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The origin of the UDRP: NSI's 1995 domain name dispute policy

The Uniform Dispute Resolution Policy was born out of the need to process domain disputes reliably. Its roots can be traced back to then sole .COM registrar Network Solutions' policies of 1995, explains arbitration expert Marie-Emmanuelle Haas.

The need for rules addressing the problem of speculative and abusive domain name registration was considered by Network Solutions Inc (NSI) as early as 1995. Since then, this problem has continued to be a very important issue for trademark owners and Internet users. Recalling this first domain name dispute policy enables a deeper understanding of the evolution of the extrajudicial procedures designed to fight against cyber-squatting since 1995. After the creation of the Uniform Dispute Resolution Policy (UDRP) in 1999, the present process of creating new TLDs leads to propose new solutions for the trademark protection issues raised

Why did NSI create a Domain Name Dispute Policy?

NSI, a private American company, had received a directive from the InterNIC in 1993 to administrate the generic Top Level Domain Names (gTLDs): COM, EDU, GOV, INT, NET, ORG and MIL. NSI was aware of the importance of domain names for the Internet and of the potential risks for conflict. According to its mandate, NSI had to remain neutral and could not intervene to settle conflicts, as required of any Internet registry by the RFC 1561 from March 1994 (Request for Comments): *"In case of a dispute between domain names registrants as to the rights to a particular name, the registration authority shall have no role or responsibility other than to provide the contact information to both parties. The registration of a domain name does not have any trademark status. It is up to the requester to be sure he is not violating anyone else's trademark"*.

In this context, in July 1995, NSI decided to introduce a Domain Name Dispute Policy. Our analysis focuses on the version effective as of February 25, 1998 and compares it with the UDRP.

POINTS ESSENTIELS

? Six ans de sursis

Les noms microsoftmall.com et msnmall.com ont été enregistrés en 1998 - Microsoft s'y intéresse aujourd'hui

? Centre commercial virtuel

Les noms mènent vers un centre commercial sur Internet, exploité sans l'accord de Microsoft

? Un dossier sans espoir

Attaqué par Microsoft, le propriétaire des noms aura du mal à se faire défendre - aucun avocat ne veut s'y risquer

On June 5, 1998, the American government issued its White paper, which initiated the creation of a not-for-profit organization to manage the Internet's infrastructure, Internet Corporation for Assigned Names and Number (ICANN) and which asked the World Intellectual Property Organization (WIPO) to deliver a report on domain name and trademark issues. Consequently, NSI lost its monopoly. Soon after its creation in 1998, ICANN adopted the UDRP on August 26, 1999.

A brief comparison between NSI's Domain Name Policy and the UDRP

Some important basic principles which exist in the UDRP and in many other Alternative Dispute Resolution (ADR) procedures for domain names were initially introduced in the NSI's Domain Name Dispute Policy.

The domain name registration agreement and the proceeding

NSI's Domain Name Policy was an appendix to the registration agreement. Still today, the provision concerning the compulsory submission to an extrajudicial proceedings, such as the UDRP, is included in the registration agreement.

The comparison of the procedure

The purpose of the procedure was to enable prior trademark owners who had already sent a cease and desist letter to notify the NSI of the situation.

Therefore, the requested documents consisted of an original certified copy of the trademark and a copy of the prior notice. The communication of these documents is no longer requested.

Original certified copy of the trademark

The documents required from the trademark holder included *"an original, certified copy, not more than six (6) months old, of a trademark registration ("certified registration"), which is in full force and effect (...) on the principal or equivalent registry of any country (...). Trademarks incorporating a design will not be accepted"*.

Today, an official document is no longer required and the procedure has become much less formal. For this reason, the domain name registrant should verify the copies of the trademarks that are provided.

The panellist can request the production of any document if he finds that the complainant has not sufficiently justified its trademark rights.

It is vital to provide exhibits or schedules to the complaint and parties should not neglect this if they want to succeed. Asserting facts without providing the relevant evidences is not sufficient.

Requesting certified copies of the trademark registration can be considered as too strict. At least, a recent extract of an official database could be required, together

with the copy of the registration or renewal certificate.

Copy of the prior notice

NSI's Domain Name Policy provided that the trademark holder had to also submit a copy of *"the prior notice sent to the domain name registrant by complainant and a representation by the complainant indicating the mode of delivery notice (...)"*. This notice had to state the reasons for which the disputed domain name violated the trademark rights. The policy further specified that *"NSI will not undertake any separate investigation on the statements of such notice"*. The procedure was as unobtrusive as possible, thereby aiming to preserve NSI's responsibility.

Today, it is not compulsory to sending a prior notice. Sending a cease and desist letter may be appropriate to try to settle the case or to obtain a response which can contribute to proving the speculative registration.

The key date of the NSI's Domain Name Policy: the "creation date" of the domain name

NSI determined the "creation date" of the domain name registration. If it was prior to the trademark, no action was taken.

If the domain name was registered after the trademark, NSI requested *"from the registrant proof of ownership of registrant's own registered trademark or service mark by submission of a certified registration"*. The domain name registrant had a thirty-day deadline to respond. He had two solutions: either accepting the assistance provided by NSI to register a new domain name, both domain names being used simultaneously during ninety days, or refusing this assistance.

If the domain name registrant chose this first solution, the domain name at issue was placed on "Hold" following the conclusion of the ninety-day period, pending the resolution of the dispute. If the domain name registrant did not choose this solution, the domain name at issue was placed on "Hold" at the end of the thirty days.

Today, the historical analysis based on the "date of creation" is not sufficient to decide a dispute. A domain name which has been registered prior to a trademark can in certain circumstances be considered as being registered in bad faith.

On "Hold" status

NSI placed the domain name on "Hold", pending the resolution of the dispute. This meant that the domain name could neither be transferred to a third party, nor be used by the registrant, as long as the dispute was pending. A dispute was considered settled by the signature of an agreement, the granting of an arbitration award or the issuance of a "temporary or final order by a court of competent jurisdiction".

The "Hold" status remains one of the main characteristics of any alternative dispute resolution (ADR) proceeding. It is considered as a security measure for the complainant because it ensures that the domain name holder will not be able to

transfer the domain name to a third party.

The criticism of NSI's Domain Name Policy

The criticism of NSI's Domain Name Policy was that it could be used by trademark holders in order to freeze a domain name, since the on "Hold" status was not limited in duration and could last as long as the dispute was pending. The domain name registrant who could not prove that he had a prior registered trademark had to sue the trademark owner and the NSI, in order to have the case tried.

Therefore, there arose a need for predictability and for a certain degree of security. Since 1999, the UDRP rules allow a trademark owner to have its case decided by a panel of independent experts, regardless of the location of the parties, of the experts and of the provider in charge of the procedure.

The future of the UDRP and of ADR

The UDRP answers the need for a procedure responsive to international disputes. The development of the Internet and the creation of a global world require global answers. In 2009, the success of the UDRP is recognized and there is now a propensity to develop ADRs for ccTLDs (country code Top Level Domains) and sTLDs (sponsored Top Level Domains).

EU and ADR procedures

When .EU was created in 2005, the creation of a domain name policy was a compulsory condition for the registry (Regulation (EC) No 733/2002 of the European Parliament and of the Council of 22 April 2002 on the implementation of the .EU Top Level Domain, articles 4. 2 d and 5.1 a). *"The registry shall implement the extra-judicial settlement of conflicts policy based on recovery of costs and a procedure to resolve promptly disputes between domain name holders regarding rights relating to names including intellectual property rights as well as disputes in relation to individual decisions by the Registry"*.

In alternative dispute resolution for .EU, the procedure aims not only to resolve conflicts between a right owner and a domain name registrant, but also to resolve conflicts with the registry, i.e. with EURid. The procedure against EURid also concerns cases in which *"a decision taken by the Registry conflicts with"* regulations (EC) No 733/2002 or 874/2004 (Commission regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration, article 22.1 b).

Present issues and evolution

The difficulty encountered by owners of intellectual property rights is the dynamism of the ever-evolving techniques used by cyber squatters. In a time of economic crisis, the necessity and cost of surveillance and taking action against cyber squatting place a burden on intellectual property rights owners. The UDRP or ADR procedures are regarded as too costly to fight against the illicit registration of

domain names, which should not be tolerated but which do not feature in the strategy of registration of the trademark owner. For example, the addition to a trademark of a generic term is a common practice of cyber squatting. This situation has caused certain registries to modify their procedures for the settlement of litigation.

For example, Nominet, the Registry for .UK provides the possibility of referring the matter to an expert who will render a summary judgment in cases where there is no response from the registrant. The fee is £200 + VAT for a summary decision. The decision can be appealed and the appeal is heard by a panel of three experts. The appeal decision is "persuasive but not binding" on other experts. Another interesting characteristic, in the Nominet's Dispute Resolution Service Procedure (DRS) is that the Complainant can request to have the domain name transferred, suspended, cancelled or otherwise amended, and not only transferred or cancelled like in the UDRP.

L'Association Française pour le Nomme Internet en Coopération (AFNIC) responsible for .fr created a dispute resolution procedure for obvious breaches in July of 2007. This procedure can lead to a decision for the transmission, blocking, or deletion of the disputed domain name. AFNIC analyzes the applications and implements its own decisions. Before implementing the decision, AFNIC must allow each of the parties to refer the case to the national jurisdictions or institute an alternative dispute resolution procedure as provided for under the provisions of the naming charter. In this case, the decision will not be implemented. As of June 20, 2009, fifty-one decisions have been rendered by AFNIC.

Whereas the UDRP and ADR procedures are effective for the regulation of international litigation, the appeals are brought before national jurisdictions. At this second stage, the parties are not equal. It may be difficult for the legitimate owner of the trademark to claim his rights, for such reasons as financial ones, for example, in countries such as the United States and Canada where access to the justice system requires the payment of a considerable amount of money in order to simply acquire legal representation. On the opposite, for the owner of the domain name in question, to engage in a procedure in which the other party does not participate is neither risky nor costly.

This is where the actual limits of a procedure designed to regulate international litigation emerge.

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