



DOMAIN NAMES: THE ARMORY OF THE DOMAIN DISPUTES

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The article: *Domain names: wet gunpowder of the domain disputes?* published in the Journal of the Italian IP Attorneys' Association by Alessio Canova in October 2017 provides the opportunity to clarify whether and in which measure the case law in domain disputes has been enhanced and the role, powers and duties of a Dispute Resolution Provider (DRP).

1. The UDRP and URS policies and the case law

The Uniform Domain Name Dispute Resolution Policy (UDRP) was adopted in 1999 to tackle the transnational phenomenon of cybersquatting or domain grabbing (the practice of abusive registration of domain names in bad faith for profit). The original concept of the uniform rules was and remains the balance between the rights and interests of the domain registrant and the complainant (see also http://www.circleid.com/posts/30170606_charting_balance_between_trademark_owners_and_domain_name_holders/).

In the domain disputes administered by the DRPs approved by the Internet Corporation for Assigned Names and Numbers (ICANN)¹, the complainant is required to prove that each of the following three elements are satisfied in order to obtain the transfer of the disputed domain name:

1. the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has (prior) rights²;
2. the registrant has no rights or legitimate interests in respect of the domain name; and
3. the domain name has been registered and is being used in bad faith.

The domain name shall be transferred to the complainant by the Panelist appointed by the DRP only if the complainant has adequately shown that all the three requirements are satisfied and the registrant has not rebutted the complaint, providing sufficient proof of his rights or legitimate interests to the domain name and the good faith registration and use of the same. The simple claim to a “better” or “stronger” right to the domain, based on the identical (or confusingly similar) mark held by the complainant, is in itself not sufficient to win the UDRP proceeding if he is unable to also prove the other 2 elements.

The large number of domain disputes (over 60,000 in the last 20 years) has given the case law the possibility to clarify each single paragraph of the UDRP. Nevertheless, this does not mean that the UDRP is a rigid and static policy, on the contrary it evolves continuously due the Panels' decisions. The release of the third overview of Panel views on UDRP questions by WIPO (the principal DRP for the UDRP) in May 2017 clearly shows the development of the case law (see at: <http://www.wipo.int/amc/en/domains/search/overview3.0/>) (first edition in 2005, second edition in 2011).

¹ Currently 5: WIPO - World Intellectual Property Organization, Forum - previously National Arbitration Forum, CAC - Czech Arbitration Court, ADNDRC - Asian Domain Name Dispute Resolution Centre and ACDR - Arab Center for Domain Name Dispute Resolution - see at: <https://www.icann.org/resources/pages/providers-6d-2012-02-25-en>

² In UDRP-variant proceedings, such as .it and .eu, other rights than trademarks - right to name, geographical indications, etc. - might also establish standing in the proceeding.



The policy and the rules are currently being revised by ICANN's Review of all Right Protection Mechanisms in all gTLDs Policy Development Process Working Group, established in April 2016, in which MFSD is represented too. The objective is to define the "new" UDRP by the end of 2019. Compared with the second edition of the WIPO overview, there has been a considerable enhancement in the evaluation by UDRP Panels of the rights and legitimate interests (second element of the UDRP) and the bad faith (third element of the UDRP), particularly as far as domain investors are concerned. This reflects also the development in recent years of the "domainers industry", meaning businesses engaged legitimately and professionally in trading of large portfolios of (generic) domain names.

At the same time the same principles developed by the UDRP case law regarding domain investors has been codified in the policy of the Uniform Rapid Suspension System (URS).

The URS has been designed as a complement – rather than a replacement - to the UDRP, offering a faster-path proceeding but providing as only remedy the temporary suspension of the disputed domain name.

Currently, the URS applies principally to the new extensions (so called new generic Top-Level Domain or new gTLDs) such as .online, .shop, .wine (the complete list of the delegated new gTLDs can be accessed at: <https://newgtlds.icann.org/en/program-status/delegated-strings>).

The policy (<https://newgtlds.icann.org/en/applicants/urs/procedure-01mar13-en.pdf>) expressly specifies that:

1. the registrant may demonstrate its good faith by showing that *the domain name is generic or descriptive and the Registrant is making fair use of it*" (paragraph 5.8.1);
2. in deciding the dispute, the Examiner shall consider that:
 - a) *trading in domain names for profit, and holding a large portfolio of domain names, are of themselves not indicia of bad faith under the URS*" (5.9.1);
 - b) *sale of traffic (i.e. connecting domain names to parking pages and earning click-per-view revenue) does not in and of itself constitute bad faith under the URS* (5.9.2).

Principles, as mentioned earlier, already enunciated by the UDRP case law (see WIPO Overview Third Edition 2.1 *aggregating and holding domain names (usually for resale) consisting of acronyms, dictionary words, or common phrases can be bona fide and is not per se illegitimate under the UDRP*) and ratified by the URS policy in 2013.

Considering that the policy and rules of the URS are inspired by the UDRP, it is likely that such principles will be inserted also in the new version of the UDRP with reference to the second and third elements.

It should be noted that the UDRP proceeding (and the URS and the .it as well) and the decisions issued therein do not prevent the parties from seeking other remedies available in a court of competent jurisdiction during the proceeding itself or once the decision is issued.

The objective of these proceedings is the fast resolution of the dispute, based on the allegations and evidences submitted by the parties with the complaint and the response (only in exceptional cases the Panel may request further statements or documents from the parties or determine it necessary to hold in-person hearings). The domain dispute proceeding might not be the appropriate venue to decide complex questions of facts and rights (e.g. validity and strength of a trademark or the co-existence of trademarks, etc.) which concern the courts. This has also been highlighted in the latest UDRP decisions (WIPO Case No. D2014-2159 <figaro.club> - *Under the Policy, that sort of full-scale litigation process is not available, as the Panel can only receive and review evidence in*



a summary procedure that does not readily lend itself to an indepth investigation of contested facts. Within the framework of the Policy, the Respondent has raised sufficient facts to lay claim to a legitimate interest in the domain name in question. This finding by the Panel is not intended to be a comprehensive approval of the Respondent's explanation, which the parties may choose to test in a different forum with a different set of procedures).

2. The roles, functions, liabilities and rights of the DRPs

The PSRDs (called as such by the "Rules for the Accreditation of the .it Dispute Resolution Service Providers" dated 18 January 2007) or Dispute Resolution Service Providers under the UDRP and the URS are entities (juridical persons, public or private entities or firms) provided with adequate organization and the necessary reliability, providing their dispute resolution services in a fairly and transparent manner (art. 2 .it rules), independently and impartially (art. 3 .it rules), in conformity with the Italian laws and the .it policy and rules (for the .it disputes) and the UDRP and URS policies and rules (gTLDs).

Concrete expression of their reliability is the national (.it) and international (UDRP and URS) requirement for an errors and omissions insurance covering risks arising from the activities and wrongdoing of the DRP for the entire period of the accreditation (2 years in case of .it, until termination of the Memorandum of Understanding or MoU in case of the UDRP and URS). Such insurance should be attached to the request of accreditation for .it (art. 8 .it rules) and submitted to ICANN.

The principles of the impartiality and independence of the DRPs are also shown by the prohibition to carry out legal consulting and assistance to the users or assign the decision of the disputes to themselves (art. 2 of .it rules). They are instead required to select qualified arbiters with specific background and expertise in domain name disputes (art. 7 .it rules, UDRP and URS). Under the UDRP and the URS the arbiter shall also have certain language skills and expertise in different jurisdictions (see ICANN Dispute Resolution Service Providers Approval Process).

From such principles and, under Italian laws, in particular from the art. 2049 (liability of the principal for the wrongdoing of the agent) of the Civil Code derives the general duty of the DRPs to act diligently in carrying out their dispute resolution services and the consequent liability of the DRPs for *culpa in eligendo* (for having selected incompetent and negligent arbiters) or *culpa in vigilando* (for publishing decisions contrary to the policies and rules or with insufficient and illogical reasoning).

To avoid issues with the first case (*culpa in eligendo*), DRPs, such as MFSD, seek, select and accredit in their neutral arbiters' roster Experts-Panelists-Examiners with demonstrated experience in domain name disputes as panelists or representatives of the parties.

For the second type of cases (*culpa in vigilando*), the MFSD adopts the best practice of well-known international DRPs (e.g. WIPO and CAC), known also as ex-post quality check, i.e. upon receipt of the decision's final draft the DRP does not enter into the merits of the case but limits its verification to the abstract and formal conformity, consistency, homogeneity, balance and consonance in an absolute (and not relative) sense of the decision with the policies and rules and, if necessary, discusses it with the panelist in order to improve the quality of the decision and recalling his/her attention to any logical leap, shortcoming in the reasoning which undermines the decision-making path or the consensus view of the case law developed on a certain question.

If the panelist confirms his/her decision without any amendment, he/she will be liable for any wrongdoing or violation. In such case, MFSD will not influence the Panelist or restrict in any way his/her decisional autonomy, remaining the latter free to adopt the solution or interpretation he/she considers the most substantiated by logical-juridical reasoning for the dispute at hand.



The only sanction applicable by the DRP is the de-accreditation and de-listing of the Panelist. Should any lawsuit be initiated against MFSD, if the case may be, it will call the Panelist on the guarantee.

The DRP selects and appoints the Panelist, supervises the correct case management in accordance with the rules and policies and the quality of the decisions and, if the case may be, removes the Panelist from its list. Panelists used by MFSD are rotated to avoid forum or panelist shopping, i.e. the phenomenon to file complaints with certain DRPs, being familiar with the view of some of their Panelists on certain questions (see also UDRP Providers and Uniformity of Process – Status Report July 2013).

The supervision over the correct and exact application of the rules and policies is a responsibility of NIC .it and, in case of the gTLDs and new gTLDs, ICANN.

Conclusions

The domain dispute resolution proceedings can very well constitute a powerful armory for the trademark owners or holders of other intellectual property rights and for their counsels.

Rather than “wet gunpowder”, they are instead a fundamental tool in the strategy of the protection of rights (fast and efficient rights protection mechanisms), but if the extrajudicial scope is not comprehended and the development of the case law is ignored they are a dangerous deposit of ammunition and explosives. A complaint based only on the demonstration of the complainant’s rights and the registrant's passive holding or holding of a large portfolio of domains as proof of bad faith is likely to be rejected.

The domain disputes have a great potential, but come with great risks as well. Lack of understanding of the difference in scope between them and court proceedings or ignorance of the recent case law of the Panels can quickly turn into a “spark”, causing the complaint to be rejected by the Panelist for lack of sufficient proof on any of the 3 elements of the policies.

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