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## New Domain Name Dispute Policy Gets First Test

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Today, there are approximately 14.1 million registered Internet domain names, 8.9 million of which are so-called "dot.com" domains. With this vast and rapidly growing number of domain name registrations, disputes among domain name holders, domain name registrars, trademark owners and other interested parties are becoming increasingly common.

In an effort to address the rapid rise of domain name lawsuits, ICANN (Internet Corporation for Assigned Names and Numbers), the non-profit, government-chartered organization responsible for the domain name allocation system, adopted a [Uniform Domain Name Dispute Resolution Policy](#) last October. This Policy has now been adopted by the principal U.S. and international domain name registrars, including Network Solutions, Inc. (NSI), AOL, NetNames and Register.com, and has been incorporated into the agreement that every applicant must adhere to prior to obtaining a domain name from these registrars.

The ICANN Policy permits a trademark owner to bring an arbitration action against the registrant of a domain name that is identical or confusingly similar to the trademark if the registrant has registered the domain name in "bad faith." The Policy provides several examples of the "bad faith" required for a finding against the domain registrant. "Bad faith" will be found if the registrant has registered the name primarily:

- to transfer it to a trademark owner;
- to prevent the trademark owner from using it;
- to disrupt the trademark owner's business; or
- to divert customers to its own website.

The registrant is required to submit to the arbitration proceeding, although either party may

later challenge the result in court. So far, three organizations have been approved to act as arbiters in these disputes, the World Intellectual Property Organization (WIPO), the National Arbitration Forum and Disputes.org. The arbitrator's sole authority is to cancel the domain name registration, or transfer it to the trademark owner. Once the arbitration process is started under the ICANN Policy, any appeals from the arbitrator's decision may only be in a "mutual jurisdiction," as that term is defined under the ICANN Policy.

One of the purported benefits of the Policy is the streamlined nature of the arbitration proceedings. All proceedings are conducted by e-mail in a summary process that should generally take less than 60 days to complete. The [rules](#) for these proceedings are set out. Discovery between the parties is not permitted. Some commentators have criticized the shortness of the notification and response periods, sometimes less than 5 days, and suggested that ICANN has gone too far toward attempting to eliminate the perceived delay and inefficiency inherent in judicial proceedings.

As of this week, ICANN reported that 131 disputes have been submitted to the three arbitration organizations for resolution (click [here](#) for a regularly updated list). So far, only the three of these disputes have been decided.

One of those disputes was brought by the World Wrestling Federation (WWF), a U.S. entertainment organization, against Michael Bosman, a California resident who registered the domain "worldwrestlingfederation.com" with Melbourne IT, an Australian registrar. In the proceeding, WWF produced an e-mail message from Mr. Bosman, sent three days after he registered the domain, in which he offered to sell the domain to WWF for \$1,000. In the message, Mr. Bosman reasoned that it would be far less expensive for WWF, the owner of the trademark "World Wrestling Federation," to pay the \$1,000 than to engage in litigation over the name. Based principally on this letter, the WIPO arbitrator (an attorney in California) found that Mr. Bosman had registered the domain name in bad faith, and ordered that the name be transferred to WWF.

In another of the resolved disputes, a National Arbitration Forum arbitrator (a retired judge) found in a dispute brought by America Online, Inc. ("AOL") that the icqsms.com domain name had been registered by QTR Corporation, a French company, in bad faith. In reaching that conclusion, the arbitrator found that: (i) the domain name in question had been registered

shortly after AOL adopted and began using the trademark "ICQ SMS" and long after AOL began using its other ICQ marks; (ii) QTR was seeking to profit from its registration of the domain name by trading upon the goodwill associated with AOL's ICQ marks, as evidenced by QTR's offering to sell the domain name by listing in the WHOIS directory " . . . This domain name is for sale . . ."; and (iii) QTR, "or persons associated with" QTR, have engaged in a pattern of registering domain names that infringe on the trademarks of other entities. The arbitrator ordered the name in question transferred to AOL.

A third case, involving the name "narcoticsanonymous.org," was settled and the domain name was transferred.

Interestingly, the ICANN Policy was adopted only one month before President Clinton signed the new Federal Anticybersquatting Consumer Protection Act into law (see December 7, 1999 Internet Alert "[New Law Targets Cybersquatting](#)"). This Act also seeks to penalize those who register domain names in bad faith, but has different standards and criteria for finding liability. Most importantly, the Act allows for significant statutory damages (up to \$100,000 per domain name) if there is a finding of bad faith registration, whereas the only penalty under the ICANN Policy is the cancellation or transfer of the domain name.

It will be interesting to observe how the ICANN Policy and the Act develop in tandem, particularly since the Policy explicitly defers to the result of any litigation brought by the parties. It will also be interesting to see how the results of arbitration under the Policy fare when challenged in foreign jurisdictions that do not have the benefit of anticybersquatting legislation, and which must rely on traditional trademark law.

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