

## **A Critique of WIPO's RFC 3**

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ver.1.0a Revised 3/14/99

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## Executive Summary

The World Intellectual Property Organization's plan to restructure the way Internet domain names in .com, .net, and .org are assigned and adjudicated is deeply flawed. The plan, contained in WIPO's "Interim Report" is designed to solve problems caused when Internet domain names collide with trademarked words. WIPO was asked to make suggestions for better dispute resolution, and it claims to have produced a plan that creates no new rights for intellectual property holders. In fact, however, the plan would impose extensive Alternate Dispute Resolution on all domain name registrants accused of infringing of any type of intellectual property with their registration.

The WIPO plan's flaws include:

- Bias. The plan is biased in favor of trademark holders;
- Enabling censorship. The WIPO plan fails to protect fundamental free-speech interests including parody, and criticism of corporations;
- Zero Privacy. The WIPO plan provides zero privacy protections for the name, address and phone number of individual registrants;
- Intimidation. The WIPO plan creates an expensive loser-pays arbitration process with uncertain rules that will intimidate persons who have registered into surrendering valid registrations;
- Tilts the playing field. The WIPO plan would always allow challengers to domain names registrations to appeal to a court, but would often deny this privilege to the original registrant;
- Smorgasbord approach to law. Instead of directing arbitrators to apply applicable law, WIPO proposes using additional, different, rules it selected—rules that will often disadvantage registrants.

I propose an alternate, fairer, reform plan. The key elements of the simpler reform plan are:

- Reduce speculative registration: Require advance payment before registration
- Penalize false contact details: De-register domains with fake contact information
- Create special rules to penalize mass speculation
- Trust courts to continue to clarify relevant law
- Understand that rapid changes in technology may make domain names less important
- Create differentiated commercial and non-commercial top-level domains

WIPO claims its proposals are designed to do no more than allow intellectual property rights holders to vindicate their *existing* rights better, cheaper, faster. No one would object if this is what WIPO's proposals actually did, but in fact they do something very different indeed.

WIPO claims that its proposals create no new rights for intellectual property rights-holders beyond what is found in existing, applicable, law. **In fact**, WIPO's proposals create a host of new rights for trademark holders, and new potential liabilities for domain name registrants.

In its draft report, WIPO proposes that all domain name registrants in .com, .org, and .net be contractually required to agree to an "administrative" arbitration procedure. WIPO claims that its proposals are unthreatening because anyone dissatisfied with the results of "administrative" arbitrations will be able to challenge the results of the procedure in court. **In fact**, challengers to domain name registrations (usually trademark holders who want the domain) will retain all their rights to go to court if they lose in the "administrative" proceeding. But many registrants who lose in the "administrative" proceeding will have no hope of meaningful judicial review, and for some there will be no court with subject-matter jurisdiction over their claim.

The practical consequences of the WIPO proposals would be one-sided:

- ! WIPO's proposals consistently and substantially advantage TM rights-holders and holders of intellectual property generally, at the expense of others.
- ! WIPO's proposals fail to take due account of the function of the Internet in ensuring and enhancing freedom of expression. Non-commercial use is not an absolute defense in a WIPO arbitration, putting parody, political, and disgruntled customer sites at risk.
- ! WIPO's proposals would create an enormous potential for "reverse domain name hijacking" in which wealthy parties could threaten to impose substantial costs on registrants unless they surrender their domain names without a fight. Many individuals and small businesses likely will surrender their domain names rather than run the risks of losing in the administrative procedure--not least because WIPO proposes that the arbitrators in its "administrative" procedures use such vague and uncertain substantive rules that few registrants could have confidence about the outcome.
- ! WIPO's proposals require the collection of large amounts of personal data when an individual registers a domain name. But the policies fail to require that the undertakings holding this data adhere to state-of-the-art privacy principles, *or even any meaningful privacy principles for use of personal data at all*. Instead, WIPO proposes that registrants' name addresses, phone numbers and other information be on an open, world-readable database.
- ! WIPO has not published the details of the procedures it proposes be used in all "administrative" proceedings. As a result, there is no guarantee that the process will support fundamentals of due process such as actual notice to defendants.
- ! WIPO's proposals that ICANN impose contractual terms on all parties involved in the domain name registration process. If ICANN forces every registry, registrar and registrant to agree to fixed contractual terms, it opens itself, the registries, and perhaps the registrars to anti-trust (competition law) liability.
- ! The contractual terms proposed by WIPO have a substantial chance of being declared unenforceable by a US court, either because they are unconscionable, or because they are the rare type of contract of adhesion that could not be bargained around in any circumstances.
- ! WIPO instructs arbitrators in its "administrative" dispute resolution policy that while they should consider applicable national law, they should also be guided by a number of "principles" WIPO claims (often inaccurately) to be guiding courts around the world. For example, WIPO instructs arbitrators to "balance" the intended use of complainant against

the use of the registrant, and presumably favor the one the arbitrator thinks is "better". The result will be decisions inconsistent with those that would be rendered by a court.

! WIPO threatens to introduce a number of uncertain and somewhat arbitrary new rules at a time when the courts are just beginning to work out sound and predictable legal rules to deal with conflicts between domain names and trademarks. The introduction of uncertainty combined with a "loser pays" ADR rule works against individuals and small businesses who, having registered a domain for \$70 or less, will be unable or unwilling to risk thousands of dollars if they lose in the WIPO process. Large international corporations, on the other hand, often will gladly take the risk, especially as they can always go to court if it doesn't work out.

### Access to Court

WIPO claims that access to courts will be preserved under its system. It is true that if a challenger loses, he gets a second bite at the apple: he can go to court just as if nothing ever happened. If, on the other, the challenger wins, he immediately gets the domain name from the original registrant. In the US, at least, that registrant now has no options: a court will only hear a complaint that states a cause of action. But the original registrant has no cause of action against the new possessor of the domain: the winner committed no tort; he violated no contract (indeed, there is no contract between the parties), and he violated no statutory duty. The original registrant cannot sue the winner, he cannot sue the arbitrator, so his only recourse is to sue the registry -- which everyone agrees is blameless.

### Freedom of Expression

Despite the US Government White Paper, WIPO's proposals are not limited to trademark conflicts with domain names; rather, WIPO proposes to entertain *any* complaint against a domain name registration based on *any* claim that an "intellectual property" right has been violated. In other words, persons who assert rights based on European doctrines of "rights of personality" will be able to contest domain registrations on the grounds of invasion of privacy, reputation, protection against defamation, and even "a right of informational self-determination," i.e., a right exclusively to determine whether and to what extent others might be permitted to portray one's life story in general, or certain events from one's life. Although a registrant and registry may be located in jurisdiction such as the USA that does not recognize this limit on the freedom of speech, there is nothing in the WIPO proposal that ensures absolute defenses such as the First Amendment always would apply.

### Privacy

The WIPO proposals are insensitive to privacy concerns. One day, everyone on the planet may have their own domain. Data collection and publication requirements suited to businesses are not appropriate for ordinary people who register a domain and who understandably do not want their name, telephone number, and address published on the world wide web. It is even less suited to social, ethnic, religious, and political groups who have reason to fear retaliations if the information were disclosed. Every collector and keeper of this personal data should be held to the highest standards of protecting individual privacy.

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## **Preface: A Personal Analysis**

1. On September 28, 1998 I was asked to serve on a [World Intellectual Property Organization “Panel of Experts”](#) that WIPO had formed to advise it on its forthcoming recommendations relating to domain name/trademark issues. The WIPO official who invited me to join the panel said I had been selected to ensure that there was a “public interest” advocate inside the WIPO process. I accepted on condition that I be allowed to speak freely at all stages of the process, and was assured that this condition presented no difficulty.

2. Although WIPO had already called a meeting of the Experts before I joined the process, and WIPO had already largely defined the questions it thought were relevant, the inclusion of a “public interest representative” to serve as an institutionalized internal irritant even at a late stage is, I think, a significant mark of good faith on the part of WIPO for which the organization should be commended.

3. I should emphasize that what follows is a strictly personal analysis. My attendance at WIPO regional consultations have led me to understand that not everyone comprehends how WIPO has chosen to employ the Panel of Experts. Our limited role is [described in more detail below](#). In this process, WIPO drafts the documents it issues; the Panel of Experts merely makes substantive or editorial suggestions which WIPO is free to accept or reject. The exigencies of a rushed schedule also limited the amount of time we had to review and comment on RFC 3 before it was issued. Just as RFC3 therefore does not necessarily speak for every member of the advisory panel of experts, this document represents my views only. The views expressed here should not be attributed to WIPO or to any other member of the advisory panel.

4. On Dec. 24, 1998 WIPO issued its [“Interim Report,” RFC 3](#). I have serious reservations about this document. I am particularly worried about its possible consequences for the continued development of the Internet as an international safe haven for free expression, and about the likely effect of the proposed dispute resolution process on consumers everywhere. I have decided to issue this personal critique in the hopes of stimulating discussion of the issues which concern me. It seems particularly appropriate to do so now since it appears that ICANN’s [draft registrar accreditation guidelines](#) adopt some of the objectionable features of RFC 3, even though it is only an interim report.

5. WIPO’s final report remains to be written, although not much time remains before [the March 17, 1999, deadline for comments](#). It is my hope that my setting out my views in this way will result in a much changed, much improved, final report from WIPO. Copies of this document are accessible on the World Wide Web from <http://www.law.miami.edu/~amf> . Suggestions and comments are welcome, addressed to me at [amf@law.miami.edu](mailto:amf@law.miami.edu) Please refer to the version number and date at the top of the document when sending comments. Note, however, that **comments sent to me in this fashion are purely personal and unofficial. They will NOT become part of the official record of the WIPO proceeding** and are likely to be read by no one but me. **I urge all readers, therefore, to make sending comments directly to WIPO their first priority until March 17, 1999.**

## Summary of Major Concerns

6. Introduction. My fundamental problems with RFC 3 all arise from the following entirely possible if indeed far from certain scenario. If the Internet becomes the primary mode of worldwide communication (which I think all but certain), and if domain names remain an essential element in asserting identity and being located (which I regard as possible although far from certain), then a very large fraction of registrants will be private citizens. Some will register for commercial purposes (indeed, an increasing number can be expected to do so if the Internet contributes to disintermediation of the economy and the continued rise of self-employed contract workers), but many will register for political, social, or expressive purposes.

7. It is likely that competition among "registration authorities" will push registration costs down in real terms. We are therefore talking about a consumer transaction in which the citizen pays something under, perhaps well under, the current US\$ 70 for "ownership" or "rights to" a domain for a period of years. Indeed, but for the WIPO proposal I would not be surprised to find domains being given away free either as promotional activities or by public-spirited organizations seeking to promote communicative activities.

8. RFC 3 proposes that every domain name registrant in .com/.net/.org, and any new open gTLD, be required to agree to arbitrate all disputes relating to their right to register and use a domain name. The arbitration system proposed has some novel features: I am not aware of any contract that I have ever signed, or would ever be induced to sign, that creates a right for any third party in the world to force me into arbitration, potentially in a foreign venue, and to subject me to costs many many times the value of my contract in the event that I lose. It seems transparent to me the result of such a scheme -- at least in the hands of minimally competent trademark counsel -- is to create an enormous opportunity for brutally effective blackmail on the part of trademark holders against ordinary people. I foresee "reverse domain hijacking" demand letters addressed to domain name holders in terms that will be experienced by the recipient as something like the following:

"Hand over the domain name, or we will take you through a procedure we understand and you do not that is unlike your national courts, and whose rules appear in a language you may not speak or read if you are not fluent in one of the world's major languages. You will be given a list of potential deciders to choose from whom our lawyers know, or at least know of, and you do not. We represent to you in this impressive letter on the letterhead of our expensive law firm that we will win with ease. We think it only fair to warn you that if you lose you will pay all arbitral fees and costs [which, even if they are quite a bit more modest by arbitral standards than I fear they would be -- say, US \$1000 -- would be more than 15 times the value of the original contract at current prices and a higher multiple if the price of registration drops]. Of course, even though you are not a lawyer, you are free to research the law and equity in this area, or to engage trademark counsel at high fees. But you will never be compensated for your time and effort even if our demand is not in fact meritorious. And, oh yes, don't limit your research to the laws of your country because the arbitrator might use decisional principles drawn from 'a set of guiding

principles that endeavor to identify the dominant considerations that national courts cases have taken into account' even if these principles are not recognized by the courts of your country. If we win, the decision will go into effect immediately, without even a decent interval for you to find a court to appeal to. If you happen to have the misfortune to live in a place whose courts have no jurisdiction over us, we do not consent to the jurisdiction of that court to enter either a stay of the order or to decide the ultimate merits. Furthermore, be advised that once we have the domain name re-assigned to us, there may be an issue as to whether you even have a cause of action against us, or standing to sue us, where we live. Nevertheless, after you lose please feel free to engage foreign counsel to sue us where we reside, but remember that you have to do it immediately or the decision goes into effect and there is no procedure for automatically staying it once you do find a lawyer to bring a case in a court of competent jurisdiction. You also will need to pay your lawyers twice: once for the emergency stay order, and then a second time to litigate the merits. And if our courts are slow, and the goodwill, traffic, or other interests associated with your domain are destroyed by our action, you have no claim in tort, absent outright fraud on our part, since you agreed to all this in your registration contract. Of course, if *we* lose, we reserve the right to bring suit against you in any court where there is jurisdiction -- including the place where the registrar is located, wherever that may happen to be, since you agreed to this in your registration contract.”

Indeed, if I were trademark counsel seeking to obtain a domain name that had been registered by another, this is the exactly sort of letter I would feel obligated to write to the registrant on behalf of my client.

9. As a legal academic my income is on the low end of the US lawyer scale, but still comfortable compared to the US national average. It is quite high on the world scale. I think many people with my income who were not well versed in trademark law would blanch at the prospect of defending a claim in the administrative procedure proposed. More to the point, for a person of average US income, even \$500 is a very substantial sum to risk. For non-US citizens, especially those in less wealthy countries, the risk may be greater still. It is all very well to say that the system will in fact be fair, and that reasonably well-informed parties may understand when they have a meritorious case that they might actually win, but in fact the victims will not be well- informed, and will have no prospect of legal advice not to mention legal aid (which they might have in court). They may not be that articulate. They may speak a language that is not easily accessible to the decider. (A Portuguese company brings a proceeding against an Urdu-speaker. Do translation costs get added to the loser's bill? Are there many qualified arbitrators available who speak both languages?) In many cases they will fold before the matter gets to the administrative panel because they feel they cannot afford the risk, however slight, of losing.

10. Were I a lawyer seeking to advise a client as to their chances of prevailing under the RFC 3 proposal, I would in many cases be unable to give useful advice in situations that would be considerably clearer under, for example, the U.S. Lanham Act or the Dilution Act (the core U.S. federal Trademark laws). It is not clear, for example, when the defenses and fair use exemptions in

U.S. would apply to a WIPO-ADR. (One thing that would serve to clarify exactly what WIPO proposes would be a series of set-piece applications of its proposed procedures to the facts of a number of recent cases, including but not limited to the type of reverse domain name hijacking case noted in paragraph 61).

11. I understand and sympathize with the desire to fix a system that currently puts blackmail potential in the hand of unsavory characters who take advantage of trademark holders. And I do agree that trademark holders who are being victimized on a grand scale have a right to demand something that allows them to vindicate their existing -- I repeat, existing -- rights at a reasonable cost to them...and to the rest of us. RFC 3 does not provide this balance. I am certain that the cure to whatever we agree the ills of the current system may be is not to replace it with a system that goes overboard in the other direction.

12. Failings of RFC 3. The proposals in RFC 3 try to solve every imagined intellectual property problem relating to domain names, instead of concentrating on the trademark-related issues that most urgently need solution. RFC 3 goes very far beyond the issues raised in the U.S. Government White Paper. In so doing it threatens to create an unprecedented opportunity for trademark holders to attempt reverse domain name hijacking at the expense of unrepresented parties. By not recognizing the importance of maintaining traditional protections of non-commercial expressive activities, RFC 3 opens the door to repressive governments that might manipulate their trademark law to shut down opposition groups. It proposes a new international ADR procedure that will favor trademark holders over other domain name registrants. All registrants in .com, .org and .net plus any new gTLDs would be required to sign contracts containing unalterable, unavoidable, unconscionable, adhesive terms requiring them to submit to this new arbitral process. Among the terms that cause problem are letting the arbitrators supplement or supplant national law with “guiding principles” selected by WIPO, and a process for the creation of a new class of globally famous marks with no obvious limit. The proposals also fail to give due regard to privacy interests in a database that may grow to include the personal details of every computer-user in the world.

13. Opportunities for Intimidation. WIPO proposes that when a person registers a domain name in .com or other global top-level domains (gTLDs) the registrant must be required to agree to a procedure by which any third party, anywhere, at any future time, can require that the ownership of (or right to use) that name be arbitrated if the third party thinks he should have the registrant’s domain name. There are no safe harbors. A person might register his own name, only to find that someone in another country who has a trademark on the same word believes he should be entitled to claim the domain. In the U.S. trademark infringement requires commercial use, and ordinarily requires a risk of customer confusion as well. But under WIPO’s plan one cannot rely on the protection of national law, because the WIPO rules tell the arbitrator to pick and choose “principles” from among the legal systems of the world. If the complainant wins, the registrant may have to pay the complainant thousands of dollars in expenses. My fear is that only the most wealthy would undertake the risk of the arbitration on these conditions, and that many ordinary people with perfectly legitimate domain name registrations will feel compelled to surrender without a fight.

14. Effects on Freedom of Expression. WIPO's proposals also fail to consider the ways in which they could be abused to restrict the freedom of expression on the Internet. Registering a domain name is sometimes an expressive act; it is often an act that greatly facilitates expression. In their current form the proposals would invite abuse from authoritarian governments seeking to shut down domains being used to criticize them; from politicians seeking to shut down domains being used to parody them; and from firms seeking to shut down domains being used to complain about them.

15. Scope of the Proposal. WIPO's "Interim Report" RFC3 tries to do far too much. Where the US government [White Paper](#), and many commentators, suggested that the primary domain name problem is "cyberpiracy" or "cybersquatting," the interim report is not so limited.

- a. WIPO instead offers a comprehensive scheme for alternate dispute resolution of almost every conceivable intellectual property dispute that might involve a domain name—including substantial non-trademark issues. It is hard enough to solve the domain name and trademark problem without dragging in additional and largely uncharted controversies about copyright or the "right of personality."
  - i. The "right of personality" is a controversial doctrine -- not generally accepted in the US -- by which some countries give persons, including politicians, actors, and other famous people, special rights over the use of their names. In some cases the right includes elements of privacy, reputation, protection against defamation, and even "a right of informational self-determination," i.e., a right exclusively to determine whether and to what extent others might be permitted to portray one's life story in general, or certain events from one's life.
  - ii. The danger is that this expansive scope would constrain expressive activity if, for example, politicians could claim that their critics were not allowed to register the politician's names, nor perhaps even strings containing their names (e.g. contraPinochet) as domains.
- b. Indeed, in RFC 3, para 115, WIPO suggests that "any dispute concerning the domain name" could go before its proposed administrative tribunals—a phrase that presumably includes claims that a domain name is libelous, offensive, guilty of *lèse-majesté*, and/or a contract dispute involving a domain name. (It also appears to refer to domain names that contain the names of places.)
- c. RFC 3 proposes a mandatory online international business-to-consumer arbitration-in-all-but-name. This proposal comes in a world where there are no significant functioning examples of international business-to-consumer arbitration, nor of cyber-arbitration. The danger is that forms which work well for equally powerful sophisticated parties may not work well when there is an imbalance of power and sophistication.
- d. RFC3 further proposes a method of adjudicating membership in a special class of globally "famous" trademarks that would benefit from additional rights, even though other WIPO panels charged with determining the criteria for a similar process in the non-Internet context have been unable to agree on what constitutes a famous mark

for several years. The procedure fails to include structural incentives to keep the number of marks designated as internationally famous within reasonable boundaries.

The danger is that people with names that happen to be the same as, or perhaps similar to, a famous company will be unable to register their name (e.g. “McDonalds”)—and there is no limit to the number of names that can be reserved this way.

- e. The proposal also consistently fails to make due distinctions between commercial and non-commercial uses of domain names; as a general matter non-commercial uses are not infringing of a trademark and a showing of non-commercial use should, absent very special circumstances, be an absolute defense against being subjected to further proceedings. The danger is the construction of a mandatory de facto international law for intellectual property rights that lacks protections for expressive commonly found in free countries. A further danger is that people conducting expressive activities will be needlessly harassed.

16. Unfair Dispute Resolution Procedure Will Privilege Trademark Holders at the Expense of Others. The mandatory dispute resolution procedures proposed in RFC 3 are fundamentally unfair. They are over-solicitous to the interests of trademark holders, and fail to recognize the danger of “reverse domain name hijacking” by which a firm that was slow off the mark to understand the importance of the Internet seeks to force a more prescient registrant to surrender a desired domain name. Furthermore, as explained in detail below, in practice the effect of the proposed procedures frequently would be inconsistent with the goals and principles announced in the first section of the report, especially the principle that trademarks should have no more rights in cyberspace than they do elsewhere. In particular, as a practical matter the proposed WIPO administrative dispute policy (WIPO-ADR) would frequently have the effect of stripping a registrant who lost before the arbitrator of the benefit of any meaningful judicial remedy.

17. The proposed so-called “administrative” dispute resolution procedures differ from customary international arbitration in significant ways, most of which work to the detriment of the registrant—and especially to a registrant who is a consumer (or a small firm) opposed to a large firm. Ordinarily international commercial arbitration clauses are the result of bargaining between firms, or between governments and firms. The basis for the WIPO-ADR between the registrant and the complainant would be an adhesive third party beneficiary contract between the registrant and the registrar, with all persons in the world as potential beneficiaries. [An “adhesive” contractual term is one that appears in a standard-form contract which parties cannot bargain about. The contractual terms proposed in RFC 3 are unusually adhesive because neither the registrar nor the registrant could change it even if they both wanted to.] As WIPO itself admits, “It is recognized that ... questions may be raised in certain jurisdictions regarding the validity and enforceability of such a mandatory procedure, particularly in light of consumer protection laws, due process considerations and the fact that it purports to create rights for a party who is not privy to the domain name registration agreement.” RFC 3, para. 144. In fact, the proposed agreement is completely one-sided, fundamentally unfair to consumers, and likely to undermine values of free expression as well as damage the ability of small businesses to use the Internet to its maximum effect. Recent case law demonstrates that there is a

good chance that a US court would find such an arbitration agreement contained in an adhesion contract to be unconscionable when applied to a consumer and refuse to enforce it. I would certainly urge it to do so.

18. Some of the WIPO-ADRs would be between firms that can be assumed to be equally sophisticated parties and the proposals are less unfair as applied to cases which involve disputes between sophisticated and well-resourced parties. (But see *infra*, notably paragraphs 110-111 and 118-120, suggesting that some aspects would disadvantage all but the largest firms). Experience suggests, however, that many disputes likely would be between large firms as complainants and individuals or very small firms as defendants. Although there are some precedents for firm-to-consumer arbitrations within the national context, as far as I am aware there are no successful precedents for this at the international level even without the proposed cyber-component. Furthermore, the practice of firm-to-consumer arbitration at the national level suggests that one should proceed with caution as legitimate questions have been raised about the fairness of business-to-consumer arbitration – especially if the arbitrators are selected in a manner that might reasonably be thought to predispose them in favor of the businesses.

19. Arbitration agreements usually are binding in the sense that they foreclose parallel or subsequent litigation of the same dispute in national courts (absent allegations of arbitral fraud or the like). The WIPO-ADR process does not foreclose either parallel or subsequent court action. While I do not object to this on principle (indeed, it may be a reasonable part of a different, more carefully crafted, go-slow approach), I believe that in practice it would turn out to have perverse effects when combined with other parts of the WIPO proposal, especially when the two parties live in different jurisdictions.

20. If a trademark-owning challenger uses the WIPO-ADR process and loses, the trademark owner retains all the options she had before the proceeding. If, on the other hand, the domain name registrant loses, the decision goes into effect immediately, and the registrant must find a court with jurisdiction over the trademark-owner to hear her complaint. Without the WIPO-ADR the registrant probably would have defended the action in a local court, giving her the benefits we traditionally accord defendants, and especially defendants who are ordinary individuals: a convenient venue, familiar law, local language and local counsel, and choice of law principles of the local court. Instead, now the registrant must shoulder the burden of being the plaintiff in a foreign court, with potentially unfamiliar and more expensive procedures, a different local language, and what to the registrant will be foreign counsel. The foreign court may use different choice of law and different substantive principles than the domestic court. And, the registrant will now be the plaintiff instead of a defendant and must shoulder the burden of proof. Indeed, if the registrant seeks injunctive relief to prevent the WIPO-ADR decision from going into effect immediately, she will have to shoulder a heavy burden of proof indeed. A significant part of these problems, but alas not all, could be avoided if the party invoking the WIPO-ADR were required to consent to jurisdiction in the jurisdiction where the registrant resides in the event that the registrant wished to stay or overturn the WIPO-ADR decision.

21. Smorgasbord Approach to Choice of Law. Arbitration agreements, and especially

international arbitration agreements, frequently specify the law to be applied. When they do not, almost the first task of the arbitrator is to determine what law to apply. The proposed WIPO-ADR differs from this model in two significant respects.

- a. First, in the proposed WIPO-ADR model the only agreement is between the registrant (defendant) and the registrar. Because WIPO has failed to suggest that the complainant be required agree to anything before being allowed to take advantage of the third-party beneficiary agreement, it has lost an opportunity to condition the receipt of the third-party benefit of an alternative to potentially slow and expensive court proceedings on a reciprocal agreement to a predetermined, reasonable, choice of law.
- b. Second, rather than instructing the arbitrator to find the law that should apply to the case and stick to it, WIPO instructs arbitrators that while they can “make reference” to the law that the competent court would apply to a case, they should also refer “to a set of guiding principles that endeavor to identify the dominant considerations that national courts cases have taken into account.” RFC 3, para 198.

22. Together these policies regarding choice of law create a host of problems. The four most serious are:

- a. The absence of a predictable legal regime makes it much more difficult for parties to assess their chances of prevailing in the WIPO-ADR. As a result wealthier complainants may be encouraged to try their luck at WIPO-ADR, especially if the process is relatively quick and inexpensive compared to court proceedings. Uncertainty (combined with fee-shifting since the WIPO-ADR does not follow the American Rule on costs) creates [an opportunity to intimidate the poor and the unwary](#). Less wealthy, and thus more risk-averse, registrants for whom the several thousand dollar loser-pays costs of arbitration will be a frightening danger will have an increased incentive to surrender legitimate domain name registrations without a fight even when their registration might have been upheld. This will be especially true of registrants in poorer countries since they will be less able to afford the costs, and they may face significant linguistic difficulties in getting access to good information about the rules the arbitrators may use. Furthermore, linguistic minorities may encounter greater translation costs in just getting to, and through, the arbitration itself.
- b. Since the arbitrators will be deciding cases on “general” legal principles that, by definition, differ from the ones that might be adopted by a court of competent jurisdiction [if they did not differ there would be no point to having them], there will be a strong incentive for losing parties with resources to seek to overturn the WIPO-ADR decision by going to court. In cases where a wealthy party loses, the net effect of the WIPO-ADR will therefore be to add a layer of litigation, making proceedings more costly, not less.
- c. WIPO has offered its account of what it considers to be the “guiding principles” on which the arbitrators should be required to (partly) decide cases. See *infra* paragraph 155. Not only is it inappropriate for WIPO to commandeer the role of lawmaker but,

as I will argue below, WIPO's account of the principles it purports to find in judicial decisions is not in fact an accurate distillation of those "guiding principles" that one might find in the relatively few court decisions emanating from the courts of only a handful of jurisdictions.

- d. It is unclear how WIPO expects these "guiding principles" to evolve over time. To the extent that WIPO sees itself as revising these principles over time this would give it an unwarranted and unacceptable legislative role.

23. Famous Marks Without Limit?. RFC 3's treatment of famous marks is unsatisfactory in several ways.

- a. WIPO itself has had an international working group seeking to identify criteria for world-famous marks for several years. See RFC 3, para. 227. This group has failed to produce either a list of world-famous marks or a set of definitive criteria for identifying such a mark. See *id.* As WIPO accepts the general principle that "the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere," RFC 3, para. 32, it seems most in keeping with this principle to wait until the bodies already charged with finding definitive criteria for all purposes do so.
- b. The process proposed in RFC 3 for identifying famous marks contains no structural incentive for the panels charged with deciding whether a mark is sufficiently famous to say no. The consequence for the DNS could be a substantial erosion of the available namespace as an increasing number of names, including common words, are reserved and made unavailable in every gTLD.
- c. Once a mark is identified as famous the proposed remedies and benefits are over-broad, as they block non-commercial uses of the same name, and hard to follow (and, it appears, over-broad), as applied to the multiplicity of similar names.

24. Insufficient Attention to Privacy Concerns. RFC 3 is everywhere insufficiently attentive to the privacy needs of individuals. Domains can be registered for social, political, religious and other expressive purposes. The name facilitates communication and in some cases is part of the communication itself. Individuals engaged in these expressive activities should not have to put their identities and their full contact details into a searchable database. Parents sometimes register domains for children. It would be wrong to require that personal information such as where the child resides be on an open data base. The problem is not restricted to non-commercial users. If, as many predict, the Internet accelerates the trend towards small home-based businesses, than an increasing number of people will be registering domains for which the only contact address and telephone numbers are their homes. Again, while it may be proper in most cases to collect this data (the primary exceptions being social, ethnic, religious, and political groups who have reason to fear retaliations if the information were disclosed), it is not proper to display the information for all the world to see. The DNS data base may someday include the name and contact details of every computer user in the world. Every collector and keeper of this data should be held to the highest standards of protecting individual privacy.

25. New gTLDs. RFC 3's statement that new gTLDs do not inherently conflict with intellectual property interests would be more welcome if it did not come in the context of a suggestion that the new gTLDs should be hedged with the same unnecessary restrictions proposed for existing gTLDs. Insufficient attention has been given to innovative proposals for new, differentiated, gTLDs.

26. Less May Suffice To Solve the Problem. In my opinion, the evidence currently available suggests that a very substantial part of the DNS/TM problem is cyber-piracy. The evidence suggests that much cyber-piracy is either by a small number of organized cyber-pirates, and/or purely speculative, by persons who never actually pay for their registrations. This suggests that the problem could be solved by (1) requiring advance payment before registration of a domain, thus greatly increasing the cost of mass domain name speculation; (2) allowing de-registration (takedown) of domains when contact details are shown to be false by an aggrieved trademark holder; (3) Taking the lead from the *Toeppen* and *One In A Million* courts and establishing special rules to deal with organized, repeat abusers of the system. This may be enough to solve, or at least very substantially ameliorate, the problem in the long run, especially when one considers that (4) the situation will be further ameliorated as the courts continue to make clear how domain names will be treated under law. Currently, domain name speculators seem to lose cases frequently – which should in time reduce the amount of speculation. Indeed, name speculation may already have peaked, see *infra* paragraph 47. Finally, (5) it would be a mistake to build a baroque contractual and administrative structure on the assumption that technology is static. The importance of the DNS system as a tool for users to locate sites may be a temporary phenomenon, one quickly displaced by a new generation of search engines, intelligent agents, or context-driven artificial intelligence.

## **Background**

### **The WIPO Process and Why It Matters**

27. The management of Domain Names is widely agreed to be a core issue of Internet governance. Many people involved in the rapidly evolving institution-building process that will perform core functions of technical (and perhaps legal) coordination of the Internet are looking to WIPO for leadership in resolving thorny questions relating to conflicts created between global domain names and (often) regional and sectoral trademarks. I discuss some of the substantive legal/policy issues in [more detail below](#); this section sketches WIPO's role in the process.

28. In a "White Paper" formally known as the "[Statement of Policy on Management of Internet Names and Addresses](#)" (June 5, 1998) issued by the Department of Commerce of the United States of America, the United States Government called on WIPO to:

“initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders, to (1) develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyberpiracy (as opposed to conflicts between trademark holders with legitimate competing rights), (2) recommend a process for protecting famous trademarks in the generic top level domains, and (3)

evaluate the effects, based on studies conducted by independent organizations, such as the National Research Council of the National Academy of Sciences, of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders. These findings and recommendations could be submitted to the board of the new corporation for its consideration in conjunction with its development of registry and registrar policy and the creation and introduction of new gTLDs.”

29. The “new corporation” referred to above is now known as ICANN—the [Internet Corporation for Assigned Names and Numbers](#).

30. WIPO has so far produced three key documents it has labeled RFC1, RFC2 and RFC3. There is also a useful [background information document](#) and a [process timetable](#). The final report to ICANN is due soon, in late March or early April.

31. As an organ of the United Nations, responsible to all its member states rather than just the US, WIPO felt empowered to define its own terms of reference. In its RFC2, paragraph 12, WIPO stated that it intended to make recommendations concerning (1) dispute prevention, (2) dispute resolution, (3) process for the protection of famous and well-known marks in the gTLDs, and (4) effects on intellectual property rights of new gTLDs.

32. WIPO thus gave itself a considerably broader and more ambitious charge than the fairly narrow one proposed by the US in the White Paper. In seeking to solve so many problems, WIPO may have lost sight of the core issues that most need immediate attention. Even if WIPO may have been justified in considering whether to expand its terms of reference, with the benefit of hindsight, I wonder if it was wise.

33. WIPO’s recommendations will go to ICANN, which can adopt them, modify them, or ignore them as it will. The danger is that WIPO’s report is likely to be influential for two reasons: first, no one else has been focusing on the DNS/Trademark problem and politics, like nature, abhors a vacuum. [Indeed, it appears that ICANN’s [draft registrar accreditation guidelines](#) adopt some of the objectionable features of RFC 3, even though RFC 3 is only an interim report.] Second, the White Paper called on WIPO to undertake a “balanced” process in the hopes that it would produce a report that took due account of competing points of view. Given the lengthy and technical nature of the report, and the whirlwind of consultations that accompany it, one might be tempted to believe that this is in fact what WIPO has produced. While this outcome is still possible – RFC 3 is only an interim report – RFC 3 itself is more like a lawyer’s brief for the superiority of all intellectual property interests (not just trademark) over competing values than a balancing analysis.

34. This imbalance is all the more disappointing given the process which has produced it. RFC1 & RFC 2 both addressed the scope of the process and sought comment on the questions that WIPO should attempt to answer. These documents were drafted before I was invited to join the process. In each case, however, WIPO published the documents on line, and sought public comment. WIPO placed its [Interim Report online](#), and public comment is invited before March 17, 1999. In addition,

just as WIPO engaged in a series of public meetings around the world after RFC 2, it held [additional meetings](#), including one in Brussels on Feb. 17, and in Washington DC on March 10.

35. Despite this in some ways exemplary and open approach, there has so far been what I consider relatively poor participation in the comment process, especially by non-trademark interests. WIPO appears to have publicized the meetings fairly well within the intellectual property community; indeed the [regional consultations](#) are frequently hosted by the IP bar, trade associations or local officials responsible for intellectual property issues. As far as I can tell, there has been relatively little effort, however, to publicize the existence of the web site, or the meetings, in the online fora frequented by other people with other interests. For example, as of Feb. 15, 1999, no formal announcements had appeared on any of the general legal, technical, or intellectual property related e-mail lists to which I subscribe and there was only very limited mention in the mailing lists related to domain name issues generally. So far as I am aware, WIPO staff do not participate in either an institutional or personal capacity in substantive give-and-take on potentially relevant mailing lists, nor even on the list established by WIPO itself. Attendance at the regional consultations has not generally been that great and has been predominantly although by no means uniquely trademark lawyers and owners with some representation from ISPs and government observers.

### **The Limited Role of the Experts**

36. I joined the Experts Group during the comment period on RFC 2 and attended one of the consultative meetings in the first round. In addition, the Experts Group met in Geneva for two days in December 1998 to discuss the Interim Report that was due to issue shortly thereafter. Unfortunately, we were provided with only minimal text in advance of our meeting—some by email shortly before we left, more under the door of our hotel rooms the night before our first meeting.

37. While our debates are, I am told, confidential, I think it breaks no confidence to say that our meeting in Geneva was not a drafting session. Rather, we were invited to comment on the issues, and discussed the texts we had been given. WIPO then revised the texts very extensively, and e-mailed us the revised versions. We had only a very short turnaround, of a few days late in the holiday season, to comment by e-mail on what was, to my eye, a wholly new document. WIPO then made some additional changes, including the insertion of new material, and on Dec. 23, 1998 WIPO issued [RFC 3](#), the “Interim Report,” which contains WIPO’s first draft of its proposals. As WIPO itself acknowledges in RFC 3, paragraph 29, this is WIPO’s report, and the experts are merely advisors.

### **An Introduction to the Intellectual Property Issues**

38. The domain name system was designed to make it easy for people to remember the addresses of computers linked to the Internet. Each unique name maps to a unique IP number that is the unique identifier for a computer linked to the Internet. Under the current system, both these numbers and the associated names need to be unique. Currently only a minority of top level domains (TLDs) are open to all comers. Of the so-called generic TLDs (gTLDs), .com, .org and .net are open to anyone who can afford the small fee required to register a second-level domain. Country-code TLDs

(ccTLDs) carry a suffix that identifies them with a particular nation (e.g. .fr, .uk), but they are equally accessible everywhere in the world. Of the 240 or so ccTLDs, about a quarter accept registrations from non-residents.

39. The increasing commercialization of the Internet has focused attention on domain names. Firms, and others, increasingly seek to have an Internet presence and see securing an appropriate second-level domain name in an appropriate TLD as akin to hanging out their nameplate in cyberspace. Domain names in .com/.net/.org (and in some of the more commercial ccTLDs), however, have traditionally been issued on a first-come, first-served basis. This has caused various types of conflict.

40. To date all, or nearly all, intellectual property disputes issues related solely to Internet domain names (as opposed to, e.g., claims concerning the content of a web page which often involve copyright) pertain to trademarks. Trademarks are issued on a national and sectoral basis. With the exception of some treaty-based registration systems that allow multiple registration in a unified process, trademarks are issued by national governments—one country at a time. Further, trademarks generally are issued for one or only a few categories of goods or services at a time. Thus, a firm can trademark the word “United” for air transport, but this will not extend to moving vans unless the firm is in that business also. Trademark registrations generally require use to remain effective; while they are in effect they give the holder important rights against others who unfairly would seek to capitalize on the goodwill of the mark by confusing consumers. Equally importantly, trademarks protect consumers against those who might seek to pass off their goods as produced by the mark holder. As a general matter, however, in the US at least, trademark infringement requires commercial use by the infringer. Absent commercial use, some type of unfair competition, or a very small number of other specialized offenses (e.g. “tarnishment” of a mark by associating it with obscenity), trademark law does not make the use of the mark an offense. Thus, for example, in the United States and many other countries parody, criticism, names of pets, and references in literature, and every other use one might make of a basic dictionary word such as “united,” are all permissible uses of a trademarked word. Indeed, unless the mark falls into a very small category of “famous” marks where it is considered likely that any product which bears the mark will be associated with a single source, it generally is permissible to make commercial use of a name trademarked by another so long as it is not likely to cause customer confusion. Even some types of commercial use are protected against famousness, e.g. accurate comparative advertising and news reporting and news commentary.

41. An underlying legal issue is whether registration of a domain name that is identical to a trademarked term is in and of itself a trademark violation. Generally speaking, in the US at least, one does not violate a trademark right without commercial use (and, absent a finding that the mark is famous, likelihood of confusion). Unless, therefore, registration is itself a commercial use, mere registration without use of a domain name cannot be a violation of trademark right. This is particularly clear in the case of trademarks in common words and in terms trademarked by more than one party. On the other hand, two courts, one in the US and one in the UK, have held otherwise. They found that a person who made a practice of registering others’ trademarks for potential resale was making commercial use of those trademarks. Assuming that these decisions are correct, which

is itself controversial, I do not believe that the precedents would or should apply to persons who are not in the business of registering domains that contain trademarked terms for resale on a similar scale.

### **Types of Conflicts**

42. The Internet is notoriously international, and every one of the major TLDs gives access to sites that are accessible world-wide. [There are some “alternate” gTLDs that are only accessible if the root is reconfigured. These are not heavily used.] A system that relied on geographic distance and sectoral differentiation maps badly to a borderless world in every participant in the global network needs a unique address.

43. A number of conflicts have arisen between trademark holders and others who register character strings identical or similar to their trademarks. In so-called “cyber-squatting” cases, the allegation is usually that the registrant is not using the domain but rather warehousing in hopes of reselling it at a (sometimes substantial) profit. Not every string conflict, however, necessarily involves a claim of mis-use of a domain and not all warehousing is necessarily a mis-use. For example, firms sometimes acquire domains with the same name as a trademark they have registered even though they have no intention of using the domain. They do so in order to prevent someone else from using it and causing customer confusion. Similarly, firms and others sometime acquire domains for future use. A firm may register a domain name before trademarking a term as part of the often-secret process of preparing a new product or campaign. In fact, these practices have given rise to some expressed concern that without new gTLDs large amounts of the attractive part of the namespace might become unavailable to users.

44. As part of its [first round of consultations](#), WIPO sought testimony about the extent of the domain name/trademark conflicts. Despite this effort, in my opinion the factual record for any decisions regarding the extent to which there is a domain name/trademark problem that needs solving remains depressingly sparse. It is disappointing (if understandable given the very short amount of time available) that WIPO has not sought to do, or commission, independent quantitative research on the subject other than contacting existing registration authorities and asking for data. Nevertheless, the largely anecdotal evidence [see RFC 3, paras 254-260, for a summary of some of it] submitted to WIPO and/or available from other sources in my opinion establishes the following points with sufficient clarity to guide a modest amount of cautious future policy making pending further research:

45. Conflicts can arise between multiple owners of a trademark in the same “string” of characters. The owners may be

- a. sectorally separate (same country, but different use or different category of goods and services), or
- b. geographically separate (same business, but different countries or regions within a country), or
- c. both sectorally and geographically separate.

46. Conflicts can arise between trademark holders and persons with some other indisputably legitimate interest in a mark not deriving from a trademark.

47. Domain name disputes involve a tiny fraction of the number of domains registered in the open gTLDs. According to Mr. Chuck Gomes of NSI on the IFWP mailing list,  
“During the slightly more than 5 months between the end of July 1995 and the end of the year, we invoked the [NSI Dispute] Policy 166 times.  
During 1996 we invoked the Policy 745 times.  
During 1997 we invoked the Policy 905 times  
During 1998 we invoked the Policy 838 times.”

Chuck Gomes, message dated 1 Feb. 1999 to IFWP Discussion List <[list@ifwp.org](mailto:list@ifwp.org)>, Subject: [ifwp] NSI Domain Name Dispute Stats.

48. The 10% reduction in NSI disputes is all the more dramatic when one considers that NSI registrations more than doubled in the same period from 962,000 in 1997 to 1.9 million registrations in 1998. Of course, many disputes are never reported to NSI at all, and in the absence of firm data we must rely on anecdotal evidence for the extent of the overall problem. The suggestion that the number of domain name disputes may have reached a plateau, or even peaked, is not entirely consistent with some of the anecdotal evidence presented to WIPO, but it may be that precisely those who have been most affected by the conflicts have had the most incentive to participate in the WIPO process. The Marques study referred to in RFC 3 also can be read to suggest otherwise, but one needs to consider whether the companies surveyed were representative or likely to be particular targets, and the very small sample size.

49. A very small number of notorious “cyber-pirates” have been engaged in systematic registration of domain names identical to trademarked terms. Although at present there are no reliable data that permit one to estimate the percentage of “cyber-pirate” or “cyber-squatting” cases attributable to this group, trademark holders suggest it represents a considerable percentage of the problems they believe that they face.

50. There is also an unquantified amount of what might be termed amateur domain name speculation, in which individuals who are not engaged in the wholesale registration of domains containing trademarked character strings register domains that trademark holders believe are rightfully theirs. The data on offer do not allow one to form a reliable estimate of the percentage that so-called amateur speculators make up of the total cases that trademark holders believe that they face.

51. In many cases these individuals avoid paying for registrations by taking advantage of the 60-day period between registration and payment under the current NSI terms of service. A substantial fraction of NSI’s domain name registrations are not in fact paid for at the end of the 60-day grace period.

52. An appreciable but unquantifiable fraction of the cases alleged by trademark holders to fall

in the above cases, and in particular the allegedly amateur speculator cases, in fact appear to be cases where the registrant has at least a colorable, and perhaps a very legitimate, claim to the domain name. In some cases this arises from a competing trademark, and in other cases it arises from some other legitimate commercial or non-commercial purpose, use, or competing intellectual property right or name.

53. Most participants who addressed the issue believed that the single change that would most reduce the illegitimate registration of domain names would be to require payment in advance. This proposal met with very wide support.

54. The overwhelming majority of the cases that have actually gone to trial in the US and elsewhere and resulted in a reported decision have resulted in victory for a trademark holder over a non-trademark holder. Every organized cyber-squatter who has been taken to court appears to have lost.

55. There have also been some well-reported cases of attempted reverse domain hijacking in which trademark holders retracted their threat to sue the holders of domains that used the same string as their trademark. A few of these cases involved commercial, but most involved non-commercial uses of the domain name; the key elements seems to have been bad publicity for the mark holder, combined with limited likelihood of success in the U.S. courts.

56. Trials can be expensive, and trademark holders have with some frequency found it cheaper or more expedient to offer out-of-court settlement to registrants of domain names that the trademark holder covets. Whether or not the sums involved have been large, firms managing large numbers of trademarks fear the cumulative cost of these settlements.

57. Aggrieved trademark holders in some countries believe that their national court systems are so slow as to provide no meaningful relief for domain name registrations that they believe infringe on their trademarks.

58. Although they have no current plans to use them, some firms are warehousing domain names corresponding to their trademarks in order to prevent competitors from registering them.

59. The marketplace now provides a service for firms to register a name in every top-level gTLD and ccTLD which accepts such registrations through a single process. The going rate for this service is apparently less than US\$10,000.

60. Some persons have registered domain names similar but not identical to the domains held by high-profile individuals or companies. Some of these seek to capitalize on the similarity, or on the typing errors that might unwittingly send a user to the site. Motives for registering these “oops” names appear to vary and include:

- a. Using the domains to host web sites that parody or criticize the individual (often a politician) or company;

- b. Taking advantage of the accidental traffic for relatively harmless commercial gain, e.g. to show the user an advertisement before redirecting the user to the site the user was probably looking for;
- c. Taking advantage of the traffic for commercial gain that would arguably tarnish the reputation of the company. For example, a representative of AT&T stated that someone registered attt.com and placed pornographic materials on the site, resulting in frequent telephone calls to AT&T from consumers unaware of their typing error who wanted to know why AT&T was hosting pornography. [Currently, however, the site [www.attt.com](http://www.attt.com) appears to be down; whois now shows that name to be registered to AT&T.]

61. There have been some notorious cases of “reverse domain name hijacking” in which the owner of a trademark has sought to intimidate the holder of a coveted domain name to surrender it. Examples include [pokey.org](http://pokey.org), [epix.com](http://epix.com), [cds.com](http://cds.com), [ajax.com](http://ajax.com), dci.com, ty.com, roadrunner.com, and [veronica.org](http://veronica.org).

62. Like the dog that did not bark in the night, the testimony offered to WIPO was also notable for what did it NOT contain. In particular,

- a. Trademark owners nearly unanimously rejected binding arbitration as a substitute for judicial remedies. Most speakers wished to retain the option of court remedy. (Given the finding that trademark holders usually win in court, this is perhaps less surprising than it seemed at the time.)
- b. There was little expression of support for, or interest in, expanding any dispute resolution process arising out of the DNS to cover non-trademark intellectual property issues.

63. The rest of this document contains specific suggestions for improving RFC 3. It is organized to parallel the five-chapter organization of WIPO RFC 3. As some of the critical issues involve cross-references between chapters, this sacrifices some thematic clarity. I hope, however, that it makes a critical reading of RFC 3 easier.

## Detailed Critique of RFC3

### Chapter One: The Internet, Domain Names and the WIPO Process

64. Chapter One of RFC 3 provides a very useful overview of the domain name system. Two points deserve emphasis.

65. Scope. The first is the key portion of the US government white paper, quoted in RFC 3, para. 22:

“The U.S. Government will seek international support to call upon the World Intellectual Property Organization (WIPO) to initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders, to (1) develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyberpiracy (as opposed to conflicts between trademark holders with legitimate competing rights), (2) recommend a process for protecting famous trademarks in the generic top level domains, and (3) evaluate the effects, based on studies conducted by independent organizations, such as the National Research Council of the National Academy of Sciences, of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders. These findings and recommendations could be submitted to the board of the new corporation for its consideration in conjunction with its development of registry and registrar policy and the creation and introduction of new gTLDs.”

The US government, like the bulk of the trademark holders who participated in the comment process, did not ask WIPO to solve all the intellectual property problems of cyberspace. Instead, the expectation was of (1) a narrowly focused answer to a specific problem: trademark “cyberpiracy”, (2) a discussion of the effects of new gTLDs.

66. Guiding Principles. The key part of Chapter One is the discussion of guiding principles beginning in RFC 3, paragraph 30. Of these, the two most important are

- a. **“...the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere.”** RFC 3, para. 32.
- b. **“...it is not intended that the means of according proper and adequate protection to agreed standards of intellectual property should result in a diminution in, or otherwise adversely affect, the enjoyment of other agreed rights, such as the rights guaranteed in the Universal Declaration of Human Rights.”** RFC 3, para. 33.

These are excellent principles on which to base a discussion. The gravamen of my critique of RFC 3 is that both the theory of what WIPO proposes and what I would foresee as practice under the proposed procedures violate these essential principles.

## **Chapter Two: Avoiding Disjunction Between Cyberspace and the Rest of the World: Practices Designed to Minimize Conflicts Arising out of Domain Name Registrations**

67. Registration Requirements. RFC 3, paragraphs 40 and 44-64 discuss registration requirements. The primary issues are:

- a. What information the registrant should be required to disclose;
- b. Who should have access to that information, and on what terms (privacy issues);
- c. What should be the consequences of inaccurate information.

68. RFC 3, paragraph 40, betrays a trademark-centered focus in lamenting the absence of a “purpose” statement in registration requirements. In a free society, however, citizens in general are free to conduct their affairs—especially if it involves expressive activity—without having to give anyone in authority an explanation of their purposes. As a condition of receiving the benefit of the special protections of trademark law, trademark registration is an exception to this general principle. Trademark registrants must commonly declare their purpose in registering a mark, at least in so far as they identify in which sector(s) they will be using it. Similarly, some governments also require that incorporators state the purpose of a corporation before granting it a charter. In many jurisdictions, however, it is common to register a corporation “for any lawful act or activities.” See, e.g., Delaware General Corporation Law sec. 102(a)(3). In any event it is not evident why either trademark law or corporation law provides the appropriate model for registrations of domain names. To the extent – and it is both far from trivial and likely to grow – that registration is in itself a form of expressive activity it is a protected human right. A person buying paper or pencils does not have to explain the reason for the purchase. Of course just as using paper and pencils to write a ransom note may be illegal, so too may certain uses of domain names violate laws or the rights of others. That, however, goes to actual use, not to the act of registration.

69. I agree with WIPO that there is a distinction between the collection of registration information and its disclosure. I accept that for technical reasons it is essential to have a technical contact responsible for the administration of the domain who can be contacted in emergencies. I further accept that trademark owners who feel aggrieved by a registration (or registration plus use) that they feel infringes their mark have a legitimate need to know where to address their demand letters and writs. Thus, I accept that wholly anonymous domain name registrations are not a viable option unless it is possible to design a gTLD that by its very nature signals to users that a trademark term which appears in second-level domains within it is not connected to it. A “.parody” or “.politics” might do this, and if one were created, fully anonymous registrations should be permissible within it.

70. I cannot see, however, how any of the legitimate interests of any party identified by WIPO in RFC 3 would be harmed by letting registrants register through an agent. Corporations register through an agent (a person) – why cannot people register through, for example, a lawyer or an agent? Furthermore, it is easy to imagine cases where it will be important for the domain name registrant to keep their name and personal contact details off the registration even if the database is not publically accessible: imagine, for example, an opposition group to an oppressive regime. Will it want

to give a member's name and contact details? Obviously not, and to require that it does will either obstruct the membership's exercise of its right of free expression, or expose someone to danger.

71. *Recommendation 50 should be amended to allow for pseudonymous registration via an identified agent.*

72. RFC 3 paragraphs 52-53 propose that registrants be required to represent that "to the best of the applicant's knowledge and belief, the registration of the domain name does not interfere with or infringe the intellectual property rights of another party". One might argue that this requirement is pointless since it is not at all clear whether a mere registration of a domain name can, without use, infringe the intellectual property of another. Indeed, in the US, a person cannot violate the Lanham Act or the Dilution Act without commercial use of another's mark. The requirement may seem even more innocuous when one considers that many lawyers I have spoken to take the view that in all but the most obvious cases of unfair competition the only way to know whether a proposed trademark, much less a domain name registration, is an infringement is to see what a competent court says. Whatever one may think of this type of legal realism, it demonstrates that many lawyers will have no fear advising people to register whatever they want and let the courts sort it out later; the rule will therefore stop only the highly scrupulous (and those without legal advice) without in any way daunting the ethically dubious.

73. I am concerned, nonetheless, that the phrase "*interfere with or infringe*" requires too broad a representation by the registrant. If Alice and Bob both have registered the same trademark in different sectors and/or jurisdictions, and Alice is aware of Bob's registration, how can Alice give a representation in good faith that her registration, which prevents Bob from registering his mark in that gTLD, "the registration of the domain name does not *interfere with or infringe* the intellectual property rights of another party"? If the one accepts that mere registration without use interferes with a trademark, which appears to be WIPO's view at times, then by registering the trademark in a gTLD Alice interferes with Bob's rights. There will be some names, like "united," that in theory no one with a trademark containing the word could register because everyone understands that one person's registration "interferes" with the holder of a trademark in a different sector's ability to register that term. (Note also WIPO defines "abusive registration" in part as a registration that "frustrates the complainant's desire to reflect its rights in a domain name," RFC 3, para 244. See *infra* paragraphs 162-164 for a discussion of this proposed definition.)

74. Furthermore If Bob is ignorant of Alice's registration (the proposal creates no duty to investigate), he can make the representation, but there seems no sound reason to reward Bob's ignorance at the expense of an Alice too honest to make the representation.

75. Additionally, for the reasons noted in paragraphs 15 and 134, the reference to "intellectual property rights" generally is much too broad. Bringing in non-trademark issues will unnecessarily complicate issues, destroy any hope of consensus, and to the extent that RFC 3 were adopted without major revision, would compound the resulting unfairness.

76. *Recommendation 53(i) should be deleted. Under no circumstances should this or any other recommendation speak of “intellectual property rights” generally rather than trademark rights specifically.*

77. RFC 3 is insufficiently attentive to the privacy needs of consumers who register domain names. The current DNS system does not provide sufficient privacy for registrants, and the addition of verification procedures or a takedown process for inaccurate contact information will add to the problem. In any event, the problem of privacy is likely to become increasingly acute as more and more people work from their homes. Requiring registrants of personal domains, or even the sole operator of a home-based business, to make their name, telephone number, address, and perhaps other information part of public, searchable, database, undermines basic privacy values. It is ironic that at a time when the European Union has just recently advanced new principles on data protection, RFC 3 does not even suggest that registration authorities conform to older, much less demanding, principles such as the OECD privacy principles.

78. *Recommendation 55 should be amended to make clear that all data concerning the registrant will be treated in conformity with the leading international standards for data protection. As elsewhere, the grounds for accessing the database should be restricted to claims of trademark (not “intellectual property”) infringement.*

79. The issue of jurisdiction is raised briefly in Chapter Two, but is really an issue discussed in Chapter Three.

80. *Recommendation 59 should be amended to conform to the extensive amendments proposed for the recommendations in Chapter Three. Specifically, it should be made clear that the third party benefits granted by the registrant will inure only to complainants who enter into a suitable reciprocal agreement regarding jurisdiction and choice of law.*

81. Advance Payment. If there is one thing that almost (but not quite) everyone seems to agree on, it is that the requiring advance payment for domain name registrations is the single biggest change that could be made to prevent abusive registrations in .com, .org, .net and in future open gTLDs. I am in substantial agreement with this consensus. I do not agree, however, that it follows that every new gTLD (or every ccTLD, for that matter) must charge for registrations, nor that registrations need necessarily be for a short time.

82. As noted earlier, it is likely that competition among "registration authorities" will push registration costs down in real terms. Indeed, but for the scheme proposed by WIPO domains might

be given away free either as promotional activities or by public-spirited organizations seeking to promote communicative activities. I believe that it would be particularly appropriate for a government to give out domain names in its ccTLD to its residents, and I do not see why these could not be held for life, nor why the government should be required to charge for this service. WIPO is careful to note that it can only suggest policies to ccTLDs, but this is a suggestion it should not make.

83. Nor is it obvious to me that the public interest is best served by forcing all Registration Authorities to require re-registration every year or two in all cases. Although I agree that in most cases a period of one or two years is reasonable, in that it minimizes the expenditure required to register a domain and also creates recurring renewal events at which contact details will be updated if necessary, it does not seem evident that the registrant's and registrar's freedom of contract should necessarily be limited in this manner. Some registrants may know that they are in it for the long haul. It is not yet known how easy it will be to change an existing registration from one registrar to another, or even if it will be possible to switch registry. Investment in a popular site is much like investment in a brand. The investment increases the value of the name. It would be wrong to create a system that would have incentives for registration authorities to raise their re-registration fees on popular names. Economic considerations of business risk and competition will prevent large numbers of too long and too short registrations. In addition, the rule that inaccurate details are grounds for de-registration will provide incentive for keeping details current.

84. In my discussion of RFC 3 Chapter Five, I propose the creation of differentiated, structured gTLDs. It may well be appropriate for certain of these, e.g. a gTLD restricted to human rights organizations, or to libraries, to issue domains for free.

85. *All of Recommendation 67 should be deleted except the statement that pre-payment should be required in open gTLDs. Furthermore, it should be stated that ccTLDs should feel free to ignore this recommendation if they wish to give citizens free domain names in the public interest.*

86. As noted above, requiring the registrants of personal domains, or even the sole operator of a home-based business, to make her name, telephone number, address, and perhaps other information, part of a public, searchable, database, undermines basic privacy values. This data base may someday include the name and contact details of every computer user in the world. Every collector and holder of this personal data should be required to take steps to ensure that this data is not released except when absolutely necessary.

87. There is no privacy interest in the fact that a particular domain has been registered. In addition, the technical contact needs to be accessible on short notice. On the other hand, there is no need to publish the identity of a registrant in an open database nor is there any need to publish contact details. Indeed, to do so invites numerous harms, ranging from spamming (mass mail of junk e-mail)

to the stalking of individuals either on line (“cyber-stalking”) or to their homes. Publication also invites poaching of one registration authority’s customers by another.

88. If it is essential that rights holders be able to communicate with registrants, simple measures can be developed to facilitate this. For example, the registry could run an automated forwarding service, by which after payment of a fee just large enough to discourage spammers the registry could forward the message to the registrant.

89. If a mechanism is to be created by which third parties can acquire the physical address, e-mail address, or telephone number of a registrant, the procedure for acquiring this information must be hedged with significant protections. Others are more expert than I as to what might be required, but at a minimum the request for the data should be reviewed by a human being before it is released, a fee should be charged to discourage frivolous invasions of privacy, and the registrant should automatically be informed of the identity of the requestor whenever a request for the data is made, given an opportunity to protest, and then told whether the request was honored.

90. *Recommendation 88 should be substantially modified as described above.*

91. If a mechanism can be found to protect the personal data of those with reason to fear its disclosure (e.g. victims of domestic abuse, political dissidents), then I agree that the provision of false registration information should be a grounds for cancellation of a domain name registration. Even so, the attestations required of a complainant seeking a “takedown” set out in RFC 3, para. 99, need some adjustment.

- a. First, the complainant should be required to attest that he believes there is no reasonable case to be made that the domain is being used solely for non-commercial expressive activities.
- b. Second, rather than a conclusory statement that the complainant believes his rights to be infringed, a least a short allegation of the nature of the infringement should be required. Similarly, rather than a conclusory statement that reasonable efforts to contact the registrant have been made, those efforts should be described with particularity.
- c. Third, firm agreement needs to be reached as to the minimum effort required to contact a domain name registrant, and the amount of time a domain name registrant has to respond before being declared non-responsive.
- d. Alternately, the takedown procedure could be restricted to situations where the complainant can demonstrate that the contact details are fictitious.
- e. A suitable bond should be required from the initiator of a take-down request. The bond should last for a period equivalent to the relevant statute of limitations and be sufficient to satisfy claims that the take-down request was fraudulent, in bad faith, or otherwise unjustified. Such a bond would also serve to protect the registries that will have to implement the takedown.

- f. The registrar's contracts with registrants should make clear that registrants do not waive their rights to recover against the bond or the relevant actors if takedown is initiated in bad faith or otherwise improperly by either the complainant or the registry.

92. *Recommendation 101 should be amended as described above.*

### Chapter Three: Resolving Conflicts in a Multijurisdictional World with a Global Medium: Uniform Dispute-Resolution Procedures

93. At this writing it is likely that there will be several parties involved in a chain of contracts regarding the assignment of domain names. ICANN will be at the base of the chain. It will select and contract with a small number of *registries* who will maintain and manage the database of domain names. The registries will in turn contract with a much larger number of *registrars* who will actually deal with the *registrant*—the customers seeking a domain name. The core of the WIPO proposal is to ask ICANN to initiate a chain of contractual obligations such that:

- a. The ICANN-registry contract would have terms requiring that,
- b. The registry-registrar contract have terms requiring that,
- c. The registrar-registrant contract have terms requiring that,
- d. All registrants agree to be bound by the WIPO administrative dispute policy (WIPO-ADR).

94. Furthermore, all registries would be required to

- a. agree to adhere to decisions of the WIPO-ADR panels unless these were contradicted by a competent court, and
- b. agree not to register in any gTLD those domains identical to trademarks found as famous by the WIPO famous names panels.

95. These rules would apply to all open gTLDs, that is to .com, .net, .org and to any and all new gTLDs that would offer registrations to anyone for sale. WIPO is not proposing that ICANN require that these rules apply to ccTLDs, although it recommends that ccTLDs adopt them. RFC 3 does not address the issue of the retroactive application of these rules. Presumably, however, as registrants' current contracts for domains in .com, .net., and .org lapse, they will be presented with the revised contractual terms on a take-it-or-leave-the-Internet basis.

96. As a result of this chain of contractual obligations, all registrants in .com, .net, .org and any future open gTLD would be required to agree to participate in the WIPO-ADR cyber-arbitration, under (as yet unwritten) WIPO rules, with any third party who felt their intellectual property rights of any sort (not just trademark) had been affected by the domain registration. Although registrars or perhaps registries would have some limited freedom to select among competing arbitral institutions to administer the cyber-arbitrations, WIPO seeks to have its rules apply to all arbitrations.

97. There is no doubt that an alternate dispute resolution procedure of some sort would be faster than most court proceedings, and usually cheaper too. *If* the system is balanced and fair, in principle this can only serve the legitimate interests of all parties. It is clear that some domain name speculators register desirable names in the hopes of reselling them to firms that have registered the same term as their trademark. It is clear also that due to the high cost and delay of litigation, even when the trademark holder feels certain win a judgment before a competent court it may be cheaper and more expedient to pay the registrant a small, or even not-so-small, sum to surrender the domain name. Similarly, it is clear to me -- if only from the experience of law students in my classes who have

received such letters -- that trademark attorneys routinely write demand letters to the holders of domains in which the lawyers represent that the registrant has illegally registered a client's trademark and must surrender it at once. Such letters are written even if the allegation of the illegality of the registration is wrong or at least very seriously debatable. (In one case, for example, the trademark registration appeared to post-date the student's registration of the domain.) Being law students, my students have usually had the fortitude to shrug off the letters, and to date I am not aware of any of them being sued.

98. No legitimate public interest is served by preserving windfalls or blackmail potential to registrants whose registration would be declared to violate a trademark by a competent court. The question, however, is whether other public values (and if so, which) should be sacrificed in to achieve the end of stopping these abuses. In particular, the public interest would not be served by a system that would allow trademark lawyers to so shift the balance of power that they could write demand letters so intimidating that ordinary people with meritorious registrations would feel they had no choice but to surrender without a fight. I have set out [a sketch of the type of demand letter one might expect](#) if the WIPO-ADR process were adopted by ICANN above at paragraph 8.

99. *The entire WIPO-ADR procedure described in Chapter Three should be made optional, except perhaps in the case of organized "cyber-pirates" who are in the business of repeatedly registering the trademarks of others for resale.*

100. *Alternately, the DNS could be divided up into domains to which WIPO-like policies applied, and those where they did not. One or more of the new gTLDs that might be created could be subject to more demanding registration conditions; in time, if this domain were perceived by the public as being the most reliable domain in which to find the companies associated with familiar trade names.*

101. Court Litigation In response to nearly unanimous comments from trademark owners who wished to preserve their full rights to litigate, WIPO proposes a system in which WIPO-ADR is to be an additional option available, at no obligation, to parties that feel aggrieved by a registration. If those parties wish to go to court instead of using the WIPO-ADR procedure, they may. Furthermore, if the loser in a WIPO-ADR is unhappy, he or she may go to court. WIPO suggests that the right to litigate is therefore preserved. See RFC 3, para. 114.

102. It turns out, however, that the suggestion that the right to litigate is preserved after WIPO-ADR is highly misleading: **under WIPO's proposed procedures the right to litigate is fully preserved if the complainant loses, but in many cases will be almost meaningless, and perhaps nonexistent, if the registrant loses.** Indeed, in recommendation 115 WIPO speaks merely of a rule that will "not deny the parties to the dispute access to court litigation." As further explained below, in so doing WIPO obscures the question of *which* court and *which* law will be available to whom after

the WIPO-ADR is concluded. It also does not address the nature of the cause of action (if any) that may be available to a registrant who has lost his domain, especially if the registrant was not a trademark holder. Indeed, in some cases there may be no way to bring suit against the successful complainant: the only recourse will be to sue the registry itself, something generally disfavored by courts and commentators.

103. Some have suggested that the more procedures one creates, the more unfair to ordinary people who cannot afford a lawyer and may not be good at representing themselves. Although I cannot deny the force of this argument, ultimately I am not persuaded by it. If and when a fair arbitration procedure can be crafted, one that would use the same law as would be applied by the court in which the lawsuit would be heard, everyone with legitimate interests wins: swifter, surer, cheaper decisions are in everyone's interest. If WIPO crafts an ADR regime that is, and is seen to be, fair, many people with legitimate disputes will voluntarily select it, and be better off for it. (I also accept that the small number of large-scale organized cyber-pirates would seek to avoid it, and that there may therefore be grounds for coercing them, but only them, into the WIPO-ADR.)

104. *Recommendation 115 should be re-written to make clear that if the WIPO-ADR procedure is to be without prejudice to the rights of the complainant, it should equally be without prejudice to the rights of the registrant..*

105. Submission to Jurisdiction. WIPO suggests that registration authorities should require registrants to enter into a third party beneficiary agreement in favor of any party in the world who feels that their intellectual property rights have been infringed by the registration. In this agreement the registrant would agree to be sued by any third party (1) in the country of the registrant's domicile, and (2) the country where the registration authority is located. RFC 3, para. 119. The second prong is disturbing. To understand why requires a definitional detour.

106. WIPO uses the term "registration authority" to encompass both Registrars (who take orders from registrants) and Registries (who maintain the underlying database of domain names). RFC 3, Chapter 2, note. 24 states that, "The term registration authority as used in this Report may encompass in certain contexts the "registry" and the "registrar," as those terms are used in the White Paper. WIPO takes no position on the appropriate division of administrative and management responsibilities among the chain of authorities in the DNS, as this is a subject properly for ICANN's consideration."

107. Given this definition, the suggestion that a registrant agree to jurisdiction where the "registration authority" is located creates problems as it encompasses both registries and registrars. Today, when the sole gTLD registry and the most important gTLD registrant are located in the USA, this means that any registrant in a gTLD agrees to be sued in the USA. I suspect that citizens of other countries may dislike this subsidy to the US trademark bar.

108. If, as seems likely, we swiftly move to a world where there are many gTLD registrars distributed around the world, then it will be increasingly less problematic to ask registrants to agree

to jurisdiction in the country where the registrar they deal with is located--although I wonder whether the consumer laws of some countries will allow this in a consumer sales contract if it means agreeing to foreign jurisdiction. Until that point, however, even to require an agreement to be sued where the registrar is located is to require contractual agreement to a trial in foreign forum that may be far away, in a foreign language, with foreign procedures.

109. On the other hand, the more we move to a world where there are many gTLD registrars distributed around the world, the more it is problematic to expect the registrant to agree to jurisdiction in a third country where the registry may happen to be located, a highly mobile entity with which the registrant has in any case had no direct contact. Even if there are registrars in many countries in competition, there will be few registries and the registrant may not have any way to select among them. I have doubts about the enforceability of such an agreement as a matter of consumer law. More to the point, I do not see it as fair.

110. More fundamentally, it is unfair to impose jurisdictional concessions on registrants without imposing correlative and equal obligations on those who seek to use the WIPO-ADR proceeding to take away their registration. As further explained below, the imposition of correlative and equal obligations becomes particularly important if the registrant loses the WIPO-ADR proceeding and seeks to exercise her right to challenge the outcome in court.

111. *Recommendation 119 should be amended to be consistent with the following principles:*

- (i) Registrants should not be required to agree to jurisdiction where the registry is located unless the registry also functioned as the registrar.*
- (ii) Registrants should not be required to agree to jurisdiction where the registrar is located if this is different from their residence until and unless there are a sufficiently large number of registrars distributed around the world.*
- (iii) Registrants should not be required to extend the consent-to-jurisdiction benefits conferred in the third party beneficiary agreement with the registry to any third party complainant who does not agree to jurisdiction in the same locations in the event that this third party complainant prevails in the WIPO-ADR and the registrant wishes to contest that determination in court.*

112. Guiding Principles for Design of ADR Policy. In this section (RFC 3, paras. 120-123) WIPO again reiterates that the proposed WIPO-ADR will be subject to “de novo” review in court, although it does not address the nature of the cause of action that would be brought by a registrant who lost his domain to a third-party claimant. It also emphasizes the complainant’s choice between the WIPO-

ADR and the court. It would be helpful, however, to have more detail. For example, if a third-party complainant starts a WIPO-ADR and either the registrant or some other interested fourth party begins a court proceeding, is the WIPO-ADR automatically stopped, or does it run its course? What if a party obtains a temporary restraining order (TRO) or other emergency process for a court that lacks jurisdiction over the registry or of one of the parties? If a complainant loses a WIPO-ADR, are they estopped from re-fighting the issue forever, or can they bring a new complaint every time the registrant re-registers (which, after all, entails the signing of a new third-party beneficiary contract). These and other similar procedural details remain to be fleshed out. It is unfortunate that this sort of detail will only be provided after the end of the comment period.

113. The Role of Arbitration. WIPO states in RFC 3, para. 135. that ICANN should produce a list of acceptable arbitral institutions and limit parties to choosing among them. WIPO further suggests that ICANN limit its choice to arbitral centers which meet various criteria. See RFC 3, para. 135. It would be useful to have WIPO's estimate of approximately how many extant bodies actually meet these criteria: 1 (WIPO itself)? 3? 10? Many? It would also be of enormous value to have WIPO's estimate of the fees it (and its deciders) would likely charge for an administrative appeal. After all, a \$50 challenge is a very different risk from a \$500 which is again different from \$5000. Top lawyers in the US make upwards of \$500 per hour. How many hours will it take to hear a case, research any applicable points of law, and write a decision? What is the institution likely to charge? What do translators cost?

114. I do not think it is appropriate for ICANN to have to decide which arbitral centers are suitable for dispute resolution. I do not see anything in the makeup of the ICANN board that suggests they have any special competence in the selection of arbitral institutions. I also see a grave political danger in contributing to "function creep" of ICANN. ICANN is not and should not be a nascent government for the Internet. It has a primarily technical function of assigning names and numbers. The selection of arbitral institutions is more properly left to the dictates of the marketplace. All arbitral centers should compete on a level playing field.

115. The "Administrative" Dispute Resolution Procedure (WIPO-ADR). WIPO speaks in RFC 3, paragraphs 141 and 142, of making the WIPO-ADR "available" in all gTLDs. In fact, of course, the option would be "available" only to complainants, i.e. trademark holders. From the registrant's point of view the procedure would be mandatory unless they were able to secure a court injunction. See RFC 3, paras. 143 & 145.

116. *Recommendation 142 should be changed to make the WIPO-ADR procedure optional except perhaps in the case of organized "cyber-pirates" who are in the business of repeatedly registering the trademarks of others for resale.*

117. Mandatory Nature of the Procedure. WIPO argues that the WIPO-ADR should not be optional because bad-faith registrants will avoid a cheap and quick procedure in order to maximize the settlement value of their case. WIPO claims that without a mandatory ADR system "it is doubtful

that the adoption of the procedure would result in significant improvement on the present situation.” RFC 3, para. 143. This argument presumably does not apply with much force to registrants who live in the large part of the world that use the “English Rule” on costs. Under the English Rule, a losing party, especially one whose case was not strong, must pay the winners court costs and attorney’s fees. On the other hand, the argument has considerably more force regarding bad-faith registrants subject to suit only in jurisdictions such as the United States that use the “American Rule” on costs. Under the American Rule the loser rarely pays the winner’s costs of litigation. In paragraph 26 above, I argue that the available evidence suggests that a very significant fraction of the current problem will be solved by taking far less extreme measures than the mandatory across-the board WIPO-ADR. And, throughout this document I suggest that the WIPO-ADR as conceived imposes unacceptable costs of its own.

118. WIPO also argues that the mandatory nature of the WIPO-ADR should not be seen as threatening because “parties dissatisfied with the results of the administrative procedure, including the domain name holder, would be free to seek a contrary decision from a court.” RFC 3, para. 143. This is disingenuous as it elides the issue of *which* court a dissatisfied registrant can go to. A complainant who wishes avoid the WIPO-ADR can bring the action in any court that has jurisdiction over the registrant. Suppose that Alice, the complainant, lives in New York, and Bob, the registrant, lives in Prague. If Alice can persuade a New York court to assert jurisdiction over Bob because he is using the domain in an infringing manner with effects in New York, then she can bring suit where she lives. On the other hand if Bob has merely registered the domain but made no infringing use of it, Alice probably must go to Prague to bring the action...or bring an in rem complaint against the registry. The WIPO-ADR offers Alice a potentially attractive means of avoiding the expense and uncertainty of hiring foreign counsel and risking the vagaries of a foreign legal system. If Alice loses, and she wishes to bring suit anyway, she has the same options she had before the WIPO-ADR.

119. Suppose, however, that the WIPO-ADR rules that Bob, the registrant, should surrender his domain name but that Bob wishes to challenge the outcome, perhaps because he believes that the WIPO-ADR arbitrator used decisional principles different from those that would be used in a Prague court. Under the WIPO policy the decision goes into effect immediately, and Bob must find a court with jurisdiction over the Alice to hear his request for a stay. Without the WIPO-ADR Bob probably would have defended the action in a court in Prague, giving him the benefits we traditionally accord defendants, and especially defendants who are ordinary individuals and small businesses: a convenient venue, familiar law, local language and local counsel, and the choice of law principles of the local court. Instead, unless Alice has sufficient contacts with Prague for the court there to assert jurisdiction over her, now Bob must shoulder the burden of being the plaintiff in a New York court, with potentially unfamiliar and more expensive procedures, a different local language, and what to Bob will be foreign counsel. The New York court may use different choice of law and different substantive principles than the Czech court. And, Bob will now be the plaintiff instead of a defendant and must shoulder the burden of proof. Indeed, if Bob seeks injunctive relief to prevent the WIPO-ADR decision from going into effect immediately, Bob will have to shoulder a heavy burden of proof indeed.

120. A significant fraction of these problems could be avoided if, as a condition of allowing Alice to invoke the WIPO-ADR procedures, Alice was required to consent in advance to jurisdiction in Prague, the jurisdiction where the Bob resides, in the event that Bob wished to stay or to overturn the WIPO-ADR decision.

121. There may be a more fundamental problem also. The claim that “parties dissatisfied with the results of the administrative procedure, including the domain name holder, would be free to seek a contrary decision from a court” RFC 3, para. 143, glosses over what exactly Bob tells the court if he loses the WIPO-ADR. Recall that the “administrative” decision goes into effect immediately and remains in effect until countermanded by a competent court. RFC 3, para. 185. Although some nations provide procedures for the review of “arbitration” it is unclear if this “administrative” procedure would necessarily qualify. Certainly it seems unlikely that the US Federal Arbitration Act would provide a means of review, since that act limits the court’s review to

“(1) Where the award was procured by corruption, fraud, or undue means.

(2) Where there was evident partiality or corruption in the arbitrators, or either of them.

(3) Where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or of any other misbehavior by which the rights of any party have been prejudiced.

(4) Where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.

9 U.S.C. § 10. None of these four factors will ordinarily apply.

122. U.S. Courts do not ordinarily review “administrative” decisions of private parties, unless there is some claim of tort, breach of contract, or violation of some other legal right. Having lost the domain name, Bob must now frame a cause of action, relying on a legal right, that will get a court’s attention.

a. If Bob happens to have a trademark identical to his domain name, he can claim that Alice is violating his trademark. But the strength of that claim will turn in substantial part on how Alice is using the mark, not on what Bob was doing which would have been the subject of the case but for the WIPO-ADR. It is not difficult to imagine a case where the two parties are not in fact infringing each other, and a court applying national law would have found for Bob if he were the defendant. But as Alice is no more guilty of trademark infringement under the relevant national law than is Bob, she will win the court case—and keep the domain Bob would have had but for the WIPO-ADR.

b. Suppose, however, that Bob does not have an actual trademark, but has merely been using the name for some years. He cannot therefore allege trademark infringement, especially in jurisdictions that do not have a doctrine of common law trademarks. He might be able to frame some sort of claim of tortious interference with contractual relations based on his contract with his registrar, but that seems a poor bet when he specifically agreed to the administrative procedure in his contract.

- c. Worse, suppose Bob is a non-commercial user and there is no claim of bad faith or fraud on the part of the arbitrator. (Perhaps Bob thinks the arbitrator used the wrong law.) Bob may not be able to claim a violation of his right of free expression because the damage was caused by a private party, not the government. He has little actual damages, and it is in any case unclear who has been negligent or behaved tortiously. There is no statutory right at issue; Bob's right to an injunctive relief requires a claim of right under law and it is not at all clear where this would be found.
- i. In the United States Bob might be able to frame his claim as a declaratory judgement action, but I think this unlikely. A declaratory judgement action provides a mechanism by which parties to a contract can ask a court to adjudicate what the contract means in advance of any actual or potential breach. In this case, however, there is not a real question about what Bob's contract with the registry means: Bob agreed to the WIPO-ADR, and (absent fraud or bad faith) he had it just as promised. The allegations that the arbitrator either used the wrong law, over-relied on WIPO's "principles" or applied national law incorrectly are not in themselves likely to be considered breaches of contract since the contract allows the arbitrator to choose the law and/or the "guiding principles" and to apply them.
  - ii. Under RFC 3, there is no contract between Bob and Alice for the court to adjudicate, and Bob has no claim against Alice under his contract with the registry. Even if there were a contract between Bob and Alice entered into at the start of the WIPO-ADR, I am unsure that they could by contract manufacture a cause of action that a U.S. court would accept gave Bob standing. (Other jurisdictions have procedures for judicial review of arbitration, but that is not how the U.S. arbitration act works.)
  - iii. Nor, absent a trademark of his own, is Bob likely to have a claim against Alice under Alice's subsequent contract with her registry.

123. If the above analysis is correct—and I hope it is not—then for many registrants who loses to a third party claimant, their dispossession is the whole of the law. Once Bob has lost the WIPO-ADR his ability to frame a claim that is even cognizable in court is not free from doubt and will probably vary from jurisdiction to jurisdiction. This fundamental issue has not in any way been addressed by RFC 3. Even if there are only a few jurisdictions where Bob may bring a claim to overturn the WIPO-ADR result if he has a trademark but not if he was engaged in expressive activity, a mandatory administrative process would "result in a diminution in, or otherwise adversely affect the enjoyment of" fundamental rights.

124. The problem could not be avoided by a rule that first stayed the WIPO-ADR results for a period of time, and then expunged the result if a registrant brought suit. As soon as the result is expunged, Bob's cause of action will be dismissed as there is no longer any harm to complain of. Nor will merely staying the application of the WIPO-ADR pending the court's decision solve the problem as Bob remains cleft in the fork that he either has lost the domain and thus may have no legally cognizable claim to it; or has not lost it, and has no problem worthy of the court's notice.

125. As noted above in paragraphs 93-96, WIPO proposes a contractual mechanism by which a registrant-registry contract creates a third party benefit to unknown parties. The registrant gives advance consent to submitting to the WIPO-ADR procedure upon the complaint of any third party who feels his “intellectual property” interests (this should be changed to trademark interests) have been infringed by the registration. WIPO’s key contentions in this regard require careful consideration:

“[1] questions may be raised in certain jurisdictions regarding the validity and enforceability of such a mandatory procedure, particularly in light of consumer protection laws, due process considerations and the fact that it purports to create rights for a party who is not privy to the domain name registration agreement. [2] There are, however, sound public policies in favor of the administrative procedure. In the absence of enabling legislation, the most effective means to enhance the validity of the domain name holder’s submission to the procedure is to ensure that the legitimate interests of all parties are safeguarded, both in conclusion of the agreement and in the course of the proceedings. [3] Primary responsibility in this respect would lie with the institution administering the procedure (the dispute-resolution service provider) and the neutral decision-maker called upon to decide the case.”

RFC 3, para. 144 (bracketed numbers added).

126. [1] Is the Proposed Contract Unenforceable? I will use U.S. law as my example here, even though the United States is not the jurisdiction with the most pro-consumer rules in the world; it is, however, the one that I know best. In the United States there is a general federal policy, represented by the Federal Arbitration Act, 9 U.S.C. § 1ff., that the traditional rule disfavoring arbitration should be abandoned. Instead, contracts to arbitrate are to be construed like any other contract. Thus, a “party may attempt to make a showing that would warrant setting aside the forum-selection clause--that the agreement was “[a]ffected by fraud, undue influence, or overweening bargaining power”; that “enforcement would be unreasonable and unjust”; or that proceedings “in the contractual forum will be so gravely difficult and inconvenient that [the resisting party] will for all practical purposes be deprived of his day in court.” *The Bremen v. Zappa, Off-Shore Co.*, 407 U.S. 1, 18.

127. A recent case illustrates the application of these principles. In *Filias v. Gateway 2000*, 1998 U.S. Dist. Lexis 20358 (E.D. Ill. Jan. 20, 1998), plaintiff, a consumer, purchased a computer which came with a contract containing a clause making all disputes arbitrable before the International Chamber of Commerce (ICC) in Paris. Following the precedent of the court of appeal in the 7<sup>th</sup> Circuit, *Hill v. Gateway 2000, Inc.*, 105 F.3d 1147 (7th Cir. 1997), *cert. denied*, 118 S. Ct. 47 (1997), the precedent friendliest to contracts of adhesion of any circuit in the U.S., the trial court rejected a broad-based challenge based on the adhesive nature of the agreement and held that the contract was valid.

128. Despite having found the adhesive nature of the contract acceptable, the *Filias* court ruled that the agreement to arbitrate was nonetheless unconscionable because it referred the dispute to the

ICC in Paris. In reaching this decision the court noted that the cost of arbitrating before the ICC “is disproportionate to the amounts in controversy” and that “other costs and fees associated with arbitration before this organization are prohibitive in the context of a small consumer dispute.” It then used its powers under the Arbitration Act to order that arbitration instead be held before the American Arbitration Association.

129. There are differences between the *Filias* case and the WIPO proposal, some of which argue for a finding of unconscionability of the WIPO-ADR, and some against it. The potential cost of the WIPO-ADR is more wildly disproportionate to the amount paid by the consumer than in *Filias* as a WIPO-ADR will cost the consumer thousands of US dollars if he loses, while registration will cost at most tens of US dollars. On the other hand, the consumer makes no advance payment in the WIPO proposal. The arbitral institution may not be as far away, and e-mail proceedings are less burdensome than traveling. While reasonable people could differ, I believe the balance tilts towards a finding of unconscionability, and would so argue to a court.

130. A more significant difference between the *Filias* case and the procedures proposed in RFC 3 is the nature of the bargain for the arbitration clause. Like many of the decisions upholding adhesion contracts, the *Hill* precedent on which *Filias* relies turns on the fundamentally competitive nature of the relevant market and the idea of sovereign consumers choosing among alternatives. And indeed, the computer industry is notoriously competitive. It is not clear, however, that the adhesive contract proposed by WIPO could shelter behind this rationale, as it is proposed that ICANN require that *all* gTLD registries force *all* registrars to require the *identical* terms from *all* their customers. Thus, unlike the ordinary contract of adhesion, the terms will neither be bargained-for (since the registrar cannot bargain on this issue, being contractually required to use the arbitration clause), nor even potentially subject to competition.

131. Indeed, each of the participants in this chain of contracts would be well advised to seek counsel’s opinion regarding their anti-trust (competition law) exposure.

132. [2] Public Policy Issues. WIPO argues that public policy militates in favor of the adhesive contract. In fact, however, given the inherent unfairness of the procedure to the registrant, the disproportion of the potential arbitration costs given the value of the contract, and the inability of the consumer to shop around for different terms, public policy argues against enforcing it.

133. [3] Fairness. WIPO accepts that it is essential to ensure that “the legitimate interests of all parties are safeguarded, both in conclusion of the agreement and in the course of the proceedings.” RFC 3, para. 144. “Primary responsibility in this respect would lie with the institution administering the procedure (the dispute-resolution service provider) and the neutral decision-maker called upon to decide the case.” *Id.* Alas, this is not so, since as we have seen WIPO wishes ICANN to set uniform contractual terms that would apply to all registrants, thus foreclosing differences in “the determination of the agreement.” Furthermore, WIPO proposes that all arbitral institutions that participate in the WIPO-ADR be required to use the same (as yet undisclosed) rules. *See* RFC 3, para 153 (“The procedural rules for the recommended administrative dispute-resolution procedure

should be international, in the sense that they take account of differing legal procedural traditions; simple to follow, since domain name applicants will be required to submit to them; and uniformly applicable, regardless of the dispute-resolution service provider that administers the procedure. A set of procedural rules has not, at this stage, been drafted...”).

134. Scope. Finally, as drafted, recommendation 145 is far too broad. Registrants should not have to submit “any” dispute regarding their domain name to the WIPO-ADR procedure. Disputes between registrants and registries over payments do not belong there. Claims that a registered name is racist, offensive, libelous, or guilty of *lèse-majesté* do not belong there. Contract disputes concerning the conveyance of a domain name do not belong there. Similarly, allowing claims based on the so-called right of personality might be an invitation to politicians and others who wished to prevent critics from registering their names for political or parodic purposes to use the system to undermine the rights of free expression of registrants. The sole jurisdiction of the WIPO-ADR should be trademark-based claims against registrants.

135.

*Recommendation 145 needs substantial revision.*

- (i) *The entire administrative procedure should be optional except perhaps in the case of repeat “cyber-pirates” who are in the business of repeatedly registering the trademarks of others for resale.*
- (ii) *Even if the procedure were required in some gTLDs but not all, rather than requiring the registrant to submit “any dispute concerning the domain name” to the WIPO-ADR, the reference should be ONLY for claims based on a claim that the registration violates the trademark rights of another.*

*If the procedure is not optional in all gTLDs, there is a substantial risk that a US court would hold that even the more limited trademark-only scheme proposed here was unconscionable when enforced against a consumer and would refuse to enforce the arbitration clause in those circumstances.*

136.

*Recommendation 151 should be amended to make clear:*

- (i) *That the entire administrative procedure is optional except perhaps in the case of organized “cyber-pirates” who are in the business of repeatedly registering the trademarks of others for resale.*
- (ii) *That only trademark-based claims will be subject to it, not, e.g., those based on right of personality claims, or copyright.*

137. Costs & Fee-Shifting. WIPO proposes that the costs of the WIPO-ADR should be advanced by the complainant, but payable by the losing party. Paragraph 8 above explains why such a rule,

combined with uncertainty about the decisional rules to be applied, will result in an inordinate potential for pressure on consumers who are afraid to risk the hundreds and thousands of dollars in fees likely to be charged by the arbitral institution and the arbitrator.

138. WIPO has been readying an online arbitration facility and it would be interesting to know what they think the fee will be. I assume the institutional fee will be less than a thousand dollars U.S. One will need to add to that the hourly fee charged by the arbitrator, and translation costs if the two parties do not speak the same language, or if the arbitrator does not speak one of the party's languages. All this payable by a losing party who initially registered a domain for US \$80 or, probably, much less, even without a finding of bad faith or repeated abuse.

139. I presume by "costs" that WIPO does not mean attorney's fees. To allow attorney's fees to be recovered in such a procedure would be immoral as it would allow a complainant to threaten to impose nearly unlimited costs on the defendant. Alternately, to establish some sort of "reasonable costs" standard that would itself invite disputes and ancillary procedures would embroil the proceedings in the procedural nightmare familiar to any person who has ever had to deal with a Taxing Master in the English court system.

140. My primary objection to fee-shifting is due to its tactical consequences before arbitration commences: it can only intimidate those with fewer resources, to the benefit of those with greater resources. There is, however, also an argument that when applied to parties who reside in jurisdictions such as the United States that follow the American Rule on costs, fee-shifting would be incompatible with WIPO's statement that "the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere." RFC 3, para. 32. If a party that would otherwise have to litigate in an American Rule jurisdiction gets the benefit of fee-shifting, it has indeed benefitted from an "additional protection" greater than that which would otherwise have existed in the circumstances. Insofar as the WIPO-ADR procedure is either voluntary or limited to the most flagrant repeat "cyber-pirates" I personally am prepared to accept this derogation from what should otherwise be a fundamental principle. If the procedure is mandatory in all cases, I do not consider it acceptable.

141. *Recommendation 158(iv) should either be deleted or limited to cases of gross and repeat abuse.*

142. *Recommendation 163 should be amended to make clear that only trademark-based claims will be subject to it.*

143. *Recommendation 165 should be amended to make clear that the WIPO-ADR will be suspended in the event that proceedings begin before a competent court.*

144. The one-sided nature of the entire proposal is perhaps best symbolized by WIPO's inability

to identify any period of time that would be suitable as a period of repose. The reasons given for this are worth quoting:

“It is considered that, while a time bar for claims may be a superficially attractive proposal, any implementation of such a measure would need to take into account that the underlying use of a domain name may evolve over time (with the consequence that the use of a domain name may become infringing through, for example, the offering of sale of goods of a different sort to those previously offered on the web site); that any related intellectual property rights held by the domain name holder may lapse; and that a time bar would in any event be undesirable in cases of bad faith.”

RFC 3, para. 167. Having throughout RFC 3 relied on the (in my opinion almost always erroneous) principle that a domain name registration can infringe a trademark *without* commercial use, WIPO here embraces the principle that use is after all relevant. And since use can change over time, no period of repose is appropriate. One cannot have it both ways. Either registration alone without commercial use is not an infringement, in which case the absence of a period of repose is reasonable since the critical issue is use which changes over time, or registration alone is sufficient to join the issue, in which case a reasonable time bar is essential. I would accept the absence of a time bar if it were clear that mere registration without more can never be an infringement and that non-commercial use is an absolute defense for the registrant. Of course, unreasonable delay on the part of the complainant would continue to be a factor in the result to the extent provided by the relevant national law.

145. *Either Recommendation 168 should be amended to include a time bar or, preferably, the other recommendations in RFC 3 that fail to recognize that trademark infringement requires infringing use beyond mere registration should be harmonized with the recognition of this fact in Recommendation 168.*

146. Length of Proceedings. WIPO proposes in Recommendation 171 that WIPO-ADR procedures be allowed to suspend domain names on an interim basis within a week of the commencement of proceedings. In the absence of detailed procedural rules regarding the commencement of the WIPO-ADR proceedings it is difficult to gauge the effects of this suggestion. For example, we do not know if commencement of the proceedings will require actual notice to the registrant, or if email to the registrant will be considered sufficient notice without evidence of receipt. Even if firms can be expected to read their email daily or weekly, the same cannot fairly be said of individuals. People go on vacations. Sometimes they do not read their email for two, three, or even four weeks at a time. (Indeed, I have heard some Internet professionals suggest that the definition of a good vacation is one where email is physically inaccessible.) Secondly, as the procedures have been deracinated from the legal systems of the world, we do not know what standard of proof will be required for interim measures. In the United States, for example, a very compelling case is required for injunctive relief before trial. Will this be the standard in WIPO-ADR?

147. *Recommendation 171(i) should be deleted. It is unreasonable for WIPO to expect much in the way of comment, much less informed*

*consensus, on a proposal for rapid interim relief before detailed procedural rules have been written regarding commencement and conduct of proceedings.*

148. Appointment of Arbitrator. WIPO says in RFC 2, para. 172 that the important skills for an arbitrator are experience “in domain names, intellectual property rights, litigation and ADR.” This makes no reference to other important values that need to be respected in the selection of the decision makers, notably human rights generally, and free speech rights in particular. Sensitivity to these issues is one of the benefits of generalist judges. The absence of criteria that allow for more than a narrow trademark focus becomes especially important if the rules are to be applied to all open gTLDs since there will be no area carved out to most carefully nurture these values. This is no minor detail but goes to the nature of the process and the nature of the Internet as the rising medium of global communication.

149. My experience as an arbitration lawyer leads me to believe that selection of an arbitrator can be crucial to outcomes even in a world where all the potential deciders are honest and well-intentioned. Not everyone is the same. While suggestions that the procedures proposed resemble those of many other institutional arbitrations are technically correct, most of those other procedures contemplate commercial arbitrations between sophisticated parties where both sides are represented by counsel. The fact remains that parties represented by counsel who are repeat participants in the process will have an enormous advantage over unrepresented parties to whom the names on a list will not be meaningful. The procedures proposed would be fair if one expected that both parties to a dispute would be represented. Even if fair in form, they are likely to be much less fair in substance in cases where one side is represented and the other side is not.

150. *Recommendation 178 should be amended to be consistent with the prior two paragraphs.*

151. Enforcement. WIPO suggests “that the determinations made under the administrative dispute-resolution procedure should take immediate effect and continue to have such effect, unless and until a contrary order is given to the registration authority by such a court of competent jurisdiction.” RFC 3, para. 185. The conclusion that administrative orders should have immediate effect is unfair to unrepresented parties, and perhaps to many represented parties as well. Only a represented party will know how to secure an injunction from a court of competent jurisdiction, and depending on the geography this may be complex, and expensive. A reasonable delay in enforcing the order, perhaps with an exception if the decider finds that the original registration was part of a pattern of abuse, is an essential part of a fair procedure. So too is automatic suspension of the order during the pendency of judicial challenge, at least in the initial years of the application of the new procedure. At a time when the law relating to domain names is still being worked out it is unfair to so prejudice the position of those willing to face the risk, expense and time commitment required press the matter in court.

152. *Recommendation 187 should be modified to be consistent with the prior paragraph.*

153. Paragraphs 8 and 137-140 above explain the problems caused by fee-shifting.

154. *Recommendation 194 should be modified to make clear that fee-shifting should follow the rules of the jurisdiction whose substantive law is being applied. Alternately a uniform standard might be devised if limited to cases of gross and repeated abuse.*

155. Applicable Law or Rules Governing the Merits of the Dispute. WIPO proposes that “a decision-maker will, in the light of the circumstances of a particular case, make reference to the applicable laws that those circumstances indicate need to be considered, and will also refer, for guidance, to a set of principles that summarize the main considerations that national courts have taken into account.” RFC 3, para. 197. WIPO offers two justifications for abandoning traditional principles of choice of law in favor of a smorgasbord approach:

- a. The first is that, given the global nature of the Internet, an infringement may occur in many places at once, making the laws of many places potentially relevant. This is misleading. If Alice wants to get Bob’s domain name on the grounds that Bob is infringing her multi-jurisdictional trademark, in the absence of the WIPO-ADR procedure she must find a court with jurisdiction over Bob and persuade it that he is either violating that jurisdiction’s laws, or (as is not uncommon) to choose to apply foreign law. Since in the WIPO-ADR at least Alice only needs to win once to get Bob’s domain transferred to her, Alice would be no worse off if choice of law principles mirror those of a forum that has jurisdiction over Bob. If there are multiple fora with clear jurisdiction, Alice can perhaps select the forum whose law she thinks would apply, and take its choice of law principles along with the substantive rules if the arbitrator agrees her choice was proper. Alternately, the registrar may specify choice of law in its contract with the registrant, and make Alice’s consent to this choice a condition of being allowed to participate in the WIPO-ADR.
- b. The second justification is difficult to understand. WIPO states that by adopting what I have termed the smorgasbord approach, “the administrative dispute-resolution procedure may develop in a way that accommodates both developments in case law in national courts and the principles being applied within the administrative dispute-resolution system.” RFC 3, para. 197. This appears to be bootstrapping: WIPO-ADR decisions should follow WIPO’s principles in order to remain consistent with decisions that follow WIPO’s principles.

156. There is no *lex mercatoria* (customary international trade law) for trademark law. There is no *lex mercatoria* for domain names. It is not and should not be the function of ICANN to seek to create it. If an arbitrator concludes that a court would find that a specific national law applied to a

set of facts, then the arbitrator should be duty bound to apply that law and no other, and should make no more "reference to a set of guiding principles that endeavor to identify the dominant considerations that national courts cases have taken into account" than would the courts of the nation whose law governs. It is of course both true and right that in many circumstances national courts may look to foreign decisions as persuasive authority, and an experienced arbitrator will understand this. And there may well be a role for WIPO and others to compile persuasive authority and seek to distill guiding principles. But it would be wrong for the arbitrators to be either encouraged or required to do this in any circumstances that might trump national law, as it derogates from the essential principle of "the same, but faster, cheaper, surer."

157. *The underlined portion of Recommendation 198's suggestion that "the merits of a dispute be decided by the decision-maker in accordance with the laws that, in the light of all the circumstances of the case, are applicable and by reference to a set of guiding principles that endeavor to identify the dominant considerations that national courts cases have taken into account" is unacceptable in any form and should be deleted.*

158. Worse, it appears that WIPO does not contemplate the arbitrators actually identifying the "principles" for themselves but rather contemplates providing them itself, and updating them on a routine basis. RFC paragraph 200 speaks of the principles being "subject to regular review and appropriate adjustment over time, on the basis of experience gained in the administrative dispute-resolution system," and the implication is clear.

159. A taste of what decisional principles might supplement (or supplant?) national law can be found in paragraph 199 of RFC 3. The seven principles WIPO proposes raise difficulties, not least that they are not given relative weights or priority, and that no examples of how they might play out are provided for guidance. Even without this guidance, it is plain that some of these principles are inappropriate. Furthermore, the suggestion these principles are some sort of distillation of general principles found in the decisions of courts around the world is not always substantiated. For example, principle (iv) is "The nature of the top-level domain in which the domain name is registered." While I think this would be quite a sensible factor for a court to consider, the fact that there are at present no meaningfully differentiated open gTLDs creates a strong presumption that there is no "national court cases" which has "taken into account" this principle.

160. Should WIPO-ADR proceedings "take into consideration and balance" the "intended use of the domain name by the third party complainant" as "against the interests of the domain name holder"? RFC 3, para. 199(ii) says they could and should. Is the allocation of the namespace to be determined by what trademark lawyers selected by arbitral institutions approved by WIPO or ICANN consider to be "better" uses, regardless of the interests of the registrant? Apparently so, although I do not find much support for this "principle" in the decisional laws with which I am aware. Plus, in this "balancing," what weight will be given to the public policies of the registrant's domicile?

161. And consider principle (vi): “*Identical or confusingly similar*. It should be considered whether the domain name is identical or confusingly similar to the intellectual property right asserted in the claim, or whether any use of the domain name either avoids or compounds any such confusion.” Can there be any cases that would properly fall within the jurisdiction of the WIPO-ADR where the domain name was *not* “identical or confusingly similar” to a trademark? (WIPO here again uses the over-broad term “intellectual property right,” but the argument stands even if one were to accept that claims founded on personality rights might properly be included in the process.)

162. And consider principle (v): “*Abusive Registration of the Domain Name*. The definition of what might constitute an abusive registration of a domain name is discussed in the next Chapter. The issues identified in that discussion would be taken into account here and any indications that the domain name was registered abusively would be a ground for decision.” The term “abusive registration” is defined in RFC 3, para. 244 in the following terms:

“the registration or use of the domain name by the domain name holder is without relevant rights or interests and unfairly: (i) capitalizes on the goodwill associated with the complainant’s legitimate rights, whether by way of trademarks, personality rights, geographical indications or otherwise, or (ii) frustrates the complainant’s desire to reflect its rights in a domain name.”

163. The critical word in the above definition is “or”. WIPO here asserts that an abusive registration is

- a. either a registration *or* use, which
- b. “without legitimate rights or interests and unfairly”
- c. either capitalizes on goodwill associated with the complainant’s legitimate rights *or* “frustrates the complainant’s desire to reflect its rights in a domain name.”

Conditions (a) and (c) will always be satisfied. There will always be “a registration” and the essence of a complaint will always be that the complainant wishes he had the domain name (his desires are “frustrated”). The only condition that matters, therefore, is (b)—whether the registrant has what WIPO terms a legitimate right or interest. Since this is the issue that the definition of abusive registration is supposed to help determine, we are already verging on circularity.

164. RFC 3, paragraph 244 defines “Circumstances which may indicate the abusive registration [of] a domain name” as including:

- “(i) any offer to sell the domain name to the complainant or to any member of the public;
- “(ii) the domain name prevents the complainant from registering a domain name corresponding to its rights;
- “(iii) the domain name is identical or confusingly similar to the rights of the complainant and its use by the domain name holder causes confusion as to the source and origin of the goods or services;

“(iv) the domain name, which is identical or confusingly similar to the complainant’s right, was registered with a view to attracting increased traffic to the domain name holder’s site; or

“(v) any other domain name registrations held by the domain name holder which are identical or confusingly similar to intellectual property rights of the complainant or others, and the number of such registrations.”

Three of these “circumstances” find little or no support in the decisional law of national courts with which I am aware, and certainly do not rise to the level of a generally agreed principle; one is redundant; one is important, but insufficiently detailed:

- a. Item (i). There are a few cases which do hold that people who make a practice of registering domain names and reselling them are making an infringing commercial use of a domain name. (On the other hand, some consider domain name speculation to be acceptable capitalism, no worse than any other form of speculation. For example, according to the comments of the American International Property Law Association on RFC 2, a court in Belgium recently held that a company that had registered a domain name with Network Solutions could not be deprived of its rights to the domain name even if the domain name deliberately included a third party’s company name. According to the AIPLA, the court reasoned that the registration of the domain name was a business opportunity and was, therefore, outside the scope of Belgium’s unfair commercial practices law.) But even if one accepts that organized, large-scale cyber-pirates are making commercial use of domain names at the time of registration, it is a long way from that holding to the conclusion that *any* offer to sell a domain name to the complainant is evidence of bad faith justifying losing the registration. Offers to sell are a routine part of trademark settlement negotiations. Is an offer to settle to be seen as grounds to lose a WIPO-ADR?
- b. Item (ii). Similarly, in which jurisdictions is it the law that holding a trademark gives you an affirmative right to have the corresponding domain name? (Recall that WIPO promised in chapter one that “the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere.”) WIPO does not say.
- c. Item (iv). In the absence of commercial use (or, perhaps, “tarnishment”), registration of a domain name similar to that of another in order to attract additional traffic is a protected form of expressive activity. Consider for example [www.microsoft.com](http://www.microsoft.com), or the “[Drudge Retort](#)”, a parody of the popular journalist.
- d. As for item (iii), trademark law already prohibits the unfair competition or passing off referred to; this item also duplicates paragraph 199(vi).
- e. Item (v) is the only one that gets to the heart of the matter. Just as there are a small number of court decisions that suggest persons who make a practice of registering trademarked words deserve to lose the registrations, so too is there a consensus that a significant fraction of the problems experienced by trademark owners are due to a small number of professional speculators. WIPO would be better advised to seek to define true cyber-piracy in a way that targeted the gross and repeat abusers who most people agree are responsible for a disproportionate fraction of the problems currently

experienced. While not everyone would agree, a rough consensus could probably be formed around a definition that, using some numerical limit, defined it as the registration of large numbers of trademarks belonging to others for the purpose of resale.

165. *Paragraph 199 should be deleted. Paragraph 244 should be modified to reflect the comments in the above paragraph.*

166. Paragraph 200 speaks of the above principles being "further elaborated" and "subject to regular review". Principles do not elaborate themselves. Someone does it. The proposal should be explicit about whom it is contemplated might undertake this task, and the mechanism by which (if at all) the conclusions of this body might become the raw material for the "reference to a set of guiding principles that endeavor to identify the dominant considerations that national courts cases have taken into account" that arbitrators would be required to take account of. In any event, judging from RFC 3, WIPO is not the body that should be entrusted with this task.

167. *Paragraph 200 should be deleted.*

#### Chapter Four: The Problem of Notoriety: Famous and Well-known Marks

168. The entire project described in Chapter Four is premature. While many nations have, consistent with their treaty obligations and national law, developed standards for identifying *nationally* famous and/or sectorally well-known marks **there is no consensus procedure for identifying globally famous or globally well-known marks**. Furthermore, any mark which is globally famous or well-known will also be nationally famous or well-known in most nations. As such it already benefits from existing, substantial, protections under national law and is therefore already quite well protected, by the courts—and by the WIPO-ADR procedures when they follow national law.

169. World-wide there probably are already at least tens of thousands of identified nationally or regionally famous and well-known marks. As the procedures for identifying these marks become more routinized and widespread there are potentially hundreds of thousands, or even millions, on a world-wide basis. Although the text of RFC 3 is sometimes ambiguously phrased, it seems that WIPO does not (as indeed it should not) propose to give special gTLD protection to each of the many nationally famous and well-known marks, but rather to create a new category of *globally* famous and well-known marks. WIPO alleges that only “a small number of names is involved...it is likely that famous and well-known marks that may qualify ... number in the hundreds, rather than the thousands.” RFC 3, para. 216. We are asked take this on faith, however, as WIPO does not suggest that there should be any upper limit, however, large, on the number of marks that its procedures might determine to be globally famous and well-known.

170. The first conceptual problem with this idea is that there is no consensus on what it takes to be a globally famous or well known mark. The fact that the groups charged by WIPO with identifying firm criteria for identifying globally famous marks have not been able to do so after years of effort suffices to persuade me that the project undertaken in Chapter Four is premature and misguided. As the European Union noted in its comments on RFC 2, “there should not be separate mechanisms for protecting them on the Internet until such time has come where there is agreement on an internationally accepted definition of what a famous or well-known trademark is. Objective and quantifiable criteria will have to be developed to identify what is or is not such a mark.” Comment of European Community and its Member States (November 3, 1998 - RFC-2).

171. In RFC 3, WIPO no more proposes the “objective and quantifiable criteria” called for by the European Community than did WIPO’s own Committee on Experts on Well-known Marks or its successor, the Standing Committee on Trademarks, Industrial Designs and Geographical Indications—the groups who have been working on the problem for years. Rather, in RFC 3, paragraph 232, WIPO specifically rejects the creation of any objective standard that might allow readers to determine whether the number of marks covered will number in the hundreds, thousands, tens of thousands or millions. Instead WIPO proposes an ad hoc procedure in which it would select the persons who would determine, often in ex parte proceedings, which marks would be specially favored. These persons would apply the vague, “non-exhaustive” criteria set out in RFC 3, paragraph 227, which on their face might apply to hundreds of thousands of marks.

172. The second major conceptual problem is that the ad hoc procedures WIPO proposes to create have no structural incentive for keeping the number of specially privileged marks within reasonable bounds. Put simply, the trademark-lawyer participants in WIPO's proposed process have no incentive to say "no" to anyone claiming that his mark is famous or well-known, and the proposed guidelines are subjective, vague, and potentially quite expansive. The procedure would be less objectionable, although still premature and inappropriate, if:

- a. Some more neutral body than one charged only with advancing the protection of intellectual property were in charge of the process, and in particular that the process ensured that the decision-making parties included representation for persons committed to the preservation of freedom of expression and protection of access to the namespace rather than just trademark lawyers. Removing WIPO from the administration of the process would also prevent any suggestions that the arbitrators had a structural incentive to hew to any particular orthodoxy in exchange for their continued re-appointment to decision-making panels.
- b. ICANN were to set an upper bound for the number of marks that could benefit from the process. Once such a ceiling was in place, the decision-makers would have an incentive to be cautious about whether marks are sufficiently famous to qualify, for fear that over-liberality in the initial decisions would leave out more deserving marks whose owners were slower to request certification. An initial ceiling could be 500, 1000, or even more, trademarks. Since any initial number is arbitrary, the ceiling could be subject to review (up or down) by ICANN or some other neutral body every five or ten years.

173. The importance of the limit on the number of qualifying marks cannot be overstated. Recent experience under the U.S. Dilution Act suggests that in practice trademark holders who can show a court that they are victims of unfair competition find it remarkably easy to become suddenly famous or well-known. Especially if WIPO seriously contemplates identifying and protecting globally famous *or* "well-known" (i.e. sectorally specialized) marks, I fear that WIPO's estimate of hundreds of qualifying marks might prove to be substantially low. A refusal to agree to *any* limit no matter how high, especially for the early years of this utterly novel and poorly specified procedure, asks one to take too much on faith.

174. *All the recommendations in Chapter Four should be deleted. The question of creating special protections in the DNS for a new class of globally famous marks should be deferred until the duly constituted international bodies seeking to define what constitutes a globally famous mark have reached firm conclusions.*

175. As it happens, there are additional problems with the proposal that may be worth mentioning. The third conceptual problem is that once a mark is defined as globally famous, WIPO proposes inappropriate remedies and privileges. In particular, WIPO's proposals for generic protection of

famous and well-known marks fail to reflect the fact that the international consensus on the protection of famous and well-known marks extends only to protection against commercial use of those marks.

- a. Whatever protection these marks are entitled to under treaty extends only to protection against others making commercial use of the mark.
- b. Similarly, although the laws of many nations provide protection against dilution of a trademark this too can require commercial use albeit not necessarily a showing of likely customer confusion. For example, the U.S. federal Trademark Dilution Act specifically excludes non-commercial use of a mark from its coverage. 15 U.S.C. § 1125(c)(4)(B). Thus, in *Lockheed Martin Corporation v. Network Solutions*, the court stated,

“in *Panavision* and *Intermatic*, the fact that the defendant's conduct impeded plaintiff's use of its trademark as a domain name was not the determining factor in finding that the defendant's use was diluting. If impeding use of the trademark as a domain name were the only factor, the court in *Panavision* would not have asserted that registration of a trademark ‘as a domain name, without more, is not a commercial use of the trademark and therefore not within the prohibitions of the Act.’ *Panavision*, 945 F. Supp. at 1303. All prior domain name registrations corresponding to words in a trademark impede the trademark owner's use of the same words for use as a domain name. The Internet, however, is not exclusively a medium of commerce. The non-commercial use of a domain name that impedes a trademark owner's use of that domain name does not constitute dilution.”

985 F. Supp. 949, 959-60 (C.D. Cal. 1997). As the court noted, “Internet users may also have a free speech interest in non-infringing uses of domain names that are similar or identical to trademarks.” *Id.* at 964 n. 9.

176. Since a registration of even a famous mark is not, without some commercial use, necessarily infringing, it is unreasonable to give even globally famous marks a blank pre-emptive right blocking registrations in all gTLDs as it would violate the basic principle identified by WIPO in Chapter One, that “...the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere.” RFC 3, para. 32.

177. A fourth conceptual difficulty is that in addition to the six vague and manipulable considerations for determining if a mark is famous or well-known issued by WIPO Standing Committee on Trademarks, Industrial Designs and Geographical Indications and set out in RFC 3, para. 227, In this process, WIPO has felt it expedient to add a seventh “non-exhaustive” criterion not approved by the committee: “Evidence of the mark being the subject of attempts by non-authorized third parties to register the same or confusingly similar names as domain names.” RFC 3, para. 228. No justification is propounded for this suggestion other than it would serve “to accommodate the specificities of the protection of famous and well-known marks in relation to domain names.” Why

precisely a mark should be more likely to be considered *globally* famous because it happens to attract the attention of a single enthusiastic domain name speculator, numerous parody sites, or nettlesome critics, is unclear. Indeed, if a firm is attracting the attention of many critics who register names similar to it as a form of protest, this seems to be the weakest case for special protection.

178. The fifth conceptual difficulty with WIPO's proposal is that the practical application of the remedies it proposes for globally famous marks confronted with different but "confusingly similar" names are unclear and, to the extent they are clear, are unreasonable. To give just one example, WIPO proposes in RFC 3, paras. 237-38, an "evidentiary presumption" for holders of globally famous names that would operate against registrants with "allegedly identical or confusingly similar" registrations. (It is unclear what is meant by "allegedly identical" – it could mean (a) registered before the exclusion took effect; (b) included in a longer string, e.g. "IhateCompany.com," or perhaps something else?)

179. WIPO suggests that the holder of the globally famous mark would initiate a WIPO-ADR by alleging only "(i) that a domain name was identical to, confusingly similar with, or dilutes the mark that is the subject of the exclusion; and (ii) that the domain name was being used in a way that was likely to damage the interests of the owner of the mark that was the subject of the exclusion. Upon such a showing, the burden of proof in the procedure would shift to the domain name registrant to justify the good faith registration of the domain name and to show why that registration should not be canceled. If the domain name registrant were unable to make such a showing, the registration would be canceled. The evidentiary presumption would be available in respect of any TLD in which an exclusion had been obtained." RFC 3, para. 237.

180. At least to a US lawyer, the intended consequences of this presumption are somewhat unclear. Is this what a US lawyer would call "meeting the burden of going forward"? Meeting the "burden of proof"? "Shifting the burden of proof"? Something else?

181. In any event, it seems to me that the second requirement, that the applicant allege only "that the domain name was being used in a way that was likely to damage the interests of the owner of the mark that was the subject of the exclusion" is too gentle to meet the required mark-owner's burden of proof, persuasion, production, or whatever. If Bob is running a site parodying Alice's product, or a site that seeks to gather potential litigants to sue for an alleged product defect in Alice's product, or an "anti-Alice" site with a confusing name such as Alice, it is quite likely that Bob is "damaging" Alice's "interests". At the very least, and as a deterrent to harassing applications, Alice, the applicant, should be required to affirmatively allege that he believes there is no reasonable case to be made that Bob is engaged in non-commercial protected speech activities. I suspect that further attestations might reasonably be required from Alice as well.

182. I have discussed the difficulties inherent in the proposed definition of "abusive registration" offered in RFC 3, paragraph 244, above at paragraph 164.

## Chapter Five: New Generic Top-level Domains

183. RFC 3's discussion of the problems and opportunities presented by new gTLDs suffers from a flaw conspicuously absent from the previous four chapters: a failure of the imagination.

184. The issue of new gTLD's provides a classic example of the economics of scarcity, of network effects, and the problem of path dependence. Competition for attractive names in the .com, and to a lesser extent .net and .org domains is driven by a combination of the following two factors:

- a. Scarcity: There currently are only three open gTLDs, causing a shortage in fact, and a hoarding mentality. This accounts for the gold-rush approach to registrations.
- b. Network effect: To a significant extent, .com has achieved a small priority of place in the English-speaking Internet-using world as the TLD of choice for commercial undertakings (although, interestingly, it does not appear to have this priority in the non-English-speaking world). If there were a substantial number of competitors for .com, and it became widely understood that any Internet address was substantially arbitrary, then the understandable fears of trademark owners that consumers might naturally gravitate to .com in search of their product will be greatly alleviated.

185. Furthermore, any proposal for creating a small number of new gTLDs, slowly, that does not make it clear that many more will be created in a predictable fashion according to a fairly predictable schedule risks repeating the scarcity problem at least, and perhaps the network effect problem as well. This is the problem of path-dependence. Perhaps counter-intuitively, opening only a small number of domains in some ways may be more harmful to trademark owners in the long run than opening so many that the market for domains becomes flooded (and the value of cybersquatt/cybersquatting becomes greatly reduced as the number of equally attractive TLDs grows). A world with many, differentiated, gTLDs will help further educate users to the reality that the presence of a particular word in a domain name does not necessarily map to a company whose product may share that name. A substantial increase in the number of gTLDs would also make it easier to provide attractive second-level names to each of several parties with an interest in the same character string (e.g., multiple holders of sectoral or national trademark interests in the same name).

186. A fair solution requires some creativity. Although there may be some technical constraints on the rate at which new TLDs safely can be proliferated, and also on the absolute number that can comfortably be established under the current architecture, I understand that there is no technical reason why at least a hundred new TLDs could not be created over a year at a rate of, say, two per week. While I do not necessarily advocate that many, one should not assume that a solution with many gTLDs will be worse than one with very few and the attendant scarcity mentality that shortages breed. Indeed, Jon Postel proposed creating up to 150 more TLDs. See RFC 3, para. 247.

187. In my opinion, the issue of gTLDs open to all comers should not be separated from the very closely related issue of restricted, or structured/chartered, gTLDs. A restricted gTLD is a domain with a defined and limited purpose. There have been a plethora of proposals for restricted gTLDs, including suggestions of .biz (for firms only), .nom (for personal names only), .per (ditto), .museum,

.law, .fun, .xxx (a domain which might make content filtering more easy for those who choose that option), and many others.

188. One can imagine at least two kinds of restricted gTLD:

- a. An open restricted gTLD, where the purpose of the domain is announced but registrations are taken in the same manner as .com, i.e. first-come-first-served, with no policing of bona fides of registrant nor of intended use prior to registration. What policing exists is driven by third-party complaints after the fact; and both registry and registrar seek to avoid participation in those disputes. This was the original design of .net (for ISPs and related providers), and .org (for non-profits); it is fair to say that as regards those domains the structure has broken down.
- b. A closed (or moderated) restricted gTLD, where not only is the purpose of the domain announced, but the task of approving registrations by policing the bona fides of registrant and/or the intended use prior to registration is delegated to an Approval Authority. The Approval Authority for each moderated gTLD would be an appropriate body, with relevant expertise regarding the purposes of that domain. Policing would exist would in the first instance be the gate-keeper function of the Approval Authority, but there could also be scope for third party complaints to the Approval Authority. The Authority would have the authority to de-list registrants or transfer registrations if it upheld complaints. There might also be scope for meta-policing via complaints (to ICANN?) that the Approval Authority was doing a bad job.

189. Thus, for example, one could imagine that WIPO itself or some other body might become the Approving Authority for a new moderated gTLD, in which only famous marks, or globally famous marks, or firms that met some other appropriate intellectual property law based criteria, were allowed to register. Rather than attempt to restructure the entire existing gTLDs, the new .ok, or .ip, or .wipo [.tm is not available as it is taken by the Turkmenistan ccTLD] would seek to establish itself as the reliable location to which users should naturally turn if they seek the firm associated with a familiar trademark. WIPO could use any form of mandatory ADR it wished to sort out competing intellectual property claims to names in that domain, and do so without harming any interests in the existing namespace. If the procedures prove to be as successful as WIPO hopes, they might in time even be emulated in other gTLDs. Similarly, an international NGO such as Amnesty International might be asked to be the Approving Authority for human rights organizations.

190. Special transitional rules might be required to coordinate the new WIPO gTLD with .com; some period of cross-registration or discounting for those who wished to change their registration from .com to the new gTLD also might be appropriate.

191. Furthermore, once the new gTLD were established, and if it came to be seen to be the gold standard for trademark-based registration, the market will be able to decide which domains it considers most interesting and reliable. Browser manufacturers will have their search functions point

to the “best” domain first if this what consumers want. [This, of course, is outside ICANN’s jurisdiction.]

192. Other specialized gTLDs could also be created, with a mixture of open and moderated structures. A variety of procedures for helping ICANN to select the new gTLDs to be created might be used. In addition to top-down planning of the sort advocated above, some gTLDs might be allocated according to popular demand, expressed and measured in some fashion akin to the procedures used by the [Usenet Volunteer Vote-Takers](#), or the procedures currently being developed for membership in ICANN. In at least some of these there would be no room for the sort of administrative dispute procedures advocated by WIPO because the uses were purely non-commercial. Instead, a more streamlined procedure could be imagined in which the only question was whether the use of the domain was commercial or not.

193. Differentiation of the gTLDs in the manner proposed probably would serve as at least partial insulation for participants against claims that the entire project imposed unconscionable unalterable and unavoidable adhesive terms on consumers, and might also provide some protection against anti-trust (competition law) based claims that the system was fundamentally illegal.

194. The obvious question which then arises is what if any rules should be defined to prevent those new gTLDs which are not subject to an Approving Authority from re-creating the problems experienced in .com, .net, and .org. I have argued that various factors have and will combine to reduce the frequency of conflicts between domain names and trademarks, among them

- a. increased consumer sophistication as Internet use matures (less potential confusion),
- b. increased predictability of court action as precedents accumulate.

In addition, I would advocate

- c. various changes in the administration of existing gTLDs as set out in the sections above (e.g. pre-payment, requirement of accurate contact details);
- d. removal of scarcity mentality by creating predictable “upgrade path” towards numerous gTLDs;
- e. the development of special rules to deal with the critical initial seconds, days, and perhaps weeks of open registration for new gTLDs, designed to prevent large-scale cyber-piracy; and,
- f. when open restricted gTLDs are created, the definition of the permitted uses should be straightforward, and be expressed clearly and simply. For example, although any line-drawing exercise is always fraught at the margin, it should be possible to broadly agree on a definition of what constitutes purely non-commercial use of a domain, and to make non-commercial use a safe harbor against the very large majority of trademark based claims. A finding that a use was commercial would be grounds for de-registration or transfer of a domain in a purely non-commercial gTLD, and some form of administrative challenge procedure, staffed by arbitrators sensitive to the distinction between expressive and commercial activities might well be appropriate in such cases.

195. Nevertheless, even with all of these changes and measures, it cannot be denied that some trademark infringement via commercial use of domains in a manner that amounts to unfair competition, passing off, or trademark abuse remains inevitable given the fallen state of man. Just as we do not have perfect self-enforcement of trademark law in ordinary life, so too will trademark owners continue to have to police their marks on the Internet. But that is exactly the point. Just as we have not optimized the ordinary physical world for trademarks (or other intellectual property interests), so too should we be wary of optimizing the DNS for trademarks at the expense of other, at least as fundamental, values such as fairness, the rule of law, and the protection and continued enhancement of the expressive rights of individuals in every part of the world.

## About the author

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Professor Froomkin is a Foreign Associate of the Royal Institute of International Affairs and a Fellow of the Cyberspace Law Institute. He is on the Editorial Board of Information, Communication & Society and Lex Electronica (Cybernews), and a Consultant Editor of Amicus Curia, the journal of the Institute of Advanced Studies (London, England). He is also on the Advisory Boards of BNA Electronic Information Policy & Law Report, the Cyberlaw Abstracts of the Legal Scholarship Network, the Privacy Exchange, and the Journal of Online Law.

Before entering teaching, Professor Froomkin practiced international arbitration law in the London office of Wilmer, Cutler & Pickering. He clerked for Judge Stephen F. Williams of the U.S. Court of Appeals, D.C. Circuit, and Chief Judge John F. Grady of the U.S. District Court, Northern District of Illinois. Professor Froomkin received his J.D. from Yale Law School, where he served as Articles Editor of both the Yale Law Journal and the Yale Journal of International Law. He has an M.Phil in History of International Relations from Cambridge University in England, which he obtained while on a Mellon Fellowship. His B.A. from Yale was in Economics and History, *summa cum laude*, *phi beta kappa*, with Distinction in History.

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## Revision History

ver 1.0a

Changed March 12 to March 17 to reflect new comment deadline.

ver 1.0

Added executive summary

ver .9c

More typos

Small change in para 114

ver .9b

Corrected some bad hyperlinks

ver. .9a

Corrected typographical errors

Minor wording changes.

Substantive changes to paragraph 26 to reflect other parts of document.

Substantive change to para 159 regarding RFC 3, para 199(iv).

First public version 0.9