The Uniform Domain Name Dispute Resolution Policy: Will Alternative Dispute Resolution Succeed Where the Courts Have Not? *A Proposed Solution To An Imperfect System*

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Introduction

Alternative Dispute Resolution ("ADR") methods have been successfully applied to instances of conflict resolution since the inception of Western legal tradition.[1] ADR methods were first employed by the King and local lords in the early English legal system.[2] Soon thereafter, ADR was introduced in the New World.[3] As early as 1705, statutes enacted in some of the first colonies even featured arbitration clauses.[4]

The use of arbitration as well as other forms of ADR continued to increase, and boomed with the rise of the Industrial Revolution.[5] For example, in 1887, the federal government passed the Interstate Commerce Act.[6] The Act established a procedure for the Railroads and their employees to submit labor disputes to arbitration.[7] Further use of ADR ensued after "Congress passed the Federal Arbitration Act [, in 1925,]… govern[ing] the arbitration of contractual disputes involving commerce."[8]

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[1] Frank A. Cona, *Application of Online Systems in Alternative Dispute Resolution*, 45 BUFF. L. REV. 975, 976 (1997).

[2] *Id.*

[3] *Id.*

[4] *Id.*

[5] *See generally History of Alternative Dispute Resolution*, *at* http://www.gama.com/HTML/history.html (last visited Mar. 21, 2003).

[6] *Id.*

[7] *Id.*

[8] *Id.; see* Federal Arbitration Act, 9 U.S.C. §§ 1-14 (1925).

Since that time, the use of ADR to resolve commercial disputes has grown exponentially.[9] The formation of the American Arbitration Association ("AAA") in 1926, was one indicator of ADR's rapid growth.[10] To date the AAA, alone, has administered over two million cases.[11] Just in 2003, the AAA handled more than two hundred and thirty thousand of those cases.[12]

The role of ADR in international commercial disputes has grown as well.[13] "ADR is [currently] the most [widely] used method of international commercial dispute resolution."[14] Today, ADR is faced with a new challenge, namely, resolving conflicts arising on the "last frontier" – the Internet.[15]

Part I of this paper examines the evolution of the Internet and explores the role and the growing importance of Internet domain names. The Internet began, simply, as a tool for communication in case of a disabling enemy attack.[16] However, it has become a complex mechanism through which Internet users can share ideas, learn, shop, and enjoy music, movies, or their favorite forms of entertainment. Because the Internet has become so widely used, especially among consumers, businesses have aggressively sought to capitalize on this phenomenon by acquiring their own, unique piece of the Internet. This objective has led to intense competition among businesses to obtain an Internet domain name that consumers can easily locate.

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[9] Cona, *supra* note 1, at 977.
[10] *See AAA Public Service History*, AMERICAN ARBITRATION ASSOCIATION, *at* http://www.adr.org/index2.1.jsp?JSPssid=16220 (last visited Jan. 11, 2004).
[11] *See Fast Facts,* AMERICAN ARBITRATION ASSOCIATION, *at http://www.adr.org/index2.1.jsp?JSPssid=16235* (last visited Jan. 11, 2004).
[12] *Id.*
[13] Cona, *supra* note 1, at 977-978.
[14] *Id.* at 978.
[15] *See History of Alternative Dispute Resolution, supra* note 5.
[16] Wayde Brooks, *Alternative Dispute Resolution Symposium: Current Public Law and Policy Issues in ADR: Wrestling Over the World Wide Web: ICANN's Uniform Dispute Resolution Policy for Domain Name Disputes*, 22 HAMLINE J. PUB. L. & POL'Y 297, 298-299 (2001).

Part II explores the many methods used in an attempt to successfully and consistently resolve domain name disputes. Because of the intense competition between businesses to obtain easy-to-find domain names on the Internet, abuse of domain names has skyrocketed. The courts as well as the Anti-Cybersquatting Consumer Protection Act have sought to successfully resolve these disputes but have met only limited success. Due to this incomplete success, ADR methods have been employed to help curb domain name abuse.

Part III discusses the use of alternative dispute resolution to more effectively resolve domain name disputes via the implementation of the Uniform Domain Name Dispute Resolution Policy ("UDRP"). However, this policy, too, has proved to be imperfect in its resolution of domain name disputes.

The UDRP's procedural requirements are detailed in Part IV. While the Policy's procedural rules often provide parties with a speedy and fair resolution to their dispute, the complex procedures are also the source of many of the Policy's weaknesses. Part V addresses many of the criticisms aimed at these weaknesses.

Part VI presents the author's suggestions for even greater success in resolving domain name disputes. The author offers several modifications to strengthen an already effective policy. Additionally, it is suggested that the current domain name structure be revamped in an effort to diminish much of the confusion that currently leads to many domain name disputes.

I. A Look at the Internet and Its Use of Domain Names

A. The Evolution of the Internet

In 1969, researchers gave life to the idea of an "Internet," when they successfully connected a computer in California with a computer at the Massachusetts Institute of Technology using, merely, a telephone line.[17] Four years later, the U.S. Department of Defense utilized this technology to develop a network of computers called the ARPANET that, it was hoped, would survive and continue to function in the event of a disabling enemy attack.[18]

Today, the Internet is no longer seen simply as a futuristic lifeline, designed in preparation for the next World War. Instead, it is regarded as a user-friendly, smorgasbord of information, utilities, shopping malls, discussion boards, chat rooms, family pages, news broadcasts, educational resources, and sports updates.

Businesses have jumped on the "Internet bandwagon," as well, providing a virtually inexhaustible source of retailers, wholesalers, and individuals holding, essentially, online garage sales on sites like Ebay.com. In turn, this strategy has benefited many businesses that have added an online dimension to their already established "brick and mortar" stores. According to one report, despite U.S. consumers' lacking confidence in the economy overall, their confidence in Internet products and services remained high in 2003.[19] "Numbers from the U.S. Commerce Department indicates [sic] online

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[17] Brooks, supra note 16, at 298-299.
[18] *Id.* at 299; *see also* Reno v. A.C.L.U, 521 U.S. 844, 849-850 (1997).
[19] Lisa Gill, *Study: Consumers Plan More Online Spending in 2003*, E-COMMERCE TIMES, (Jan. 20, 2003), *at* http://www.ecommercetimes.com/perl/story/20512.html; *See also* CNN Money, *Online sales surge in holiday week* (Dec. 2, 2003), *at* http://money.cnn.com/2003/12/03/news/companies/online_sales/

shopping grew by 26.3% from [2002]"[20] "Some estimates put total online retail sales in 2003 as high as $100 b[illio]n."[21] In August alone "[t]otal online sales increased from $4 billion in July to $4.2 billion."[22]

Because competition has increased so rapidly between online businesses, companies have attempted to claim domain names that are similar or identical to their already well-known "brick and mortar" names or trademarks to gain a competitive advantage.[23]

B. The Role of Domain Names

A domain name is an easy-to-remember pseudonym that substitutes for an unmemorable, technical Internet Protocol ("IP") address.[24] By inserting these easy-to-remember domain names into a web browser's address bar, surfers can more easily find the sites for which they are searching.[25]

Claiming a memorable domain name is additionally beneficial for an online business because, like real property, each IP address is unique.[26] Because each IP address is unique, each domain name substituting for that IP address must also be unique. Therefore in practice, the first business to claim a particular domain name secures sole control of that name. This results in the convenient "search and locate" nature of the

[20] BBC News, US online sales hit $50bn in 2003, (Feb. 23, 2004), http://news.bbc.co.uk/1/hi/business/3515287.stm.

[21] *Id.*

[22] Jessica Davis, *Dot-com shakeout aside, online consumer spending continues to grow, at* http://archive.infoworld.com/articles/op/xml/00/10/16/001016opprophet.xml (last visited Jan. 11, 2004).

[23] Brooks, *supra* note 16, at 305; *see also* A. Michael Froomkin, *ICANN's "Uniform Dispute Resolution Policy" – Causes and (Partial) Cures*, 67 BROOK. L. REV. 605, 619 – 620 (2002).

[24] Brooks, *supra* note 16, at 302-303; *see* Froomkin, *supra* note 23, at 619.

[25] Brooks, *supra* note 16, at 305.

[26] Froomkin, *supra* note 23, at 619-620.

Internet, where surfers can practically guess their favorite company's domain name and easily locate the company's site.[27]

II. Resolving Domain Name Disputes

A. The Rise of Domain Name Abuse

Though easy-to-remember domain names contribute greatly to the convenience of the Internet, due to their exclusivity, the potential for domain name abuse is high. Many "cyber-pirates" took advantage of this domain name monopoly phenomenon when the Internet first became readily accessible to businesses and individuals.[28]

"Cyber-pirates" rushed to claim domain names that they knew would be desired by certain companies, then extorted money from these companies in return for the domain name.[29] This is referred to as "cybersquatting."[30]

There are essentially four categories of domain name disputes.[31] The first, and perhaps the most common type of dispute involves "cybersquatting."[32]

Coca-Cola v. Purdy involved one of the most egregious cases of cybersquatting to date.[33] In that case, the Coca-Cola Company, McDonald's Corporation, Pepsico, Inc., the Washington Post, and the WashingtonPost.Newsweek Interactive Company, LLC, joined as plaintiffs in a lawsuit against William S. Purdy, Sr.[34] Purdy, a long time abortion

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[27] Brooks, *supra* note 16, at 305.
[28] *See* Orion Armon, *Is This as Good as It Gets? An Appraisal of ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) Three Years After Implementation*, 22 REV. LITIG. 99, 104-105 (2003).
[29] *Id.* at 306; *see also* Froomkin, *supra* note 23, at 620.
[30] Froomkin, *supra* note 23, at 608 (defining the term "cybersquatter"); Brooks, *supra* note 16, at 306.
[31] Brooks, *supra* note 16, at 306.
[32] *Id.*
[33] Coca-Cola Co. v. Purdy, No. 02-1782, 2002 U.S. Dist. LEXIS 17117 (D. Minn. Sept. 5, 2002).
[34] *Id.*

opponent, registered a multitude of domain names, including mymcdonalds.com, mycoca-cola.com, drinkcoke.org, pepsisays.com, and mypepsi.org among others.[35]

When Internet surfers entered the domain names into their computer web browsers, they were redirected to anti-abortion websites with graphic pictures of dismembered, aborted fetuses.[36]

The United States District Court for the District of Minnesota enjoined Purdy from using these domain names and any others "that both (1) incorporate[], and [are] identical or confusingly similar to, Plaintiffs' distinctive, famous and protected marks…, and (2) do[] not alert the unwary Internet user to the protest or critical commentary nature of the attached website within the language of the domain name itself."[37]

This case of cybersquatting is atypical. While the majority of cybersquatting cases typically include a person who secures a domain name that he knows a business will desire, in an attempt to later extort money from that business, this case involved a man who '"systematically hijack[ed] the famous trademarks of renowned food and beverage products companies and prominent news organizations to gain publicity and divert traffic to anti-abortion Web sites.'"[38] Though different, this case of domain name abuse was just as egregious as the more common examples of cybersquatting.

Unlike cybersquatting, which involves one person's bad faith attempt to use a domain name to exploit another, the second type of domain name conflict involves

[35] *Id.* at 6.
[36] *See e.g.*, *id.* at 4; Associated Press, *Abortion Foe Sued In Cybersquatting Dispute*, (July 19, 2002), *at* http://www.freedomforum.org/templates/document.asp?documentID=16566.
[37] *Coca-Cola Co.*, No. 02-1782 at 6.
[38] Associated Press, *supra* note 36.

multiple parties acting in good faith, who happen to hold trademark rights in a similar or identical name, and who then attempt to claim the same domain name.[39]

This kind of domain name dispute was seen in *Gateway 2000, Inc. v. Gateway.com, Inc.*[40] In that case, Plaintiff Gateway 2000, the company many consumers recognize as a Fortune 500 company that manufactures and sells computers and other technologies, sought an injunction against Gateway.com, Inc., a much smaller computer consulting business, to halt its use of the domain name gateway.com.[41]

In 1990, the second defendant in the case, Alan B. Clegg, registered the domain name gateway.com for use in connection with his computer consulting business.[42] The court found that both parties had a legitimate use for the domain name, and because the defendant claimed the domain name first, the address was rightfully his.[43] Further, the court held that, "Unlike so-called cybersquatters, [the] defendant operates and has operated for some time a computer business using this name and address…."[44] [T]his case does not merely involve opportunistic behavior or some form of exploitation on the part of defendant."[45] In cases where the first use is legitimate, courts will often follow the "first come, first serve" rule.[46]

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[39] Brooks, *supra* note 16, at 307.
[40] Gateway 2000, Inc. v. Gateway.com, Inc., No. 5:96-CV-1021-BR(3), 1997 U.S. Dist. LEXIS 2144 (E.D.N.C., W. Div. Feb. 6, 1997).
[41] *See id.* at 2.
[42] *See id.* at 2-3.
[43] *See generally id.* at 4; *see also* Brooks, *supra* note 16, at 308.
[44] *Gateway 2000, Inc.*, No. 5:96-CV-1021-BR(3), at 4.
[45] *Gateway 2000, Inc.*, No. 5:96-CV-1021-BR(3) at 4.
[46] *See generally id.*; Hasbro, Inc. v. Clue Computing, Inc., 232 F.3d 1 (1st Cir. 2000).

The third type of dispute is referred to as "reverse domain name hijacking."[47] This occurs when "legitimate trademark holders attempt to 'recapture' existing valuable domain names from other legitimate users for their own use."[48]

The issue of reverse domain name hijacking was addressed in *Panavision Int'l, L.P. v. Toeppen.*[49] In that case, Toeppen registered the domain name panavision.com.[50] Panavision is a registered trademark held by Panavision Int'l, L.P.[51] Panavision Int'l sought to enjoin Toeppen from using the domain name when it found that it could not register panavision.com for itself.[52]

Toeppen used the website to display photos of Pana, Illinois.[53] Toeppen argued that his use of the website was legitimate, that it was not commercial, and that, therefore, he did not misappropriate Panavision International's trademark.[54] Panavision Int'l argued that Toeppen was merely cybersquatting. The company noted, "Toeppen was in the business of stealing trademarks, registering them as domain names on the Internet and then selling the domain names to the rightful trademark owners."[55]

Further, Toeppen had previously registered numerous other domain names that incorporated trademarks owned by companies including Delta Airlines, Neiman Marcus, Eddie Bauer, and Lufthansa among many others.[56]

The District court for the Central District of California found that, "Toeppen's registration of Panavision's trademarks as his domain names on the Internet diluted those

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[47] Brooks, *supra* note 16, at 307.
[48] *Id.*
[49] *See generally* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1978).
[50] *Id.* at 1319.
[51] *Id.*
[52] *Id.*
[53] *Id.*
[54] *See generally id.*
[55] *Id.*
[56] *Id.*

marks within the meaning of the Federal Trademark Dilution Act, and the California Anti-dilution statute," despite that fact that he seemingly had a strong argument that his website was both used for legitimate purposes and existed as a non-commercial, non-competing website.[57]

While this may be seen as a weak case of reverse domain name hijacking, the principle remains: a domain name owner with a legitimate interest in a domain name may have his domain name taken away by a more powerful company with trademark rights in the domain name.

The fourth type of dispute can closely resemble a case of reverse domain name hijacking. It involves the question of priority between two parties who choose the same domain name, but who have no trademark rights in that name.[58] This type of dispute generates a series of questions for the courts including:

> [W]ho decides which party gets the domain name and how? What if one party speculates in "Domain Name Futures"? Does it matter how the speculating party discovered the "need" of a starting company to be met by the domain name it holds? What if the parties had extremely similar domain names, such as "rocket.com" and "rockets.com?"[59]

Sprint, the telecommunications giant, and Spree.com were involved in this type of domain name conflict.[60] Spree.com originally registered the domain name spree.com for its retail business, which "partners with book, flower, and other gift vendors to operate its retail business exclusively on the Net."[61]

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[57] *Id.* at 1327.
[58] Brooks, *supra* note 16, at 309; Rebecca W. Gole, *Playing the Name Game: A Glimpse at the Future of the Internet Domain Name System*, 51 FED. COMM. L.J. 403, 412 (1999).
[59] Brooks, *supra* note 16, at 309; *See* Gole, *supra* note 58, at 412.
[60] Courtney Macavinta, *Spree.com, Sprint in domain squabble*, CNET NEWS.COM, *at* http://news.com.com/2100-1023-203393.html?legacy=cnet (last visited Jan. 14, 2003).
[61] *Id.*

Though neither company had a trademark in the name "Spree" or "spree.com" at the time the domain name was registered, Sprint was interested in the name "Spree" for use in selling its prepaid Spree phonecards and soon was granted the trademark rights to the Spree name.[62] Soon after, Sprint asked spree.com to surrender the domain name on the grounds that the site was infringing Sprint's trademark rights.[63] Additionally, Sprint filed a complaint with Network Solutions, which forced Spree.com to surrender its site if the two parties could not settle the matter within thirty days.[64] This result might have been fatal for Spree.[65] Fortunately for Spree, the parties did settle the dispute[66] and spree.com still retains the rights to the spree.com domain name.[67]

Regardless of the outcome in these cases, the four categories of domain name disputes discussed above, illustrate the growing tension "between businesses that have invested billions of dollars building brands in physical space and a new breed of entrepreneurial ventures that are building brands solely on the Net."[68] As unique domain names become more difficult to obtain, the tension, as well as the number of disputes, is sure to escalate.

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[62] *Id.*
[63] *Id.*
[64] *Id.*
[65] *Id.*
[66] Email correspondence with Ari Goldberger Esq., Spree.com's attorney in this matter. (On file with author).
[67] *See generally* http://www.spree.com.
[68] Macavinta, *supra* note 60.

B. The Courts' Attempt to Resolve the Disputes

As competition grows and memorable domain names become scarce, the number of disputes continues to climb.[69] Parties to these conflicts are able to seek relief through both the court system and, more recently, through applied methods of ADR.

Initially, the courts resolved domain name disputes using, primarily, trademark law.[70] These actions were seen as trademark infringement cases, in which the courts would apply the traditional "likelihood of confusion" test.[71] Later, dilution cases were heard as well, but only for the most famous marks.[72]

The trademark infringement actions ran into barriers, however, mostly because the cybersquatters did not offer goods and services under the disputed domain names, negating claims of consumer confusion.[73] The decision of the United States District Court for the Central District of California in *Academy of Motion Picture Arts & Sciences v. Network Solutions Inc.* supports this proposition.[74] In that case, the Academy claimed that Network Solutions infringed and diluted several of its trademarks by allowing customers to register domain names that were similar to the Academy's marks.[75] In

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[69] *See* Froomkin, *supra* note 23, at 622.
[70] Jian Xiao, *The First Wave of Cases under the ACPA*, 17 BERKELEY TECH. L.J. 159, 160 (2002).
[71] *Id.; see Panavision Int'l, L.P.*, 141 F.3d at 1326. Trademark law seeks to protect consumers by distinguishing the origin of a good or service from a competing good or service and thereby greatly reducing the chance for consumer confusion between a product's origins. GILSON, 1-1 TRADEMARK PROTECTION AND PRACTICE § 1.03[B] (2004). The "likelihood of confusion" test is applied to determine the chance of consumer confusion. *Id.* at THE GENERAL CONCEPT § 5.01. The test considers factors such as the strength of the senior user's mark, the degree of similarity between the marks, the similarity of the goods/services, the proximity of the goods, the sophistication of consumers, wrongful intent, actual confusion, and the quality of defendant's goods or services, among others. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961). The more likely that consumer confusion will occur, the greater the chance that trademark infringement will be found by a court. *See* GILSON, *supra* note 71, at THE GENERAL CONCEPT § 5.01.
[72] Xiao, *supra* note 70, at 160.
[73] *Id.; see* Academy of Motion Picture Arts & Sciences v. Network Solutions Inc., 989 F.Supp. 1276 (C.D. Cal. 1997).
[74] *See Academy of Motion Picture Arts & Sciences*, 989 F. Supp. at 1279.
[75] *Id*. at 1277.

denying the Academy injunctive relief, the court stated that, "[t]here has been no allegation by the Academy which supports a finding… that Network Solutions has directly used any of [the Academy's] protected marks 'in commerce.' The mere registration of a domain name does not constitute a commercial use."[76]

Further, the courts experienced problems with dilution cases because they were reluctant to stretch the "famousness" test most commonly applied in these disputes.[77] The courts have, since, limited dilution claims to cases that involve only truly famous marks.[78] And the Second Circuit went so far as to rule that "dilution actions apply only to marks that are both famous and inherently distinctive."[79]

C. Resolving Disputes With the ACPA

Due to these difficulties, Congress enacted the Anti-Cybersquatting Consumer Protection Act ("ACPA").[80] Congress structured the Act "to balance the property rights of trademark owners with the First Amendment interests of Internet users."[81] "Under the ACPA, a defendant is liable if, with 'bad faith intent to profit,' he registers, traffics in, or uses a domain name that is identical or 'confusingly similar to' a mark that is either distinctive or famous at the time the domain name is registered."[82]

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[76] *Id.* at 1279.
[77] Xiao, *supra* note 70, at 161.
[78] *Id.*
[79] *Id.; see* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 216 (2d Cir. 1999) ("It is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element [of dilution claims].")
[80] *See* Lanham Act, 15 U.S.C. § 1125(d) (2002).
[81] Xiao, *supra* note 70, at 162.
[82] 15 U.S.C. § 1125(d)(1)(A)(i) – (ii); Xiao, *supra* note 70, at 162.

The ACPA provides a more effective means of stopping cybersquatters than does trademark law.[83] It addresses problems, experienced before the Act, such as the trademark owner's inability to bring an *in rem* action against a potential wrongdoer who "is either beyond the personal jurisdiction of the court or cannot be located despite the trademark owner's exercise of due diligence."[84]

Despite these further protections offered by the ACPA, criticism towards the courts' use of the Act remains. Some have noted that the Act significantly broadens traditional trademark law, providing large corporations with a tool to attack innocent domain name registrants.[85] To prevent such a result, courts must be careful not to stretch the limits of the Act beyond the Congressional intent.[86] Another drawback of the Act is that it necessitates litigation, potentially providing trademark owners with a frustrating experience, resulting from a lengthy, drawn out resolution while the costs of litigation accumulate.

III. ICANN's Use of ADR to Resolve Domain Name Disputes

Another method of addressing domain name disputes is through Alternative Dispute Resolution.[87] Just as ADR has become widely popular in many other fields, it continues to be used with increasing frequency in resolving domain name disputes.[88]

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[83] Xiao, *supra* note 70, at 163.
[84] Xiao, *supra* note 70, at 163; *see*15 U.S.C. § 1125(d)(2); *see generally* Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214 (4th Cir. 2002) (supporting the proposition that the ACPA approved the application of *in rem* actions).
[85] Xiao, *supra* note 70, at 163.
[86] *See id.* at 164.
[87] *See generally* World Wrestling Federation Entertainment, Inc. v. Michael Bosman, WIPO Case D99-0001 (Jan. 14, 2000) (Dona Ley, Presiding Panelist). *See also*, WIPO, *WIPO Receives 5,000th Cybersquatting Case Under UDRP*, (May 20, 2003), *at* http://www.wipo.int/pressroom/en/updates/2003/upd193.htm
[88] *See* Armon, *supra* note 28, at 111.

In October of 1999, The Internet Corporation for Assigned Names and Numbers (ICANN) approved the Uniform Domain Name Dispute Resolution Policy ("UDRP").[89] "The UDRP created a streamlined 'cyber arbitration' procedure to quickly resolve domain name ownership disputes that involve trademarks."[90] While the system has both enjoyed success and endured some criticism, it is clear that the UDRP has been heavily relied upon. To date, more than 7,700 cases have been decided using the UDRP, involving more than 13,200 domain names.[91] Meeting its initial goals, the UDRP has successfully provided an easy, quick and affordable method of resolving domain name disputes.[92] The procedure, which is handled online, is usually resolved within forty-five days.[93] Additionally, the scope of the policy is not as limited as the ACPA, allowing a "trademark holder to challenge any domain name deemed confusingly similar or identical to his mark."[94]

IV. The UDRP Resolution Procedures

The UDRP applies to all registrants of generic top-level domain names (.com, .net, .org, etc.).[95] Any trademark owner who believes that he has a valid complaint can initiate a UDRP arbitration by filing a complaint with one of the four dispute-resolution

[89] The Internet Corporation for Assigned Names and Numbers (ICANN), *Uniform Domain Name Dispute Resolution Policy (*October 24, 1999), *at* http://www.icann.org/dndr/udrp/policy.htm (last visited Mar. 21 2003).
[90] Richard Keyt, *ICANN's Uniform Domain Name Dispute Resolution Policy*, Keyt Law (2001), *at* http://www.keytlaw.com/urls/udrp.htm?source=Overture (last visited Mar. 21, 2003); *see also* Froomkin, *supra* note 23, at 609.
[91] *See* ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, (March 19, 2004), *available at* http://www.icann.org/udrp/proceedings-stat.htm.
[92] Brooks, *supra* note 16, at 319.
[93] *Id.* at 317.
[94] Patrick D. Kelley, *Emerging Patterns in Arbitration Under the Uniform Domain-Name Dispute-Resolution Policy*, 17 BERKELEY TECH. L.J. 181, 181 (2002).
[95] UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY n.2 (1999); Keyt, *supra* note 90.

providers, namely: (1) CPR Institute for Dispute Resolution ("CPR"); (2) Asian Domain Name Dispute Resolution Center; (3) The National Arbitration Forum ("NAF"); or (4) World Intellectual Property Organization ("WIPO").[96]

The cost of the complaint is determined by each provider based on the number of panelists and the number of domain names included in the dispute.[97] Typically, fees will range approximately from $1,250 for a dispute involving a single panel and a single domain name to $6,000 for a suit involving a three-member panel and five domain names.[98]

The complainant can choose a one or a three-member panel.[99] Each panel serves as the trier of fact in deciding the action.[100] Further, if the complainant chooses a single-member panel, the domain name owner (respondent) may disregard his decision and choose, instead, to have the dispute heard by a three-member panel.[101]

"The respondent has twenty days, from the date the Provider forwards the complaint to the respondent, to submit a written response to the Provider..."[102] If the respondent does not submit a timely response, the panel will almost always decide the action based solely on the complaint.[103]

In order to succeed in a UDRP arbitration, a complainant must prove each of the following elements: "1. The domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; 2. The domain name owner does not have any rights or legitimate interests in respect of the domain name; and

[96] Keyt, *supra* note 90.
[97] *Id.*
[98] *Id.*
[99] *Id.*
[100] *Id.*
[101] *Id.*
[102] *Id.*
[103] *Id.*

3. The domain name owner registered the domain name and is using it in '**bad faith**.'"[104]

(emphasis in original).

> For purposes of the UDRP, circumstances indicating bad faith include:
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> 1. Circumstances indicating that the domain name owner registered the domain name or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
> 2. The domain name owner registered the domain name to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the domain name owner has engaged in a pattern of such conduct; or
> 3. The domain name owner registered the domain name primarily for the purpose of disrupting the business of a competitor; or
> 4. By using the domain name, the domain name owner has intentionally attempted to attract, for commercial gain, internet users to the domain name owner's web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of the domain name owner's web site or location or of a product or service on the domain name owner's web site or location. [105]

The domain name owner (respondent) can defeat the claim, however, if he can show that the he has rights to or legitimate interests in the domain name.[106] To do this, the domain name owner can show any of the following circumstances:

> 1. Before any notice to the domain name owner of the dispute, the domain name owner's use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
>
> 2. The domain name owner (as an individual, business, or other organization) has been commonly known by the domain name, even if the domain name owner has not acquired any trademark or service mark rights; or

[104] *Id*.
[105] UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY § 4(b)(i)-(iv); *see* Keyt, *supra* note 90.
[106] UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY § 4(c)(i)-(iii).

> 3. The domain name owner is making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue..[107]
>
> If the respondent files a timely response, the Provider must submit the matter to an administrative panel within five days... [Additionally, t]he panel must submit its decision to the Provider within fourteen days of being appointed to hear the dispute. Within three days of receiving the decision from the panel, the Provider must deliver the decision to the parties and ICANN.[108]

Unlike winning a domain name dispute in court, where the winning party may be the beneficiary of a monetary award, the succeeding party under UDRP will be granted only with an instruction to the domain name registrar to cancel, transfer or otherwise make a change to the domain name registration.[109] Here, also, only the complainant, the party seeking ownership of the domain name, receives an award upon victory.[110] If the current domain name owner succeeds, he receives nothing.

If the panel decides to transfer or cancel the domain name, ICANN will allow the domain name owner ten days to submit documentation of his commencement of formal litigation against the complainant.[111] If the domain name owner successfully meets this requirement, ICANN will not follow through with the decision or take any further action until it receives evidence that: (1) the parties resolved the dispute; (2) the lawsuit has been dismissed; or (3) the court has found that the domain name owner no longer has the right to use the domain name.[112]

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[107] *Id.*.
[108] Keyt, *supra* note 90.
[109] UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY § 4(i); *See* Keyt, *supra* note 90.
[110] Keyt, *supra* note 90.
[111] *Id.*
[112] *Id.*

V. Criticism of the UDRP

The UDRP has received much kudos as well as some criticism.

Critics most frequently argue that the UDRP is biased in favor of trademark holders.[113] ICANN's own figures show that complainants win approximately eighty percent of all UDRP disputes.[114] Many assert that this result is due to a system that offers complainants a distinct advantage by allowing them the choice of the dispute resolution provider.[115] They claim that this system "creates a competitive environment in which complainants pick the arbitration service provider that appears most likely to rule in their favor."[116] This, many argue, has resulted in forum shopping.

Aggravating these circumstances is the fact that ICANN specified the UDRP factors to be limitless, allowing the panelists to have "plenty of room to hold that virtually any form of behavior that they don't like constitutes bad faith."[117] If a panelist perceives that the domain name owner has acted in bad faith, he could "stretch the UDRP definitions to cover the particular facts of that case."[118] At times, some UDRP panelists have appeared to "ignore both the language and the intent of the policy."[119] Further, while the UDRP panels are able to use previous decisions to guide them to a resolution,

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[113] Kelley, *supra* note 94, at 186.
[114] Michael Geist, *ICANN and WIPO at Work: Towards A Paradigm of International Telecommunications Governance?: Fair.com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP*, 27 BROOK. J. INT'L L. 903, 910 (2002). The author concludes that complainants win 79.86% of the disputes according to ICANN's statistics. ((80.6% x 59.2%)= 47.71% + (83.3% x 34.5%)= 28.73% + (61.1% x 5.6%)= 3.42%)= 79.86%.
[115] Kelley, *supra* note 94, at 186.
[116] *Id.*
[117] Brooks, *supra* note 16, at 325.
[118] *Id.*
[119] *Id.*

these decisions do not serve as binding precedent.[120] The "panels are not bound by previous decisions, regardless of the similarity [between the past and present cases]."[121]

Moreover, WIPO and NAF have been shown to be "more likely to rule in favor of [c]omplainants."[122] "Complainants are successful in approximately eighty-two percent of WIPO proceedings and in eighty-three percent of NAF proceedings, but [were] only successful approximately sixty-three percent of the time with eResolution and fifty-nine percent of the time with CPR."[123]

These statistics raise the question: has forum shopping hampered the credibility of the process? Evidence shows that eResolution, which generally ruled against complainants, "handled just seven percent of all cases, [and] CPR handled less than one percent."[124] Additionally, UDRP critics have noted that the choice between service providers does not appear to be related to cost as the WIPO, the most used service provider, is the second most expensive.[125]

In a press release, eResolutions, which ceased its services citing "forum shopping" as a key reason, said, "the company['s] … [reputation] as the provider least likely to rule in favor of complainants had led to a significant reduction in its market share."[126]

Opponents to this "forum shopping theory" suggest that complaints of "forum shopping," led by Professor Michael Geist, are inherently flawed.[127] They argue that

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[120] Kelley, *supra* note 94, at 192.
[121] *Id.*
[122] *Id.* at 187.
[123] *Id.*
[124] *Id.*
[125] *Id.*
[126] *Id.*at 188.
[127] *See The UDRP by All Accounts Works Effectively- Rebuttal to Analysis and Conclusions of Professor Michael Geist in "Fair.com?" and "Fundamentally Fair.com?"*, International Trademark Association,

Professor Geist relied too heavily on statistics and did not adequately study the merits of the cases.[128] Further, they contend that he did not calculate the effect of default cases on the winning percentage nor did he mention that UDRP was designed specifically for simple, straightforward cases of cybersquatting.[129] Lastly, they argue that he did not consider other factors that may have led to the result of forum shopping, like "quality and reputation of panelists, familiarity with dispute resolution provider[s], quality, cost, and timeliness of decisions – rather than bias in the system."[130]

Aside from their complaints of forum shopping, critics also claim that the UDRP does not "ensure that domain owners actually receive notice that a complaint has been filed against them."[131] Further, there is no appeal process within the UDRP.[132] Even if the defeated party files a lawsuit following a loss, the party then loses the benefit of an easy, quick, and inexpensive ADR assisted resolution. Additionally, if a party decides to file a lawsuit, it receives only ten days to file that lawsuit.[133] This makes it very difficult for the domain name owner to find a lawyer knowledgeable in the field and to file a lawsuit within the allotted time.[134]

Internet Committee, *available at* http://www.inta.org/downloads/tap_udrp_2paper2002.pdf (last visited Mar. 21, 2003). [Hereinafter: *Geist Rebuttal*]

[128] *Id.* at 2.

[129] *Id.*

[130] *Id.*

[131] Kelley, *supra* note 94, at 190.

[132] *Id.*

[133] *See* UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY § 4(k); Kelley, *supra* note 94, at 190.

[134] Keyt, *supra* note 90.

VI. Suggestions for Even Greater Success

There are several ways in which the current UDRP can be improved: through judicial reform, implementation of an appellate process, and reconfiguration of the internet.

A. Judicial Reform

First, it is imperative to remove any doubt of impartiality from a judicial process that must be perceived as fair and unbiased.[135] Therefore, rather than maintaining a system that offers multiple dispute resolution service providers that compete amongst themselves, aiming to attract the most market share and driven by economic forces, there must be a uniform judicial system constructed.

Under a uniform system, a staff of arbitrators, which would handle domain name disputes on a regular basis, could be assembled. Additionally, the arbitrators could be monitored, ensuring quality performance and decision making in resolving these actions. Further, creating a system that offers only one provider of dispute resolution will make it easier to establish a uniform set of rules and legal precedent, resulting in more consistent findings based on law rather than an elastic rule stretched arbitrarily on a case-by-case basis. The greatest benefit of a uniform system, however, is the elimination of "forum shopping."[136]

[135] *See* Kelley, *supra* note 94, at 195.
[136] *See generally* Brooks, *supra* note 16, at 332.

B. Implementation of An Appellate Process

Additionally, implementation of an appellate process is necessary for UDRP success. While this idea is by no means original,[137] it is not asserted here, as it has been argued by many others, that a Supreme Court-like system should be developed with multiple levels of appellate courts above a trial court. This would relinquish the process of all its unique advantages. However, creating one appellate tier that would hear only cases that present allegations of the most egregious errors would suffice.[138] Further, increasing the time period in which an appeal can be filed is crucial. Incorporating these suggestions into the UDRP would allow for a more fair and quick resolution.

C. Reconfiguration of the Internet

In addition to these adjustments to the UDRP process, the Internet itself should be re-engineered to eliminate a large portion of these problems before they reach the court or UDRP arbitration.

i. Classification of Domain Names by Goods and Services

While the Internet is still in its relative infancy, the system of top-level domain names should be changed. The major barrier in applying traditional trademark law and trademark principles to the Internet is that trademark law is structured around the Nice Classification system, which categorizes physical goods and services "for the purposes of

[137] *See generally* Kelley, *supra* note 94, at 194-195, 199-200; *See also* Brooks, *supra* note 16, at 332.
[138] *See generally* Kelley, *supra* note 94, at 200.

registering trademarks and service marks."[139] This classification system allows for "Jack's" the book company" and "Jack's" the toy company, for example, to use the same name while avoiding trademark infringement because the companies offer different goods or services.[140]

However, the Internet does not feature a similar classification system. Because of the exclusivity of domain names, there can be only one "Jacks.com," leaving one of the two Jack's companies to claim a less attractive domain name that might be more difficult for surfers to locate.[141] Therefore, an Internet classification system that is similar to the Nice Classification System, used in trademark law, should be established.

The classification system might include domain name suffixes for the most popular consumer spending sectors on the Internet (.ticket, .clothing, .comp, .toys, .books).[142] Hence, "Jacks.books" and "Jacks.toys" could both claim easy-to-find domain names while not infringing on each other's rights.

ii. Classification of Domain Names by Geographical Boundaries

Further, the system could reconcile another major difference between trademark law and the Internet, recognition of geographical boundaries.[143] The geographical region

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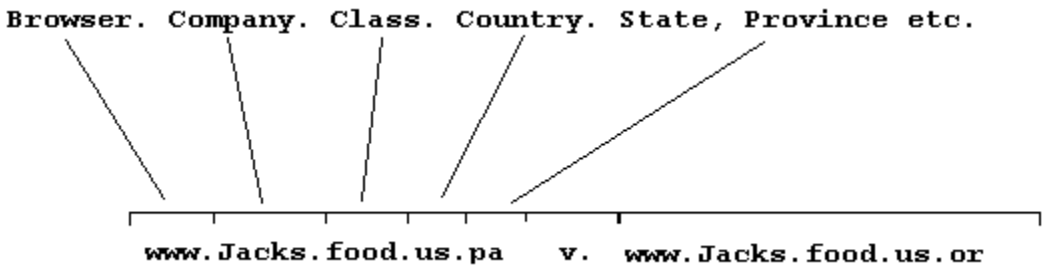
[139] Froomkin, *supra* note 23, at 608; World Intellectual Property Organization, *International Classification of Goods and Services for the Purposes of the Registration of Marks Under the Nice Agreement, at* http://www.wipo.org/classifications/en/nice/about/nice.html#what_nice (last visited Mar. 21, 2003).
[140] Froomkin, *supra* note 23, at 613-614. The author notes, citing a similar example, that trademark law allows businesses with similar names to coexist if those businesses offer different classes of goods and services. *Id.*
[141] *See generally id.* at 621; *See also* Armon, *supra* note 28, at 102-103. This result was seen in *Hasbro, Inc. v. Clue Computing*, 232 F.3d 1 (1st Cir. 2000). In that case, Hasbro argued that Clue Computing infringed on its trademark rights to the word "Clue" when it obtained and used the domain name clue.com. *Id.* at 2. The First Circuit affirmed the District Court's finding that "there was no significant evidence to establish the likelihood of confusion necessary for a conventional trademark infringement." *Id.*
[142] *See generally* Troy Wolverton, *Online Retailers Continue Strong Growth, at* http://news.com.com/2100-1017-935215.html (last visited Mar. 21, 2003).
[143] *See* Froomkin, *supra* note 23, at 608.

in which each of the involved trademarks is used is a heavily considered factor in trademark infringement actions.[144] Generally speaking, both "Jack's" the food company in Pennsylvania and "Jacks" the food company in Oregon can have trademark rights in the name "Jack's" without infringing on each other's rights as long as the trademarks are registered only within their respective states.

However, the Internet does not offer the opportunity for both companies to register "first-choice" domain names because the Internet does not distinguish domain names by state or national boundaries. Hence, only one of the above "Jack's" is able to claim the most convenient, easy-to-find domain name. However, with the implementation of a new domain name format (seen below), creating virtual boundaries, many of these problems would be alleviated.



iii. A Two-tier Internet

Moreover, additional suffixes would be added under the system, including ".indiv" for individual or family (non-commercial) sites. This would effectively create a two-tier Internet, separating business or commercial sites from individuals' or non-

[144] *See* John R. Thompson Co. v. Holloway, 366 F.2d 108, 114 (5th Cir. 1966). (Commenting, "if the use of the marks by the registrant and the unauthorized user are confined to two sufficiently distinct and geographically separate markets, with no likelihood that the registrant will expand his use into defendant's market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user's use of the mark.") *Id.* at 114; *See also* Brennan's, Inc. v. Brennan's Rest., 2004 U.S. App. LEXIS 3671 *25 (2nd Cir. 2004). *See generally* Burger King of Fla. Inc. v. Hoots, 403 F.2d 904, 908 (7th Cir. 1968.

commercial sites. This system would remove much of the potential for cybersquatters and other bad faith domain name owners to claim commercial domain names for which they have no legitimate commercial intent.[145] At the same time, well-meaning individual domain name owners operating legitimate, personal sites would not be deprived of their websites by more powerful companies claiming rights to the same domain name.

Furthermore, the new web address structure further reduces the likelihood that consumers will become confused between a similarly named commercial site and a noncommercial site. In addition, this plan would maintain other, already used suffixes like ".gov," ".edu," and ".com." Dot com names would be reserved for only truly famous marks, further diminishing the potential for dilution of famous marks.

iv. An Improved Domain Name Registration Procedure

Further, this plan would implement a more stringent domain name registration procedure. The process would aim to ensure that only companies with legitimate rights in a name receive an appropriate suffix. The applicant would have to: (1) show what type of goods or services it offers; (2) prove, with sufficient evidence, whether it is a local, national, or an international business; and (3) survive a "likelihood of confusion"[146] and

[145] *Cf.* Russell v. Young, WIPO Arbitration and Mediation Center, Administrative Panel Decision, Case No. D2002-1133 (Feb. 2003) In *Russell*, respondent claims that he used the site to find a long-lost friend, coincidentally named Lynn Russell. *Id.* Regardless of whether his assertion is truthful, under the author's recommendations for revamping the current domain name structure, both complainant and respondent could claim rights to a domain name that satisfies their respective intentions. Respondent could operate the commercial domain name lynnrussell.com and respondent could claim rights to lynnrussell.indiv, in his efforts to find his friend. This would negate any bad faith efforts put forth by respondent to squat on Lynn Russell's commercial site and prevent potential consumer confusion as to the source of origin for Lynn Russell's products.

[146] The likelihood of confusion test would employ similar factors as those used in the Second Circuit and Fourth Circuit tests for likelihood of confusion. *See* Polaroid Corp. v. Polarad Elec. Corp., 287 F.2d 492 (2d Cir. 1961); *and* Pizzeria Uno Corp. v. Temple, 747 F.2d 1522 (4th Cir. 1984).

"dilution" test.[147] Further, registrants would have to reapply every five years. Therefore, if a business falls into a different class after a short period, its domain name would be adjusted appropriately. Additionally, defunct sites or sites maintained simply to divert confused consumers would be removed and those domain names could be recycled and given to others who have legitimate rights and interest in the domain name.

v. Benefits of A Domain Name Classification System

This classification system would drastically reduce cybersquatting, monopolization of domain names, consumer confusion, and trademark dilution by blurring and tarnishment.

The plan, however, is not perfect. It creates several new problems. First, businesses without registered marks could be victimized by unfair competition. Second, this system might be difficult for surfers to grasp and would most likely be costly and time-consuming to employ.

However, the benefits of such a system are immeasurable. In addition to greatly diminishing trademark issues, it allows many more companies to claim a memorable, easy-to-find domain name. Further, it creates a system that is nearly identical to the current trademark classification system and, therefore, trademark law can be more easily applied to domain name disputes, providing for a more certain and speedy resolution.

[147] The dilution test would resemble the *Ringling Bros.* 4th Circuit test as well as the *Nabisco* 2nd Circuit test. This creates a unique problem, however, because these two circuits are split over whether both distinctiveness and famousness are required elements to prove dilution. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999); and Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999).

VII. Conclusion

In conclusion, ADR has evolved significantly since it was first used in the early English legal system. ADR methods now seek to address disputes in the "last frontier," the Internet. ADR's contribution to resolving domain name disputes, found in policies such as the UDRP, has shown tremendous promise, helping domain name owners and possible victims of on-line trademark infringement to quickly, easily, and more affordably resolve their disputes. While the UDRP may require some revision to ensure even greater success, a larger problem may still loom for domain name dispute resolution providers. That problem may be intrinsic to the Internet as it is presently configured and solved only by revamping the current Internet structure.