due to:

- the relatively low cost;
- the speed of the decision (the UDRP stipulates in Article 15(b) that the decision will be rendered within 14 days of the appointment of the panel); and
- the lack of a need for personal jurisdiction over the registrant.

Recent statistics reveal some interesting trends. The World Intellectual Property Organisation (WIPO), a UDRP provider, provides the following information:

- Of the 8,354 UDRP and UDRP-based cases received by the WIPO Arbitration and Mediation Center, 8,054 (96.41 per cent) have been resolved. In the 6,349 decisions they have rendered, WIPO panels have

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• <b>Alternative dispute resolution process – no discovery procedures, trials or juries</b></li> <li>• Many domain name registries in the United States and other countries participate in the policy</li> <li>• <b>In many cases it provides quicker results – 60 to 120 days from filing to decision, with the panel having 14 days to render a decision once it is appointed</b></li> <li>• It is typically less expensive than filing a lawsuit – \$1,500 for a single-member panel and \$4,000 for a three-member panel</li> <li>• <b>It is a more simplified process</b></li> <li>• There is no jurisdiction requirement – everyone who registers a domain name in the appropriate gTLD or ccTLD is subject to arbitration</li> <li>• <b>Panels usually consist of lawyers and judges knowledgeable in the field</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>There is no right to a series of replies or responses unless the information is specifically requested by the arbitration panel</b></li> <li>• The registrant can continue to use the domain name during the pendency of the UDRP proceeding</li> <li>• <b>The only remedy available to the complainant is transfer or cancellation of the domain name – there is no right to damages, injunctions or attorneys’ fees</b></li> <li>• The only remedy available to a respondent in the event of loss is bringing a new trial in court – no appeal is available</li> <li>• <b>Panels are given a wide discretion concerning admissibility of evidence</b></li> </ul>

found for the complainant in 5,327 cases (83.9 per cent). The remainder of the resolved cases were settled by the parties.

WIPO's UDRP and UDRP-based cases filed since 1999 have covered some 16,000 separate domain names.

The centre's services are multinational and multilingual. To date, parties to WIPO UDRP disputes have come from 127 different countries. The centre has managed proceedings in 12 languages (Chinese, Dutch, English, French, German, Italian, Japanese, Korean, Norwegian, Portuguese, Russian and Spanish). Domain names themselves may also be presented in different scripts (eg, Chinese, Cyrillic, Korean).

The table on page 76 summarises the advantages and

disadvantages of pursuing a UDRP action.

Accordingly, the UDRP system or other arbitration vehicles may be viable alternatives to negotiation and litigation in certain instances.

### Conclusion

There is no question that domain names are subject to IP laws and a myriad of different remedies are available to the trademark owner, including launching a registration programme, negotiation, litigation and arbitration. Each remedy has advantages and disadvantages, with associated cost effectiveness. The key conclusion is that international domain name disputes are difficult, but not impossible, to resolve using one or more of the many systems currently available – the choice is yours!

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