



WIPO Panels' interpretation of the Uniform Dispute Resolution Policy (UDRP) three-prong test

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The Uniform Dispute Resolution Policy (UDRP) is a unique process that resolves domain name disputes effectively and inexpensively. This paper, through an analysis of the UDRP three-prong test, revealed that even though the UDRP affords a great degree of discretion to the WIPO Panels deciding any given case, there is some consistency and predictability inherent in the UDRP process.

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1. Introduction

It has been widely accepted that a domain name is an important tool and business identifier on the internet. As the number of domain name registrations increases, it is not surprising that the quantity of domain name disputes is also rising. A recent press release by the World Intellectual Property Organization (WIPO) reported that in 2008, 2329 cases of alleged cybersquatting were filed by trademark holders; the figure represented an 8% increase from 2007 [1].

There are generally two ways of resolving domain name disputes. Apart from the lengthy and time-consuming process of court litigation, there also exists a unique dispute resolution mechanism for resolving domain name disputes known as the Uniform Dispute Resolution Policy (UDRP).

This paper examines two types of domain name disputes: abusive registration of domain names and disputes between parties with competing rights acting in good faith. Specifically, this paper analyses panels' interpretation of the UDRP's three-prong test, which a complainant (normally filed by a trademark owner) must pass in order to succeed. The three qualifications are that (i) the domain name must be identical or confusingly similar to the trademark or service mark, (ii) the domain name holder must not have any rights to or legitimate interest in the domain name and (iii) the domain name must have been registered and used in bad

faith. This paper concludes with a proposal to improve the UDRP process.

2. Domain name disputes

Domain name disputes typically arise over the right to register and use a domain name that incorporates the trade/service mark of a third party. The conflicts between domain names and trademarks inevitably occur because both domain names and trademarks are forms of information carriers and business identifiers [2]. Trademarks have for a long time been recognised as a major identification tool in business, but with the advent of the internet and electronic commerce, a new type of business identifier—that is, the domain name—has evolved. Domain names, which were originally intended to perform the technical function of connecting computers that are linked to the internet, have acquired a secondary function as business identifiers [3]. Today, as commercial activities increase on the internet, domain names have become part of an arsenal of standard communication tools used by companies to identify themselves, their products and their services.

Even though there is a close relationship between domain names and trademarks, their registration bodies are distinct and separate. There is also insufficient correlation between the two. The technicality of the internet and its naming convention is not able to support the co-existence of rights on the internet. The Domain Names System (DNS) does not allow for the existence of multiple and concurrent identical internet domain names. Every computer connected to the internet must have a unique Internet Protocol (IP) address and a corresponding domain name. This means that an IP

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address and its exact alphanumeric combinations using the same gTLD can only be registered and used by one entity [2,4].

Trademarks, on the other hand, permit multiple registrations and the co-existence of rights. It is a basic tenet of trademark law that the co-existence of rights is allowed as long as the exclusive rights of each owners are not violated and consumers are not confused. Based on the principle of territoriality and specificity, two companies could legally use an identical or similar trademark as long as confusion did not ensue. This is possible if the relevant goods or services are not of the same description, or if the trademarks are used in different jurisdictions.

On the internet, however, the principles of territoriality and specificity have no meaning. Obviously, because the internet is borderless and international in character, it entails global presence and global exclusivity [5]. Although country code top-level domains (ccTLDs) do provide a degree of geographical limitation, they may not always constitute a realistic boundary, which makes it difficult to carve out territorial or geographical limitations [6,7]. As a result, even though two companies in the real world could legally use an identical or similar trademark, only one of them could use a domain name which incorporates their trademark. It impossible for two companies or entities to co-exist and use the same domain names using the same suffix. The effect is that one company is negating the rights of another company. The co-existence of trademark rights also gives rise to potential conflict [8].

3. Dispute resolution under the Uniform Dispute Resolution Policy (UDRP)

The UDRP was adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) in August 1999 with a view to resolve the dispute between domain names and trademarks effectively and inexpensively. Given that the UDRP has been adopted by all ICANN-accredited domain name registrars by incorporating it into their standard registration agreements, submission to it is mandatory [9,10]. It is important that the UDRP provides adequate flexibility for the panels without ignoring the need to provide clear guidance that promotes fair and consistent decisions [10].

It must be noted that the UDRP is applicable to all generic top-level domains (gTLDs), such as '.com', '.edu', '.net' and '.org'. Additionally, some country code top-level domains (ccTLDs) have also adopted the UDRP on a voluntary basis, including '.ph' (Philippines) '.la' (Lao People's Democratic Republic) and '.tv' (Tuvalu) Other ccTLDs, such as '.uk' (United Kingdom), '.jp' (Japan), '.sg' (Singapore) and '.my' (Malaysia), have their own national Dispute Resolution Policy.

Currently, there are four UDRP service providers: (i) the World Intellectual Property Organization (WIPO), (ii) the National Arbitration Forum (NAF), (iii) the Asian Domain Name Dispute Resolution Centre (ADNDRC) and (iv) the Czech Arbitration Court (CAC). In addition to the UDRP Policy, which spells out the scope of the UDRP, there are UDRP Rules and UDRP Supplementary Rules associated with each provider.

In principle, the UDRP is solely applicable to disputes involving the abusive registration of domain names and would not be available for disputes between parties with competing rights acting in good faith [11, Case 1]. The following discussion focuses on WIPO decisions because this category includes the biggest caseload and because there is a simple search mechanism for WIPO UDRP cases, including a legal index. In addition, in 2005, WIPO also published an overview of WIPO Panel Views on Selected UDRP Questions [11]. It will be of interest to the readers of this article to also consult 'Collection of WIPO Domain Name Panel Decisions' [17].

3.1. Abusive registration of domain names

The abusive registration of domain names or cybersquatting is a parasitic and predatory practice that has been condemned worldwide [5,10]. However, this does not stop 'enterprising' cybersquatters from abusing the 'first come, first served' principle of domain name registration [12]. Cybersquatters cunningly register multiple domain names that employ businesses' trade/service marks or their common misspelling, names of famous people, geographical names and generic terms. Their modus operandi is simple: to register as many domain names as possible, as soon as they become available—not with the intention of using them, but with a view towards selling them to the rightful business or to any interested party who might be interested in buying them at an inflated price.

The UDRP allows a complainant (normally a trademark holder) to file a complaint with any of the four UDRP service providers. According to paragraph 4(a) of the UDRP Policy, the complaint has to pass the following three-prong test:

- (i) the respondent's domain name must be identical or confusingly similar to a trademark or service mark over which the complainant has rights; and
- (ii) the respondent must have no right to or legitimate interest in the domain name; and
- (iii) the domain name must have been registered and been used in bad faith.

Paragraph 4(b) provides a non-exhaustive list of examples of bad faith, while paragraph 4(c) introduces a non-exhaustive list of rights or examples of legitimate interest. The application of the three-prong test will be further discussed in paragraph 4.

3.2. Disputes between parties with competing rights acting in good faith

Although it is true that parties acting in good faith cannot invade each others' rights, it is not uncommon to find such inadvertent or unintentional invasion cases being filed under the UDRP. It is usually the case that the panel need to consider the evidence from both sides to ascertain whether there is truly no bad faith. The relevance of the respondent's rights or legitimate interest in respect of the domain name is fundamentally illustrated by paragraph 4(a)(ii) and 4(c) of the UDRP Policy. In particular, paragraph 4(c) provides that any of the following circumstances, in particular but without limitation, if found by the panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interest to the domain name for purposes of paragraph 4(a)(ii):

- (i) before any notice to you of the dispute, your use of or demonstrable preparation 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 organisation) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- (iii) you are making a legitimate non-commercial 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.

In numerous instances of inadvertent or unintentional invasion of rights, such as those involving parties with competing trademark rights, panels have taken the view that evidence of the respondent's

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