

# TRADEMARK MONOPOLIES IN THE BLUE NOWHERE

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## I. INTRODUCTION

So much has been written and said already regarding the protection of trademarks when they are registered as domain names that yet another piece may seem a bit superfluous. However, although the Uniform Dispute Resolution Policy (UDRP)<sup>1</sup> has been critiqued in many different manners and in many different fora,<sup>2</sup> the greater normative implications of the UDRP and resulting dispute resolution methodology have not been explored to the same extent. This essay explores those normative implications using data reported in other studies as well as data collected specifically for this paper. This essay concludes that the UDRP is a manifestation of the privatization and commercialization of the process of solving disputes regarding who should be the proper

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1. Internet Corporation for Assigned Names and Numbers ("ICANN"), *Uniform Domain Name Dispute Resolution Policy*, Oct. 24, 1999, available at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (updated Feb. 5, 2002) [hereinafter *UDRP*]. ICANN was created in October 1998 as a non-profit corporation comprising a coalition of the internet's business, technical, academic and user communities to takeover technical coordination of the assignment of internet domain names, IP ("Internet Protocol") address numbers and protocol parameter and port numbers previously performed by the U.S. Dept. of Commerce. ICANN Homepage, at <http://www.icann.org> (last visited Jan. 2, 2002).

2. See Michael Geist, *Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP*, LAWBYTES.COM, Aug. 2000, available at <http://aix1.uottawa.ca/~geist/geistudrp.pdf>. Some critics suggest that the UDRP does not go far enough to protect trademark holders by not including a discovery process, and by not compensating for the increased sophistication of cybersquatters and the inability to obtain damages. Marcelo Halpern & Ajay K. Mehrotra, *From International Treaties to Internet Norms: The Evolution of International Trademark Disputes in the Internet Age*, 21 U. PA. J. INT'L ECON. L. 523, 557 (2000) (stating that cybersquatters have moved beyond registered trademarks to stake out other forms of Intellectual Property); Mitchell J. Matorin & Michael Boudett, *Domain Disputes: Cases Illustrate Limitations of ICANN Policy*, 45 BOSTON BAR J. 4, 4 (2001) ("[t]he combination of a lack of discovery and the imposition of the burden of proof on all elements can be quite problematic for complainants."); Matthew Edward Searing, *What's in a Domain Name? A Critical Analysis of the National and International Impact of Domain Name Cybersquatting*, 40 WASHBURN L.J. 110, 135 (2000) ("UDRP provides 'no remedy other than the transfer of the domain name to the trademark holder.'). Others are concerned that the UDRP system promotes forum shopping and is biased in favor of trademark holders who are the complainants in arbitration. Milton Mueller, *Rough Justice: An Analysis of ICANN's Uniform Dispute Resolution Policy*, Nov. 2000, at <http://dcc.syr.edu/roughjustice.htm>.

registrant of a domain name. This privatization has created a system of compulsory unitization—there are no alternatives. The arbitrated results, under the UDRP, suggest bias on part of the Panelists or the Providers (or both). Trademark owners wrote the UDRP to serve trademark owners. It should be no surprise, therefore, that over 83% of panels favored the complainants in cases brought pursuant to the UDRP.<sup>3</sup> As such, it appears that an unnatural monopoly has been created for trademark owners. Thus, the most important normative implication of the UDRP is that it has chilled trademark owners' motivation to innovate and establish methods of identifying their web pages, other than choosing an obvious domain name. Why invest in something new when the current domain name system is paying off so handsomely for trademark owners?

## II. BACKGROUND

Under United States federal law, there are currently at least four ways a trademark owner can protect its trademark when registered and used as a domain name: (1) Trademark infringement under the Lanham Act;<sup>4</sup> (2) trademark dilution under section 43(c) of the Lanham Act;<sup>5</sup> (3) violation of the Anti-cybersquatting Consumer Protection Act (ACPA) under section 43(d) of the Lanham Act;<sup>6</sup> and (4) recovery of the domain name under the UDRP.<sup>7</sup>

The last item, the UDRP, is the focus of this essay. The other three causes of action require federal litigation in an Article III style court, while the UDRP is the only private, for profit dispute resolution mechanism in place regarding domain names.

## III. PREVENTION OF "CYBERSQUATTING"

The express objective of the UDRP was to provide a simple, cheap, and quick remedy for trademark owners who were victims of

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3. Geist, *supra* note 2, at 8.

4. 15 U.S.C. §§ 1113-1117 (2001).

5. *Id.* at § 1125(c).

6. *Id.* at § 1125(d).

7. *UDRP, supra* note 1.

“cybersquatting.”<sup>8</sup> Defining “cybersquatting” in a law review essay today is like defining milk: everyone knows what it is: some like it and some don’t. That being said, cybersquatting is the registration of a trademark as a domain name when the registrant has no bona fide commercial interest in the mark as a domain name and it does not identify the registrant as the source of some good or service. The domain name registrant registers the domain name for fun, for profit, or for some other reason related to the blue nowhere. The point is that on the first-come, first served registration system followed by the domain name registrars, a legitimate trademark owner would be prevented from registering its trademark if a cybersquatter registered it first.<sup>9</sup>

Prior to the creation of the UDRP, the trademark owner’s only real remedy was in an Article III style court. This was perceived as slow, expensive and not responsive to the trademark owner’s need to have its trademark freed up quickly so that it might use it to attract customers itself (or, in some cases, stop inappropriate uses of its trademark as a domain name).<sup>10</sup>

The first documented case of cybersquatting was that of Joshua Quittner’s “mcdonalds.com” registration.<sup>11</sup> Although retold numerous times, this story deserves a brief retelling here because it was probably the catalyst that caused both a dash to domain names by cybersquatters and a dash to the legislature by trademark owners seeking relief.

In 1994, Joshua Quittner registered “mcdonalds.com” in order to show how insecure the domain name registration system was and how easy it would be to register a famous corporate logo as one’s own domain name.<sup>12</sup> McDonald’s response infuriated Quittner, a journalist for Wired Magazine. He had originally highlighted to McDonald’s that its primary asset (its name) was free for anyone to register as a domain name.<sup>13</sup> McDonald’s not only didn’t register the mark as a domain name, it reportedly claimed that its studies

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8. Halpern & Mehrotra, *supra* note 2, at 555.

9. See David Yan, *Virtual Reality: Can We Ride Trademark Law to Surf Cyberspace?*, 10 *FORDHAM I.P., MEDIA & ENT. L.J.* 773, 803 (2000) (stating the three sources contributing to the definition of cybersquatting are 15 U.S.C § 1125(d), the UDRP and caselaw).

10. *Id.*

11. See Tim Cole, *ICANN Domain Name Dispute Policy - Year One*, METRO. CORP. COUNSEL, Feb. 2001, at 31.

12. Joshua Quittner, *Billions Registered*, WIRED, Oct. 1994, available at <http://www.wired.com/wired/archive/2.10/mcdonalds.html>.

13. *Id.*

showed that the users of the Internet would not use cumbersome, long domain names. Therefore, McDonald's had registered "mcd.com" and was confident that it need not register "mcdonalds.com" as well.<sup>14</sup>

This corporate ignorance baffled Quittner and his readers, so he registered the domain name as his own and asked for a settlement. It is reported that McDonald's ultimately settled the case for \$3,500 worth of computer equipment donated to a New York City school.<sup>15</sup>

There are multiple stories such as this from 1994. Corporate America was certainly slow in realizing the potential of the Internet as a commercial tool. Remember, it was December 13, 1991 when the first web page was posted on the Internet. Corporate America—that is, trademark owners—were slow to recognize the commercial significance of the Internet, but the UDRP demonstrates their current mastery of the blue nowhere.

#### IV. "SQUATTING"

The term "cybersquatting" is probably an unfortunate term. There is no doubt that there is something wrong with registering someone's trademark as a domain name and holding it hostage until the trademark owner pays the registrant \$10,000 to \$30,000.<sup>16</sup> Only extreme hackers and those personally offended by the commercialization of the Internet would dispute that.

However, a better term could be used to describe those that register someone's trademark as a domain name with the intent to profit from the sale of the domain name to the trademark owner. How about thief?

"Squatting" in American jurisprudence does not necessarily connote something negative. The notion of "squatter's rights" implies something keeping with all of American property jurisprudence. That is, the action of "squatting" is to put abandoned or nearly-abandoned property to a higher use.<sup>17</sup> From

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14. G. Andrew Barger, *Cybermarks: A Proposed Hierarchical Modeling System of Registration and Internet Architecture of Domain Names*, 29 J. MARSHALL L. REV. 623, 632 (1996).

15. *Id.* at 632-33.

16. Mueller, *supra* note 2 (stating that reports found the resale of catchy domain names for six figure sums).

17. See Brian Gardiner, *Squatter's Rights and Adverse Possession: A Search for*

the concept of squatting evolved the notion of adverse possession. If an owner of some property is not putting the property to its highest use and some third party does so in an open, notorious, hostile, and continuous manner for a prescriptive term, that third party ought to be rewarded with title to that property.<sup>18</sup>

In some ways, the original so-called cybersquatters were simply putting trademarks to a higher use than the trademark owner was. As such, keeping with the utilitarian concepts that justify much of the Anglo-American property system, it seems that “squatting” on someone else’s trademark as a domain name is not deserving of such pejorative characterizations as “pirate” or “cybersquatter”.

Of course, the act of attempting to profit by the sale of the domain name to the trademark owner defeats any sympathy one might have for squatters. Using land as a squatter to a higher utilitarian end is consistent with our system of jurisprudence. Using land as a squatter and then selling it at an artificially inflated price back to the original owner is not.

Therefore, there is no doubt that the conduct of stealing someone’s trademark and registering it as a domain name ought to be actionable. However, by calling such conduct “cybersquatting” negates the positive role squatting had, and to a lesser extent still has, on the development of land and property rights in the United States.

## V. THE UDRP

### A. *Justification*

There were four reasons why the UDRP was deemed necessary: (1) creating an easy way to enforce trademark rights; (2) creating alternatives to filing suit in federal court; (3) to immunize registrars; and (3) to create international precedent.

#### 1. *Ease of Enforcing Trademark Rights*

The first proffered justification for the UDRP was that

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*Equitable Application of Property Laws*, 8 IND. INT’L & COMP. L. REV. 119, 120-21 (1997) (citing the Black’s Law Dictionary definition of a squatter, but then justifying positive attributes of squatting).

18. *Id.* at 122.

trademark owners needed a quick vehicle by which they could cheaply and easily wrest their trademarks away from cybersquatters.<sup>19</sup> It was perceived that trademark owners needed a simple administrative procedure to follow to cancel domain names that were registered in an attempt to block them from registering their trademarks themselves or by which trademark owners could obtain the rights to such domain names upon proof to the registrars or some other body that they had superior rights in and to the mark.<sup>20</sup>

### 2. *Alternatives to Filing Suit in Federal Court*

Although other avenues of redress existed, they all involved filing suit in federal court. As stated above, trademark owners had sued cybersquatters for trademark infringement or trademark dilution and, in many instances, prevailed. These cases took years to reach a final conclusion and costs were high.

Therefore, trademark owners argued that they needed an administrative proceeding by which they could obtain domain name rights for their trademarks without having to endure federal litigation along with all the expenses and lost time such litigation would entail.<sup>21</sup>

### 3. *Immunize Registrars*

Although the interests of trademark owners were definitely a driving force behind the UDRP, on an equal footing was the need to make the Registrars immune from suit. Network Solutions, Inc. (NSI) was the sole registrar of domain names from 1991 to 1999.<sup>22</sup> NSI has been sued several times for contributory trademark infringement.<sup>23</sup> The doctrine of contributory trademark infringement and the precedent seemed to indicate that these suits

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19. Mueller, *supra* note 2, at 5.

20. *Id.*

21. *Id.* (explaining that the UDRP was not designed to replace courts, but to resolve the most egregious and easiest types of cybersquatting cheaply and quickly).

22. Scott Hejny, *Opening the Door to Controversy: How Recent ICANN Decisions Have Muddied the Waters of Domain Dispute Resolution*, 38 HOUS. L. REV. 1037, 1040 (2001) (stating that NSI registered over 2.7 million domain names and reported profits of nearly 36 million dollars).

23. See, e.g., *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980 (9<sup>th</sup> Cir. 1999); *Watts v. Network Solutions, Inc.*, 202 F.3d 276 (7<sup>th</sup> Cir. 1999); *Seven Words, LLC v. Network Solutions*, 260 F.3d 1089 (2001).

were anything but frivolous. NSI clearly provided the instrumentality by which the cybersquatters' infringement or dilution was made possible. Didn't the registrars have any responsibility to police what they were registering? Could they just pretend they were Sergeant Schultz forever and claim they saw no evil, heard no evil, knew no evil and therefore the evil could not exist? Probably not.

Therefore, the UDRP provides for complete immunity from suit for any approved Registrar if they register a domain name that later turns out to be the valid trademark of a third party.<sup>24</sup>

Registrars are for-profit enterprises. If they were likely to be sued as often as NSI for contributory trademark infringement, it is unlikely that many companies would be interested in joining. The buzzword was "competition". The UDRP should create a competitive field for registration services. This competition would drive down costs for users and drive up the quality of services.<sup>25</sup>

All of this would be for naught, however, if the Registrars would be sued for contributory trademark infringement as often as NSI was. Therefore, in the end, the UDRP provides a complete blanket of protection for Registrars, and if trademark owners are to sue anyone, it must be the cybersquatter (or the domain name itself).

#### 4. *International Intrigue*

The final meaningful motivation behind the UDRP was a recognized need to be the international leader in what domain name dispute resolution policies around the world would look like. Many countries around the world are now providing domain name dispute resolutions services, which bypass litigation in these countries. Most of these policies look very much like the UDRP.<sup>26</sup>

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24. *UDRP*, *supra* note 1, ¶ 2.

25. National Communications and Information Administration, *Improvement for Technical Management of Internet Names and Addresses*, 63 Fed. Reg. 8826 (Feb. 20, 1998) [hereinafter Green Paper]; National Communication and Information Administration, *Management of Internet Names and Addresses*, 63 Fed. Reg. 31,741 (June 10, 1998), available at 1998 WL 298883 [hereinafter White Paper].

26. Japan has adopted a verbatim translation of the UDRP to resolve domain name conflicts over the .jp country code domain names. The only difference in the Japanese version is use *or* registration is bad faith rather than use *and* registration in the U.S. See Japan Network Information Center, *JP Domain Name Dispute Resolution Policy*, Nov. 10, 2000, available at <http://www.nic.ad.jp/en/regist/dom/doc/jp-drp-policy-e.html>. Under the Japanese UDRP, fourteen cases have been brought and eleven cases resulted in name transfer.

At the time of its drafting, there was a concern that multiple dispute resolution policies that did not go far enough to protect trademark owners' rights would chill use of the Internet as a commercial endeavor and ease foreign misappropriation of famous American trademarks.

As such, a policy that was favorable to American trademark owners and that would be the model for other countries to follow was necessary. If other policies came on line first, they may not have the provisions deemed necessary to protect American trademark and commercial interests. Therefore, one of the main purposes of the UDRP was to provide international leadership in how to deal with cybersquatting.

### *B. Substance*

The UDRP operates as a contract of adhesion for every registrant of a domain name. Each domain name registration is given subject to the terms and conditions of each Registrar.<sup>27</sup> If an applicant refuses to abide by the UDRP's provisions for dispute resolution, the registration will be cancelled or not registered in the first place.<sup>28</sup>

Paragraph four of the UDRP is the real substance of the policy. By the tone of the entire UDRP, it is easy to tell who is the intended audience. It states as follows:

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;
- (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.<sup>29</sup>

The Complainant must demonstrate that each of these

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27. *UDRP Policy*, *supra* note 1, at ¶ 1 (stating that the Uniform Dispute Resolution Policy is incorporated by reference into ones Registration Agreement).

28. *Id.* ¶ 3.

29. *Id.* ¶ 4(a) (emphasis added).

elements is satisfied.<sup>30</sup> Notice that paragraph 4(iii) requires domain name registration *and* use of the domain name, both in bad faith, before paragraph 4 elements are satisfied.<sup>31</sup>

Pursuant to the UDRP, bad faith means:

1. Registrant acquired domain name in order to preclude trademark owner from reflecting the mark in a corresponding domain name;

2. Registrant acquired domain name primarily to sell it or otherwise traffic in such domain name;

Domain name was registered primarily to disrupt business activities of a competitor;

4. Domain name was registered for commercial gain by creating a likelihood of confusion.<sup>32</sup>

The UDRP provides for the following defenses:

- (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

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30. *Id.*

31. The wording of paragraph four was of some concern in the drafting stage. The text of the final version of paragraph four requires bad faith to be shown by a Complainant in the registration and the use of a domain name. Some were apparently concerned that such a level of proof would make it very difficult to prove cybersquatting in if the domain name were not used but just “warehoused.” This is one point in the UDRP where the language actually appears to be neutral. However, it did not take long for Panelists to overcome this apparent obstacle. In *telstra.org*, the Panel found that non-use of the registered domain name by the alleged cybersquatting Respondent amounted to bad faith use if one paid “close attention to all the circumstances of Respondent’s behavior.” The Respondent had taken affirmative steps to hide his identity. *Telstra Corp. Ltd. v. Nuclear Marshmallows*, No. D2000-0003 (WIPO Feb. 18, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/d2000-0003.html>. This has led one commentator to refer to such Panelists’ opinions as following what the commentator refers to as “the inaction doctrine” and that “[I]f the doctrine extends beyond the bounds of the Policy, however, it may expand trademark rights too far and jeopardize the credibility of the UDRP.” John G. White, *ICANN’s Uniform Domain Name Dispute Resolution Policy in Action*, 16 BERKELEY TECH. L. J. 229, 241-42 (2001).

32. *UDRP*, *supra* note 1, at ¶ 4(b).

(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.<sup>33</sup>

### C. Procedure

The Rules for Uniform Domain Name Dispute Resolution Policy (RUDRP)<sup>34</sup> provide basic rules for procedure, which all Providers must follow. However, it allows Providers to develop their own rules regarding the length of opinions, fees charged, and various other matters.<sup>35</sup> Generally, all Providers require a complaint to be less than 5,000 words or a maximum of ten pages.<sup>36</sup> It must be served on the Provider and the Respondent.<sup>37</sup> It must allege all of the elements of paragraph 4,<sup>38</sup> and it must indicate any request for a three-member Panel.<sup>39</sup> The fees for resolution of one domain name are approximately \$950-\$2000 if a single Panel is selected and \$2,500-\$4500 if a three-member Panel is selected.<sup>40</sup> The

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33. *Id.* at ¶ 4(c).

34. ICANN, *Rules for Uniform Dispute Resolution Policy*, available at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (adopted Aug. 26, 1999) [hereinafter *UDRP Rules*].

35. *See id.* ¶¶ 15(e), 19(a).

36. CPR Institute for Dispute Resolution, *CPR's Supplemental Rules and Fee Schedule*, available at [http://www.cpradr.org/ICANN\\_RulesAndFees.htm](http://www.cpradr.org/ICANN_RulesAndFees.htm) (last visited Jan. 6, 2002) [hereinafter *CPR's Supplemental*]; National Arbitration Forum, *Uniform Domain Name Dispute Resolution "UDRP" Supplemental Rules*, Feb. 1, 2002, available at <http://www.arbforum.com/domains/UDRP/rules.asp> [hereinafter *NAF's Supplemental*]; World Intellectual Property Organization, *Supplemental Rules for Uniform Domain Name Dispute Resolution Policy*, Dec. 1, 1999, available at <http://arbiter.wipo.int/domains/rules/supplemental.html>.

37. *UDRP Rules*, *supra* note 34, ¶ 3(a), 3(b)(xii).

38. *Id.* at ¶ 3(b)(ix).

39. *Id.* at ¶ 3(b)(iv).

40. Provider supplemental rules and fees show that CPR charges \$2,000 for a single panelist and \$4,500 for a three-member panel based on the resolution of one to two domain names. EResolution (now defunct) charged \$1,250 for a single panelist and \$2,900 for a three-member panel based on the resolution of one to two domain names. NAF charges \$950 for a single panelist and \$2,500 for a three-member panel based on resolution of one domain name, while it charges \$1,100 for a single panelist and \$2,500 for a three-member panel based on two domain name resolutions. WIPO charges \$1,500 for a single panelist and \$3,000 for a three-member panel for resolution of one to five domain names. *CPR's Supplemental*, *supra* note 36; eResolution, *eResolution Supplemental Rules*, at [http://www.eresolution.ca/services/dnd/p\\_r/supprules.htm](http://www.eresolution.ca/services/dnd/p_r/supprules.htm); *NAF's Supplemental*, *supra* note 36; WIPO Admin. & Mediation Ctr., *Schedule of Fees under ICANN Policy*, Aug. 15, 2000, available at <http://arbiter.wipo.int/domains/fees/index.html>.

RUDRP allows for the Respondent to reply within twenty days,<sup>41</sup> and if the Respondent does not reply in twenty days, the RUDRP allows the Panel to proceed as if the matter were “uncontested.”<sup>42</sup>

The decision of the Panelist is final; there is no appeal procedure within the UDRP. A non-prevailing party’s only remedy is to file suit in a federal court to obtain an injunction ordering the Registrar to refrain from canceling or transferring the domain name.<sup>43</sup>

UDRP decisions are fast. A decision is issued thirty to ninety days after the date of filing,<sup>44</sup> and the majority of cases take less than forty-five days. Although justice delayed may be justice denied, there is no evidence that swift justice is fair justice. Although many individual Panelists appear to have—on their own initiative—allowed Respondents who try to respond but (for whatever reason) miss the twenty-day deadline, there is no objective data on how many of those Respondents elected not to respond simply because they did not have enough time to file a response.

Although providing a quick resolution to the issue of cybersquatting is one of the stated objectives of the UDRP, the Policy propels so many cases through the system at such speed that—as will be shown below—mistakes or inconsistencies are made that detract from the legitimacy of the UDRP. Besides, although the alternative of federal litigation may take too long from the trademark owner’s perspective, there is no evidence that providing a longer response time (e.g., sixty days) would substantially undermine the point of the UDRP.

## VI. PROVIDERS

One of the most questionable aspects of the UDRP is the selection and maintenance of Providers. To become a Provider, an entity of arbitrators must meet ICANN’s requirements.<sup>45</sup> Most of these requirements involve showing administrative competence:

In general, ICANN examines the applications to

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41. *UDRP Rules*, *supra* note 34, at ¶ 5(a).

42. *Id.* at ¶¶ 5(e), 14(a).

43. *Id.* at ¶ 18.

44. *See id.* at ¶¶ 5(a), 6(b), 15(b), 16(a).

45. ICANN, *Information Concerning Approval Process for Dispute Resolution Service Providers*, Feb. 2, 2002, available at <http://www.icann.org/udrp/udrp-provider-approval-process.htm>.

determine whether the applicant has demonstrated its ability to handle proceedings in an expedited, global, online context in an orderly and fair manner. Attributes that are especially important include:

A. Applicant should have a track record in competently handling the clerical aspects of ADR proceedings. ICANN considers proper review of pleadings for administrative compliance and reliable and well-documented distribution of documents to the parties and panels to be essential capabilities for providers. In the absence of a well-established track record in handling the clerical function, a detailed plan for providing those abilities ordinarily must be submitted.

B. Applicant should propose a list of highly qualified neutrals who have agreed to serve as panelists. Applicant's list should include at least twenty persons. Applicants are expected thoroughly to train the listed neutrals concerning the policy, the uniform rules, the technology of domain names, and the basic legal principles applicable to domain-name disputes. Accordingly, excessively long lists of neutrals are discouraged.

The applicant should either present a list of panelists from multiple countries or, if the applicant initially presents a single-country list, propose a plan to expand its list to become multinational.

C. Applicant's supplemental rules and internal procedures should demonstrate that applicant understands the workings of the policy and uniform [sic] rules.<sup>46</sup>

As this article concludes—and many other commentators have stated—the data, reported below, indicates that there is a serious concern about Provider bias in resolving cases. This apparent bias has caused one Provider to cease offering services to new complainants. The only Provider with an apparent objective track record in dispute resolution services, eResolution, dropped out in December 2001.<sup>47</sup> The company stated that new filings were down

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46. *Id.*

47. Steven Bonisteel, *Arbitration Firm Quits Domain-Dispute Business*, NEWSBYTES, Dec. 3, 2001, available at <http://www.newsbytes.com/news/01/172619.html>; 2001 WL 23420688; ICANN, *Approved Providers for UDRP*, updated

and claimed concerns about bias and trademark owners forum shopping as reasons for their decision.<sup>48</sup>

In a surprising move that seems to further question the legitimacy of the Provider system, ICANN announced just days after eResolution dropped out that a new Provider would take its place. Beginning February 28, 2002, the Asian Domain Name Dispute Resolution Centre (ADNDRC) will begin accepting filings pursuant to the UDRP.<sup>49</sup>

Applications for other Providers appear to be pending. ICANN's timing in announcing ADNDRC as the new Provider is suspect. Although it may be entirely benign, why did ICANN choose to announce the addition of ADNDRC just days after eResolution's withdrawal, when the applications of ADNDRC and many other Providers had been pending for some time?

In the end, the addition of ADNDRC is an extremely positive step for one reason: before ADNDRC's inclusion, no Provider could handle disputes in anything but the English language. ADNDRC is committed to providing dispute resolution services in Asian languages,<sup>50</sup> and this may be a very positive move for Asian trademark holders.

As of this writing, the four recognized Providers are as follows:

- (1) National Arbitration Forum (NAF)
- (2) World Intellectual Property Organization (WIPO)
- (3) CPR Institute for Dispute Resolution (CPR)
- (4) Asian Domain Name Dispute Resolution Centre (ADNDR)<sup>51</sup>

As the data below will make clear, NAF and WIPO handle the vast majority of disputes, and panelists cross the list between NAF and WIPO with significant frequency. Therefore, there are a small

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Feb. 5, 2002, available at <http://www.icann.org/udrp/approved-providers.htm> (stating that eRes was not accepting proceedings commenced after Nov. 30, 2001) [hereinafter ICANN, *Approved Providers*]; see also eResolution, *eResolution: Integrity Online*, at <http://www.eresolution.org> (last updated Dec. 14, 2001) ("eResolution has folded its operations.").

48. *Id.*

49. Press Release, ICANN, ICANN Announces New Dispute Resolution Provider in the Asia Pacific Region (Dec. 3, 2001), available at <http://www.icann.org/announcements/announcement-03dec01.htm> [hereinafter ICANN, *Announcement*].

50. *Id.*

51. ICANN, *Approved Providers*, *supra* note 49; ICANN *Announcement*, *supra* note 49.

number of individuals that decide the majority of disputes brought under the UDRP.

## VII. DATA

The data regarding the number of disputes filed, resolved and otherwise disposed of is quite startling. From ICANN's reported data, this essay first identifies the sheer numbers involved.

**Table One: Summary of Status of Proceedings**<sup>52</sup>

Proceedings	Domain Names	Proceeding Status
355	529	Pending
34	59	Case suspended at complainant's request
5	5	Case suspended, other
<b>394</b>	<b>593</b>	<b>Total undisposed proceedings</b>
3225	5573	Name transfer
31	41	Registration cancelled
786	1012	Decision for respondent
27	522	Split decision
<b>4069</b>	<b>7148</b>	<b>Dispositions by decision</b>
6	6	Settlement with transfer
18	18	Settlement, unspecified result
3	6	Dismissal with prejudice
410	644	Dismissal without prejudice
90	107	Dismissal, unspecified
<b>527</b>	<b>781</b>	<b>Dispositions without decision</b>
<b>12</b>	<b>13</b>	<b>Proceedings terminated for recommencement</b>

Table One indicates that the Providers are very busy. In the two years since the first case brought under the UDRP was decided,

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52. ICAAN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, Jan. 2, 2002, at <http://www.icann.org/udrp/proceedings-stat.htm> [hereinafter *Summary of Proceedings*].

Providers have been issuing over five and a half opinions per day.<sup>53</sup> As indicated above, to date, there have been principally two Providers issuing most of the decisions and there is significant crossover when Panelists work for both WIPO and NAF. This is an incredible workload for a small number of individuals.

Regarding the issue of expeditiousness, it is interesting to note that ICANN reports only twenty-four total cases have settled out of 4,990 proceedings (.49%). The settlement data indicates that six of the settled cases required a transfer of the domain name and the rest settled with an “unspecific result.” ICANN produces no data to ascertain what an “unspecific result” might be. It is interesting to note, however, that until December of 2001, ICANN also was reporting the number of cases that settled “without transfer”. In the first two years of reporting, ICANN reported that the number of cases that settled “without transfer” was zero. Therefore, ICANN now has dropped that data from their Summary of Status of Proceedings. Why? Because it never happens. Why does it never happen? It may simply be that things are moving so quickly that settlement is nearly impossible.

The most striking data in Table One, however, is the fact that Complainants prevail in 81% of the proceedings regarding 86% of the domain names.<sup>54</sup> This means that only 14% of the domain names subject to the UDRP are not transferred to the Complainant.

Michael Geist, of the University of Ottawa, has written perhaps the most convincing study regarding the bias of Providers and Panelists.<sup>55</sup> The data Geist culled from interviews, surveys of Panelists, counting cases as reported by ICANN, and other laborious methodologies is also striking.

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53. *Id.*

54. *Id.*

55. *See* Geist, *supra* note 2.

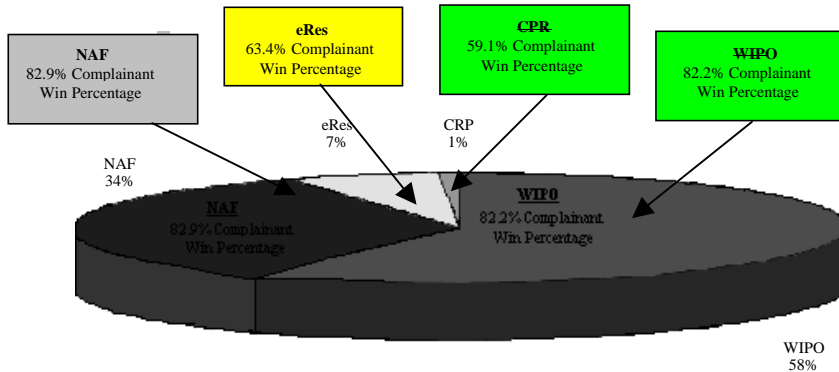
**Table Two. Forum Shopping: Provider Percentage of Overall****Caseload & Provider Complainant Win Percentage (July 7, 2001)<sup>56</sup>**

Table Two shows that WIPO and NAF have dominated the provision of dispute resolution services. As of July 7, 2001, 92% of all cases were brought to either NAF or WIPO. By October of 2001, eResolution's market share was down to 7% and NAF and WIPO's combined share was 92%. CPR's share has remained at 1%, or statistically irrelevant.<sup>57</sup>

Regarding the issue of Provider bias, however, Geist reports that Complainant win percentage in cases WIPO Panelists handled was 82.2% and in cases NAF Panelists handled the Complainant win percentage was 82.9%.<sup>58</sup> With eResolution reporting only a 63.4% win percentage for trademark owners,<sup>59</sup> it is not surprising that their workload has dissipated and they have stopped taking new cases.<sup>60</sup>

56. *Id.* at 6.

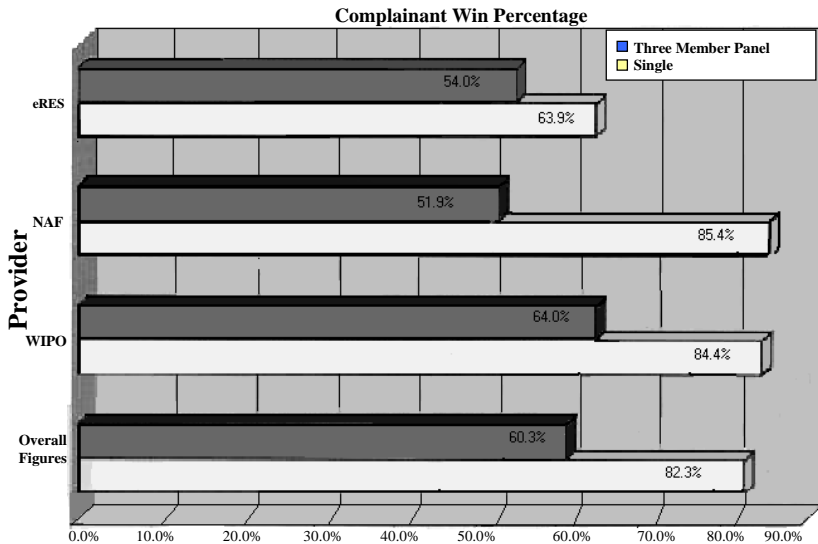
57. *Id.*

58. *Id.*

59. *Id.*

60. ICANN, *Approved Providers*, *supra* note 47 (stating that eRes was not accepting proceedings commencing after Nov. 30, 2001); *see also* eResolution: Integrity Online, at <http://www.eresolution.org/> (last updated Dec. 14, 2001) ("eResolution has folded its operations.").

**Table Three: Complainant Win Percentage:  
Single vs. Three-Member Panels (July 7, 2001)<sup>61</sup>**



Geist also tabulated the percentage of Complainant wins when they requested a three-judge panel rather than a single judge panel. His findings are reported in Table Three. Table Three indicates that Complainants fair substantially better before single member panels.<sup>62</sup> The lesson for Respondents is clear: always request three member panels. Your chances of success go up drastically if you do.

Some have argued that the numbers Geist reports are skewed.<sup>63</sup> That is, WIPO and NAF handle a large number of uncontested cases.<sup>64</sup> It is not surprising that a large percentage (virtually all since they are default cases) result in a domain name transfer in favor of the Complainant.

Table four shows the names of several Panelists and their corresponding Complainant win percentages.<sup>65</sup> To be sure, James Carmody's caseload was nearly 75% uncontested cases.<sup>66</sup> As such,

61. *Id.* at 19.

62. *Id.*

63. *Summary of Proceedings, supra* note 52; Mueller, *supra* note 2 (providing statistical summary through Nov. 2000).

64. Mueller, *supra* note 2 at 10-13.

65. *See* Geist, *supra* note 2, at 24.

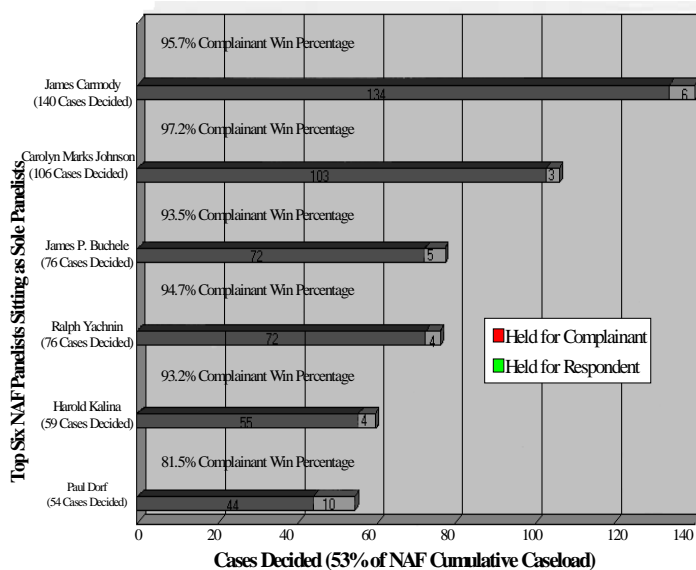
66. *Id.*

the fact that he held for the Complainant nearly 96% of the time is not as inflammatory as it first appears.<sup>67</sup> However, Paul Dorf's caseload is only about 19% uncontested cases.<sup>68</sup> This less adequately explains the apparent overwhelming success rate of the Complainant.

Furthermore, the allocation of single member panels is theoretically random. Are we to believe that James Carmody randomly received such a huge percentage of single member panel complaints while others, with express views more hostile to the UDRP, received none?

Although some of the numbers that seem to indicate Provider bias can be explained by the number of default cases, it does not explain why James Carmody is so busy with single member default cases while Milton Mueller, an avowed critic of the UDRP and equally registered with NAF has received none.<sup>69</sup>

**Table Four: NAF Caseload Data: Decisions of Top Six Panelists Sitting as Sole Panelists (July 7, 2001)**<sup>70</sup>



67. *Id.*

68. *Id.*

69. Geist, *supra* note 2, at 26. Prof. Milton has participated in seven cases but never as a sole panelist. *Id.* In those cases the complainant has won only twice one of which Milton dissented. *Id.*

70. *Id.* at 24.

To continue to pick on James Carmody for absolutely no personal reason whatsoever, he is clearly the busiest Panelist. Table Five indicates that as of July 7, 2001, he had decided over 14% of all of NAF's domain name cases under the UDRP.<sup>71</sup> Again, with so many Panelists registered to receive cases, if there is a reason NAF prefers to assign James Carmody cases, other than the fact that he holds in favor of the Complainant much of the time, they ought to articulate that. This data that Geist compiled indicates that something is amuck. Under a system in which single member panels are randomly assigned, how can one person (with 75% of his caseload being default cases) hear so many cases? Most likely this is not coincidence.

**Table Five: Busiest Panelists By Provider: Sole Panelist or as Presiding Panelist on Three-Member Panels (July 7, 2001)<sup>72</sup>**

<b>The National Arbitration Forum (NAF)</b>		
<b>Panelist</b>	<b>Number of Cases</b>	<b>% of NAF Caseload</b>
James A. Carmody	148	<b>14.16%</b>
Carolyn Marks Johnson	111	<b>10.62%</b>
James P. Buchele	80	<b>7.66%</b>
Ralph Yachnin	77	<b>7.37%</b>
Harold Kalina	60	<b>5.74%</b>
Paul A. Dorf	54	<b>5.17%</b>
<b>Combined Percentage</b>		<b>50.72%</b>

**World Intellectual Property Organization (WIPO)**

<b>Panelist</b>	<b>Number of Cases</b>	<b>% of WIPO Caseload</b>
Sir Ian Barker	64	<b>3.51%</b>
Frederick M. Abbott	58	<b>3.18%</b>
M. Scott Donahey	54	<b>2.96%</b>
Jeffrey M. Samuels	53	<b>2.90%</b>
Richard W. Page	53	<b>2.90%</b>
Dennis A. Foster	52	<b>2.85%</b>
<b>Combined Percentage</b>		<b>18.30%</b>

71. *Id.* at 35.

72. *Id.*

<b>eResolution (eRes)</b>		
<b>Panelist</b>	<b>Number of Cases</b>	<b>% of eRes Caseload</b>
Richard Hill	9	4.46%
Giovanni Ziccardi	7	3.47%
Sandra A. Sellers	7	3.47%
Alan L. Limbury	6	2.97%
David Lametti	6	2.97%
Richard D. Faulkner	6	2.97%
<b>Combined Percentage</b>		<b>20.3%</b>

Table Six shows the number of cases commenced per month since the inception of the UDRP.<sup>73</sup> Demand peaked in August of 2000 when nearly 350 new cases were filed.<sup>74</sup> On average the filing fee for each UDRP case is approximately \$1,300.<sup>75</sup> Therefore, the total market value of UDRP dispute resolution services in the month of August 2000 was nearly \$450,000. Although the trend for much of the year of 2001 was downward,<sup>76</sup> by October the number of new claim filings had increased to over 290 cases filed in that month alone. As such, the total market of dispute resolution services for the year of 2001 will be well over \$3 million. Statistics from the last quarter indicate the number of new claims has leveled off at approximately 250 new cases a month or a \$325,000 total income stream per month for the Providers.<sup>77</sup>

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73. Mueller, *supra* note 2, at 7.

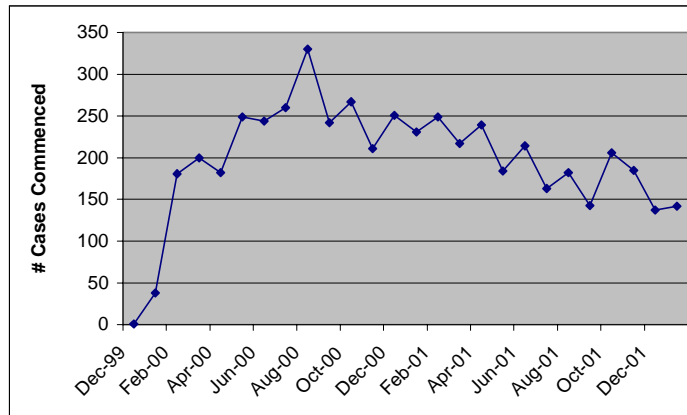
74. *Id.*

75. *Id.* at 26-27 app. 1; Barbara A. Solomon, *Two New Tools to Combat Cyberpiracy*, 90 TRADEMARK REP. 679, 720 n.145 (2000). The filing fee in most district courts is \$150 while the fee for a UDRP proceeding ranges from \$1000 to \$1500, depending on the provider. *Id.*

76. ICANN, *UDRP Proceedings—Indexed by Commencement Date*, at <http://www.icann.org/udrp/proceedings-list.htm> (last updated Feb. 8, 2002) [hereinafter ICANN, *UDRP Proceedings*].

77. *See infra* note 78.

**Table Six: Number of UDRP New Case Filings Per Month<sup>78</sup> (Dec. 1999 to Jan. 30, 2002)**



## VIII. PROBLEMS WITH THE UDRP SYSTEM

### A. Forum Shopping

Forum shopping is perhaps the most obvious issue ICANN needs to address. Although some Providers can argue that it doesn't exist, overwhelming data indicates that it does.<sup>79</sup> After Geist released his study claiming bias and forum shopping,<sup>80</sup> eResolution's market dried up and they stopped providing dispute resolution services.<sup>81</sup>

78. Table six was created from data found on ICANN's website which lists proceedings of disputes by commencement date. Recently, ICANN has rearranged this data into a new format. Now, the information is much more difficult to gather compared to when the data from January 1999 to August 2001 was determined. Thus, the number of proceedings by commencement date are off by plus or minus five cases. ICANN, *UDRP Proceedings*, *supra* note 76.

79. See Geist, *supra* note 2, at 24; Annette Kur, *UDRP: A Study by the Max-Planck-Institute for Foreign and International Patent, Copyright and Competition Law, Munich*, available at <http://www.intellecprop.mpg.de/Online-Publikationen/2002/UDRP-study-final-02.doc> (last visited Feb. 11, 2002).

80. *Id.*

81. ICANN, *Approved Providers*, *supra* note 60 (stating that eRes was not accepting proceedings commenced after Nov. 30, 2001); see also eResolution: Integrity Online, at <http://www.eresolution.org/> (last updated Dec. 14, 2001) ("eResolution has folded its operations.")

*B. Inconsistent or Incorrect Opinions*

Or should we just say unbelievable.<sup>82</sup> There are now so many nonsensical opinions that it would be impossible to list or discuss all of them in this essay. Some of my favorites are as follows:

In *Familiar Limited v. CTD Technologies*,<sup>83</sup> Joan Clark, a WIPO solo panelist, held that the domain name, Familiar.com, should be transferred to a small software development company incorporated in 1991 in the U.K. under the name, Familiar Limited. Familiar Limited had agreed to purchase the domain name from the registrant, but the registrant failed to comply with the transfer. Familiar Limited had not and has not registered Familiar as a trademark in the U.K. or anywhere else.<sup>84</sup>

The entire legal analysis of whether the Respondent acted in bad faith is as follows:

The Panel finds that Connect-the-Dots, Inc. acquired the domain name from CTD Technologies, Inc., the named Respondent which did not respond to the Complaint. Connect-the-Dots, Inc. declared itself the owner of the domain name, filed the Response and is clearly in control of the domain name. The Panel also finds that Connect-the-Dots, Inc., the holder of the domain name, acted in bad faith in that it acquired and has used the domain name primarily for the purpose of selling, renting or otherwise transferring it to the Complainant or a competitor for an exaggerated consideration, contrary to paragraph 4(b)(i) of the Policy.<sup>85</sup>

In *Tata Sons Ltd. v. D & V. Enter.*,<sup>86</sup> Michael Ophir, another WIPO solo Panelist, ordered the cancellation of the domain name “bodacious-tatas.com”.<sup>87</sup> The Complainant was Tata Sons Limited, an India investment company that alleges over \$9 billion in sales in the United States alone with multiple joint ventures around the

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82. Of course, the vast majority of cases that Panelists have written make perfect sense, but they are no fun to talk about.

83. *Familiar Ltd. v. CTD Tech., Inc.*, Case No. D2001-1009 (WIPO Nov. 5, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-1009.html>.

84. *Id.* at 5-6.

85. *Id.* at 6. Panelist Clark concluded that there was bad faith and ordered the domain name transferred. *Id.* at 6-7.

86. *Tata Sons v. D&V Enters.*, Case No. D2000-0479 (WIPO Aug. 18, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0479.html>.

87. *Id.* at 11-12.

world bearing the “Tata” trademark.<sup>88</sup>

Although this was an uncontested case, Panelist Ophir concluded:

The Panel would add additional aggravating circumstances such as the reasonable assumption that the repute and goodwill of the Complainant, the high quality of its goods and services and its standing must have been known to the Respondent since it was on these and other qualitative elements that he built the outspoken sexuality, promiscuity and pornography under the heading of “bodacious-tatas”.<sup>89</sup>

In an actually quite well reasoned opinion that comes to a comical end, solo panelist, James Bridgeman ordered a host of domain names all in the line of “guinness-beer-reallysucks.com” and “guinness-really-really-sucks.com” to be transferred to Guinness because of a likelihood of confusion.<sup>90</sup>

Solo Panelist, Dr. Kamen Troller, held that by refusing to accept Complainant’s offer to purchase the domain name “tonsil.com” for \$100, Respondent was implicitly requesting more money and was therefore acting in bad faith.<sup>91</sup>

In August 2001, the Panelist in *Storck K.G. v. Unimetal Sanayai*<sup>92</sup> ordered “merci.com” to be transferred without any acknowledgement in the opinion that the domain name means “thank you” in a generic sense in the French language.

Finally, for our purposes here, in *Alta Vista Co. v. S.M.A., Inc.*,<sup>93</sup> presiding Panelist Jeffrey Samuels, former Trademark Commissioner of the United States Patent and Trademark Office, concluded in a footnote as follows:

The Panel notes that the copies of the registration certificates annexed to the Complaint indicate that the

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88. *Id.* at 4.

89. *Id.* at 11.

90. Diageo PLC v. Zuccarini, Case No. D2000-0996 (WIPO Oct. 22, 2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0996.html>.

91. Süüd-Chemie AG v. Tonsil.com, Case No. D2000-0376 (WIPO July 3, 2000) at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0376.html> (“Choosing not to reply to the Complainant’s overture of an offer of US \$ 100-200 for the name tonsil.com, Ms. Comito made it clear that she wanted more than out-of-pocket costs to sell the rights to the domain name.”).

92. August Storck KG v. Unimetal Sanayi ve Tic A.S., Case No. D2001-1125 (WIPO Nov. 23, 2001), at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-1125.html>.

93. AltaVista Co v. S.M.A., Inc., Case No. D2000-0927 (WIPO Oct. 4, 2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0927.html>.

marks and registrations in issue are owned by Digital Equipment Corp. Based on its own investigation, the Panel determines that the marks and registrations have been assigned to Complainant.<sup>94</sup>

This last case is not an example of an absurd result. This last case demonstrates the steps Panelists will take to expedite cases. In traditional litigation, if the plaintiff fails to offer proof that it is the owner of the trademark at issue, the complaint would be defective and, unless amended by the plaintiff (and not the court), the case would be dismissed.<sup>95</sup> Under the UDRP, however, speed is the primary objective. Thus, Panelist Samuels searched the PTO records himself, realized the Complainant's error, corrected it, and proceeded to hold in the Complainant's favor.<sup>96</sup> The conclusion may have been meritorious. I only raise this as an example of what might be lost in Panelists' haste to reach conclusions.

This list is in no way exhaustive. Although there are plenty of "good" cases, the number of absurd cases such as these brings into question the credibility and legitimacy of the UDRP system. If nothing else, the first two quotations above indicate that the Panelists should at least learn to write in the English language.

### C. *Single Panelist Issues*

The Geist study<sup>97</sup> and others seem to indicate that the Complainant is much more likely to prevail when there is a single panelist than when there are three panelists. Geist concludes that bias is suggested when single panelists decide cases.<sup>98</sup> The argument that a single Panelist hears virtually all uncontested cases seems to answer part of the discrepancy but not all of it.

Furthermore, even if single Panelists are not biased, the quality of the decision-making clearly goes down significantly when there is one Panelist rather than three. Virtually all of the absurd results came from solo Panelists.<sup>99</sup>

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94. *Id.* at 4.

95. Lanham Act, 15 U.S.C.A. §§ 1125 (c) (1), 1127 (2001).

96. *AltaVista*, *supra* note 93

97. *See Geist*, *supra* note 2.

98. *Id.* at 19.

99. *See supra* notes 82-95 and accompanying text.

#### *D. Panelist Workloads*

Some of the busiest Panelists currently write up to two opinions per week.<sup>100</sup> Many Panelists are not this busy at all.<sup>101</sup> There is clearly not any sort of fair distribution of labor among the Panelists. Even if one can do quality work at writing two opinions a week, why should anyone have to? Why is this a good thing? Why have the Providers created such a discrepancy?

It appears that Providers are pretty secure with the outcomes of some Panelists and not secure with others. It appears that Providers are assigning cases to Panelists who will hold in favor of the trademark owner. It appears that the Panelist bias that Geist cited<sup>102</sup> may be less of an issue than Provider bias in assigning cases.

Of course, in a commercialized for-profit system where the trademark owners are paying up to \$450,000 a month for these services,<sup>103</sup> they ought to be prevailing most of the time. To insure their income stream, Providers have a perfect profit incentive to assure that Panelists hold in favor of the Complainant trademark owner most of the time. If not, trademark owners will not use their services and all Providers will be forced to go the way of eResolutions.

#### *E. White Paper of June 1998*

Although there was significant writing on the wall before 1998, the White Paper of June of 1998<sup>104</sup> sealed the fate of the UDRP. In the White Paper, a privatized, commercial, for-profit dispute resolution system was proposed and accepted by NSI, the United States government, and the trademark lobby.<sup>105</sup> This turned the inherently public function of identifying and enforcing the scope of intellectual property rights into a private affair. Once it became privatized, general rules of fair play became obfuscated. The primary objective became the protection of Registrars from liability and the quick, efficient return of trademarks to trademark owners.<sup>106</sup>

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100. Mueller, *supra* note 2, at 7.

101. *Id.*

102. See Geist, *supra* note 2, at 24.

103. Mueller, *supra* note 2, app. 1, at 26-27.

104. White Paper, *supra* note 25.

105. *Id.* at 74-49.

106. See Geist, *supra* note 2, at 13 (citing the White Paper).

Again, this essay is not in defense of so-called cybersquatting.<sup>107</sup> However, when we made the inherently public function of registering and enforcing intellectual property rights into a multi-million dollar per year business, it is unreasonable to think of it as a fair or impartial system. Let's just call it what it is: a commercial dispute resolution business created by trademark owners, for trademark owners, and operated and adjudicated by trademark owners or their agents.

## IX. SOME POSSIBLE SOLUTIONS

### A. *Make Three-Member Panels Mandatory*

Making all panels three-member panels is a good idea.<sup>108</sup> This would be easy to do and the costs would be passed on to the principle beneficiaries of the system: Complainant trademark owners. Many of Geist's concerns of bias<sup>109</sup> would be alleviated, and substantively absurd results may be reduced. The implication from Geist<sup>110</sup> and others<sup>111</sup> that the system is simply illegitimate would be dealt with, and the general credibility of Panelists' decisions—and the system in general—would improve.

### B. *Quality Control*

Regarding absurd, inconsistent or simply fanciful decisions, Providers could create a high standard of qualifications for each Panelist to meet. Panelist decisions could be reviewed. Training could be provided. Panelists who do not meet the standards could be released. Apparently eResolution dropped ten panelists for these reasons in 2001.<sup>112</sup>

Naturally, Providers have no economic reason to take quality control measures. For every dime they spend on quality control, their profit margin goes down. In this high volume business, it is

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107. For a definition of cybersquatting *see* Yan, *supra* note 9, at 803-04.

108. *See generally* Geist, *supra* note 2, at 26-29 (recommending mandatory three-member panels).

109. *Id.* at 22-26.

110. *Id.* at 32.

111. Mueller, *supra* note 2 at 25.

112. Geist, *supra* note 2 at 30 (citing an e-mail correspondence with an eResolution representative).

cheaper and easier to use the system of assigning cases to simply avoid assigning new cases to Panelists who write bad decisions. There is no data to support this conclusion, but it seems a reasonable inference from the existing data.

Therefore, Providers do not control the quality of the very product they are marketing: dispute resolution services. As long as the trademark owners keep winning and the paying customer is happy, why should they?

### C. *Juries*

Some have recommended using juries in UDRP cases.<sup>113</sup> This seems like a bad idea to me. Although I am a strong advocate of the jury system in the United States as a check on the government and as a symbol of democracy, juries in UDRP cases would unduly delay matters. Although a jury might be able to educate a Panelist about the colloquial and generic nature of the term “bodacious,”<sup>114</sup> juries would most likely delay matters and the UDRP would be reserved for major cases.

This may not be a bad result; the data supports the conclusion that the UDRP is overused. Perhaps a mechanism can be created where complainants bring only truly serious cases to the UDRP for resolution. However, the administrative complexities of having a jury decide cases does not seem like a good idea to me.

### D. *Caseload Distribution*

If, as the Providers indicate,<sup>115</sup> each Panelist is equally

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113. D.G. Post, *Juries and the UDRP*, ICANN WATCH, Sept. 6, 2000, at [http://www.icannwatch.org/archive/juries\\_and\\_the\\_udrp.htm](http://www.icannwatch.org/archive/juries_and_the_udrp.htm).

What gives me, or any of the other self-appointed experts who are serving as arbitrators of these disputes, any special claim to wisdom on this score? These are precisely the sorts of questions, it seems to me, on which “the people” should get to air their views, and on which an expert’s opinion carries no more weight than anyone else’s. They are “legal” questions, but those trained in the law do not have any special competence to determine their answer in any particular case. They are ultimately questions about the reasonableness (or lack thereof) of conduct - just the sort of question we place, under the 7th Amendment, before the jury to decide.

*Id.*

114. See e.g., *Tata Sons Ltd. v. D & V. Enter.*, No. D2000-0479 (WIPO Aug. 18, 2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0479.html> (ordering the cancellation of the domain name “bodacious-tatas.com”).

115. See Geist, *supra* note 2 at 23.

competent to decide cases, equally impartial, and equally available, a more even distribution of caseloads seems to be called for. An even distribution of caseloads, including the imposition of caseload maximums, would most likely result in higher quality judging.

*E. Use filters*

The use of filters really has a lot of potential as more and more trademark systems around the world become automated, including the U.S. system.<sup>116</sup> Brandy International has put all Japanese registered trademarks online and transliterated each into its phonetic English equivalent.<sup>117</sup> With these systems in place, it seems that Registrars could be required to do a quick filter of domain name applications. They could run each application through a trademark filter, which would consist of all known trademark registrations in the United States and elsewhere. If registered trademarks are disclosed, the applicant could make a showing as to how and why they are deserving of the domain name registration.

While the technology is clearly available to make this happen, two problems may arise: cost and time. Of course, Registrars do not have much incentive to pursue such filters. First, they are immune from liability. As such, why should they exert time, money and energy on filters when they no longer have any responsibility regarding the registration of third parties' trademarks as domain names?

In that sense, it seems that the UDRP has chilled Registrars' interest in innovations. As they are free from liability, they can advertise immediate registration of domain names. If the domain name is the trademark of a third party, it is exclusively up to that third party to enforce its rights against the Registrant. The Registrar is totally out of the loop.

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116. See generally PTO Homepage at <http://www.pto.org> (linking users to cites such as <http://www.bargainname.com> for quick domain name search and registration). For fees ranging from \$105 for a four day turn around to \$210 for same day service, Thomson and Thomson conducts comprehensive registered domain name searches of the U.S. trademark office's database and searches each of the individual state trademark databases, and databases from Canada, Western Europe and Japan. Through its Saegis service Thomson & Thomson allows subscribers to tailor searches for themselves at twenty-five cents to one dollar a hit. Thomson & Thomson at <http://www.thomson-thomson.com> (last visited Feb. 11, 2002).

117. Brandy International, *Business Line*, available at, <http://www.brandy.co.jp/english/index.html> (last visited Feb. 11, 2002).

Therefore, some incentive must be added to the system to make Registrars responsible for what they register. Either the provisions providing Registrar immunity must be amended or some other means must be established to make it in the best interest of Registrars to not register domain names that are the legitimate trademarks of another.

Of course, this presupposes that one of our objectives is conflict avoidance. If trademark owners always win, they may not be conflict adverse. If they are comfortable with their high win rate in UDRP cases and if each conflict only costs a trademark owner \$1,300, perhaps these owners do not think of conflict avoidance as an important goal. Or at least, conflict avoidance is less important than the ability to obtain domain name rights immediately.

If nothing else, application fees should be raised to pay for the costs of filtering all domain name applications through databases consisting of registered trademarks throughout the world. Perhaps rather than creating an “examination” system, Registrants could simply be placed on notice as to “hits” in such a filter. If a hit turns out to be actionable under the UDRP and the Applicant proceeds to Registration anyway, perhaps this could be called “willful cybersquatting” and a fine of some sort could be levied.

However, insulating the Registrars from liability destroys any likelihood that Registrars will be interested conflict avoidance. Why should they?

#### *F. Examination by PTOs*

The fate of this argument may be long sealed, but it deserves resuscitating one last time.

In truth, when the domain name registration system was created—when ICANN was organized, when the UDRP was negotiated and put into place, and while the thousands of conflicts costing trademark owners millions of dollars were going on—a much better system that had been doing this precise work for a hundred years was already in place.<sup>118</sup>

That is, rather than create this for-profit, commercialized, privatized system of both domain name registration and resulting dispute resolution, it would have made good sense to simply ask the PTO to do the job.<sup>119</sup> Within the PTO are hundreds of trademark

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118. See generally Green Paper, *supra* note 25.

119. See PTO Online at <http://www.pto.org>.

examiners, each of whom is a law school graduate trained to identify conflict between proposed uses of trademarks. Currently, trademark examiners spend the bulk of their days making decisions about trademark conflicts. If we wanted to avoid conflict, this may have been a good choice.

Some say this is silly. It takes eighteen months to get a trademark registration, and it costs hundreds of dollars. Why should we let the PTO get involved in this? Wouldn't it unduly delay the process of domain name acquisition?

This argument only has merit if the PTO treats domain name applications like that of any other trademark. It wouldn't have to. The PTO could create a separate "Office" which would only register domain names. The United States PTO could act as the single Registrar for all domain names with a United States country code, and the PTOs of other nations could do the same. The examiners could quickly scan the existing state, federal and common law databases and make determinations rather quickly regarding whether the applicant was obtaining a domain name in bad faith (sticking with the substantive provisions of the UDRP, for sake of argument). Naturally, more examiners would need to be hired, it would take more time than it currently does to obtain domain name rights, and it would cost something.

However, the cost of the UDRP is not nothing. Registrars may not care about the costs associated with the conflict, but consumers do. Trademark owners are corporations selling goods or services for a profit. Each dollar they spend enforcing their trademark rights when someone registers their marks as domain names is immediately passed on to the consumer through the increased cost of their goods or services.

Which option would be cheaper for the consumer: following the current commercialized dispute resolution system, or allowing the already trained professionals to make decisions about domain name availability?

Another factor that is impossible to quantify is the cost involved in abdicating the governmental role in determining the scope of intellectual property rights. The current UDRP system allows trademark owners themselves—through the UDRP Panelists acting as their agents—to dictate to the rest of the market the scope of individual trademark rights.<sup>120</sup>

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120. UDRP online *at*, <http://www.icann.org/udrp> (last visited Feb. 1, 2002).

The trademark system in the United States was supposed to be a carefully constructed balance between consumers, trademark owners, and third parties. First, consumers were supposed to be protected from confusion as to the source of goods or services. Second, trademark owners were to be protected to the extent that they use the mark, and if they continue to invest in trademarks, they lower society's search costs. Third, third parties who would like to enter and compete in a market were to be protected; creating more competition and avoiding monopolistic prices for goods and services.

In contrast, the UDRP system is weighted drastically in favor of the trademark owner. Should we upset our carefully constructed balance merely so someone can get a domain name registration quickly? Would it be that difficult to wait a few days before receiving a domain name registration?

## X. CONCLUSION

In writing a law review essay on domain names, one big concern is that nothing said here may matter by the time the article is actually published. I sincerely hope that we come to our senses by this time by figuring out a way to locate web pages in a quicker, more efficient, and more conflict adverse manner than we currently are.

I suspect that we won't.

The existing system gives monopolistic rights to trademark owners. Why would they want to share the pie when they don't have to? If trademark owners win most of the time under the UDRP, they must be satisfied with the system. If Tata and Sons can make a Registrar cancel "bodacious-tatas.com",<sup>121</sup> why not go along with that boondoggle? Tata and Sons could never obtain intellectual property rights in the phrase "bodacious-tatas" outside of the domain name system; if they can use the UDRP to squash negative publicity about their company, why in the world would they not want to?

However, by giving trademark owners such expansive and new intellectual property rights, we have also destroyed their interest in

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121. *Tata Sons Ltd. v. D & V. Enter.*, Case No. D2000-0479 (WIPO Aug. 18, 2000) at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0479.html> (ordering the cancellation of the domain name "bodacious-tatas.com").

coming up with a new and better locator system. The domain name system may be here for some time. It has very little to do with technology, but it has mostly to do with the monopoly that trademark owners are recognizing in this new world: the blue nowhere.

## XI. APPENDIX: UDRP VOCABULARY

**ICANN** refers to the Internet Corporation for Assigned Names and Numbers.

**Complainant** means the party initiating a complaint concerning a domain-name registration.

**Mutual Jurisdiction** means a court jurisdiction at the location of either (a) the principal office of the Registrar (provided the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudication of disputes concerning or arising from the use of the domain name) or (b) the domain-name holder's address as shown for the registration of the domain name in Registrar's Who is database at the time the complaint is submitted to the Provider.

**Panel** means an administrative panel appointed by a Provider to decide a complaint concerning a domain-name registration.

**Panelist** means an individual appointed by a Provider to be a member of a Panel.

**Party** means a Complainant or a Respondent.

**Policy** means the Uniform Domain Name Dispute Resolution Policy that is incorporated by reference and made a part of the Registration Agreement.

**Provider** means a dispute-resolution service provider approved by ICANN. A list of such

**Providers**, a list of which appears at <http://www.icann.org/udrp/approved-providers.htm>.

**Registrar** means the entity with which the Respondent has registered a domain name that is the subject of a complaint.

**Registration Agreement** means the agreement between a Registrar and a domain-name holder.

**Respondent** means the holder of a domain-name registration against which a complaint is initiated.