

Changes To The Internet Space: Is Your Client Ready?

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FORTHRIGHT
ON BEHALF OF
NATIONAL ARBITRATION FORUM

As the recent global technology explosion brings with it new and more complex disputes, often resulting in litigation, one aspect of technology remains decidedly simple: the resolution of domain name disputes under the Uniform Domain Name Dispute Resolution Policy ("UDRP").¹ Devised in 1998 and 1999 as a means for resolving disputes over the registration of domain names that infringed on the established trademark rights of others, the UDRP is not constrained by jurisdictional requirements or national substantive law.² The UDRP (or a similar policy) is a part of the registration agreement for all generic top-level domains ("gTLD").³

An Explanation Of The UDRP

The Internet domain name space is governed by the Internet Corporation for Assigned Names and Numbers ("ICANN"), which is responsible for the allocation of domain names and the Internet Protocol addresses ("IP addresses") they represent.⁴ Shortly after the consuming public began to recognize the potential value of domain names, ICANN adopted the UDRP as a means for resolving disputes over the names. Unlike traditional trademarks, which may be used simultaneously for a number of products provided their markets do not overlap, a single domain name can only be registered once in each top-level domain ("TLD"). So, in a trademark context, where the name "delta" may be used separately as a faucet brand and as the brand for an airline, it still remains a dictionary word having many generic meanings and uses.⁵ But in the domain name space there can only be one owner of "delta.com," which can cause tension between multiple interested parties.

Domain names in the open gTLD space are registered on a first-come, first-served basis without regard to trademark ownership. In most cases, it is only after the domain name is registered that trademark rights issues come into play.

While some people and companies take advantage of the Internet to build a new business (such as eBay) or enhance an existing business (Delta airlines' online flight check-in), there are many other participants in this market. Domain name speculators register or

buy domain names that have the potential for bringing in a high sale price when resold to a future online business owner.⁶ Some domain name speculators also "monetize" unsold websites with links and advertisements that generate revenue for the speculator with each click an Internet user makes. Cybersquatters are online business owners, domain name speculators, and other domain name registrants that operate with a bad faith motive to profit off the trademark rights of others. It is important to note that not all domain name speculators are cybersquatters and vice versa.⁷

The UDRP is not in place to stop legitimate online business owners or domain name speculators from their chosen line of work. Its purpose is to curb cybersquatting. The UDRP works via a series of contracts. Most importantly, when a registrant registers a domain name through a registrar, the registration agreement between the registrar and registrant highlights that the UDRP is incorporated.

Benefits Of Utilizing The UDRP

A primary benefit of the UDRP is that the prevailing party does not have to go to a national court to confirm or enforce an award.⁸ The remedies a complainant may select in a UDRP proceeding are limited to transfer or cancellation of the domain name. Once the UDRP Panel issues its decision, the registrar for the domain name is informed of the decision and is required to implement the decision if a case isn't filed in court within ten business days of the decision. If the decision is for the complainant, the registrar effects transfer of the domain name upon receipt of account information for the complainant. If the decision is for the respondent, the registrar unlocks the domain name from the hold it had been on during the proceeding so that the registrant may again freely manipulate the domain name. The registrar is contractually obligated to follow the order of the Panel.

The stakes in domain name disputes are typically relatively low and there is little incentive for a true cybersquatter to respond to a UDRP complaint. Yet, where the respondent believes it is using the domain name without violating the UDRP, the UDRP permits the respondent to mount its defense free of charge.⁹

Innovation And An International Focus In The Domain Name System

In June, an initial vote at ICANN determined that a new ICANN introduces new TLDs will change in 2009.¹⁰ The requirements will include demonstration by the potential registry of technical competency, payment of a significant fee, and a public comment period. A dispute resolution process will exist to help reconcile the objections, if possible. The current plan is to begin accepting applications for the new



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TLDs in the second quarter of 2009.

Some Internet users, particularly domain name speculators, find this news incredibly exciting as names that are taken in the current TLDs may now be available in a new TLD. However, others are skeptical, believing that this broadens the area that trademark holders have to watch for trademark infringers and could lead to confusion for Internet users. Some industries are hopeful that creating industry-specific TLDs could minimize fraudulent activity within their fields. Some proponents of the new TLD program believe that "vanity" TLDs are the wave of the future and that consumers should expect billion-dollar corporations to have their own TLDs. Of course, distinguishing between when a business's legitimate website is at a vanity TLD or a .com extension could pose problems for users.

An enhancement to the domain name system, the "internationalization" of the root servers that host the Internet, when combined with the potential for many new TLDs, gives these changes an even greater global impact. Currently, the root servers offer TLDs only using ASCII characters.¹¹ When ICANN is finished with its enhancements and upgrades of the root server, domain names and TLDs will be available using the characters of most (eventually all) written languages.

The Protection Of Trademark Rights In The New System

The UDRP process is utilized for established TLDs. When a new gTLD is launched, ICANN requires that the registry provide a mechanism for protecting the rights of trademark owners. There is more than one way to do this, but the primary means of addressing trademark owners' concerns is through one of two processes: STOP or Sunrise.¹²

STOP stands for "Start-Up Opposition Proceeding" and refers to a process by which trademark owners can list their marks with the registry of the new TLD. If a domain name is registered that matches that mark, both parties receive notice. If no agreement can be reached, a process similar to the UDRP is launched to determine who gets the domain name. If there are multiple parties involved, the STOP process is repeated until one party is found to have superior rights to the domain name.

Sunrise is a process during which trademark holders get "first dibs" on the domain names that are the same or similar to their established trademarks. Sometimes there are multiple Sunrise "phases" to ensure that the people with the most longstanding rights get the first chance at the domain names, followed by people with more recent marks. Sometimes, there is a STOP-like process that follows Sunrise.¹³

Both STOP and Sunrise are finite processes. Once the initial registration processes to protect trademarks are concluded, the registry opens registration up to the public, on such terms as it deems appropriate, for general registration. Domain names registered during

this period are subject to traditional UDRP dispute resolution mechanisms.

It is important to note that there is no single process that has been clearly shown to be far superior to the others for starting up a new TLD. As more TLDs are introduced, the field is open for more and more creativity as far as protecting the rights of trademark holders while recognizing the inherent value of generic, single-word domain names.

As the Internet continues to extend its reach to the broader global community, businesses and their lawyers need to remain ever-vigilant to protect their online interests. The UDRP may be a wise option for current and future trademark infringement.¹⁴ It will further be important to maintain an awareness of where the Internet is headed and the implications of new, potentially internationalized TLDs when considering corporate development.

¹ The UDRP may be found at <http://www.icann.org/en/dndr/udrp/policy.htm> (last visited September 8, 2008).

² For background on the UDRP and its adoption, see <http://www.icann.org/en/udrp/staff-report-29sept99.htm> (last visited September 8, 2008).

³ A top-level domain is the portion of a domain name that occurs after the final period, such as ".com." Generic top-level domains allow anyone to register a domain name within the space (like ".com."); by contrast, country-code top-level domains are uniquely controlled by each country and restricted top-level domains require that registrants meet certain criteria.

⁴ For information on ICANN and its mission, see <http://www.icann.org/en/about/> (last visited September 8, 2008).

⁵ According to Dictionary.com, the word "delta" has at least 8 non-trademarked meanings. See <http://www.dictionary.com> (last visited September 8, 2008). According to a Google search, there are 236,000,000 websites using the word "delta"; the first page of hits returned listed eight different businesses using the word "delta" as part of their business name. (Search conducted on September 8, 2008.)

⁶ Wikipedia has an excellent definition of a "domain" or domain name speculator at <http://en.wikipedia.org/wiki/Domaining> (last visited September 8, 2008).

⁷ See id. (describing the difference between a domainer and a cybersquatter).

⁸ UDRP Policy paragraph 4(k) specifically notes that either party may bring a claim in a court of competent jurisdiction before, during, or after a UDRP proceeding.

⁹ Of course, any fees associated with hiring an attorney would be borne by the respondent.

¹⁰ Comprehensive information on the new gTLD program is available at <http://www.icann.org/en/topics/new-gtld-program.htm> (last visited September 8, 2008).

¹¹ "ASCII is a common numerical code for computers and other devices that work with text. Computers can only understand numbers, so an ASCII code is the numerical representation of a character such as 'a' or '@'. When mentioned in relation to domain names or strings, ASCII refers to the fact that before internationalization only the letters a-z, digits 0-9, and the hyphen "-", were allowed in domain names." See ICANN website <http://www.icann.org/en/topics/idn/idn-glossary.htm> (last visited September 8, 2008).

¹² Information on both STOP and the Sunrise Challenge Policy can be found on ICANN's website at <http://www.icann.org/en/udrp/> (last visited September 8, 2008), but the page directs users to the registries' websites.

¹³ Note that STOP and Sunrise are the two main types of start-up processes run to date. Each registry may set up its own start-up process. The National Arbitration Forum has experience with STOP process for .biz and has the capacity to handle other start-up processes.

¹⁴ Information on filing a domain name dispute under the UDRP can be found at <http://domains.adforum.com>.

Kristine Fordahl Dorrain works for Forthright and is Internet Legal Counsel for the National Arbitration Forum, a Forthright client. The National Arbitration Forum has handled over 10,000 domain name disputes under the UDRP and has participated in a STOP (discussed supra) process for the biz TLD. Ms. Dorrain welcomes questions regarding the UDRP process, and the FORUM's capacity to handle future start up processes.

Please email the author at kdorrain@forthrightsolutions.com with questions about this article.