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PROCEDURES AND POLICIES OF THE INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS (ICANN)

The following is a description of different aspects (implementation costs, legal counsel, elements of a claim, remedies, and relation to a traditional trademark infringement action) of the ICANN procedure for domain name dispute resolution:

Legal Overview

The governing domain name dispute policy for “.com” domain names that has been adopted by ICANN is the Uniform Domain Name Dispute Resolution Policy (UDRP). According to paragraph 1 of the UDRP (hereinafter referred to as the “Policy”), the Policy is incorporated by reference into registration agreements regarding domain names, and “sets forth the terms and conditions in connection with a dispute” between parties over the registration and use of an Internet domain name.¹ In addition, paragraph 4 of the Policy sets forth the types of disputes for which a registrant is *required* to submit to a mandatory administrative proceeding. The applicable disputes are when a third party (or “complainant”) asserts that (1) the registrant’s domain name is “identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) that the registrant has no rights or legitimate interests in respect of the domain name; *and* (3) that the registrant’s domain name has been registered and is being used in bad faith.² The complainant must prove each of these three elements during the administrative proceeding, and only an ICANN-approved Provider may administer the proceeding.

The ICANN Procedure

A. Costs and Fees

The cost of implementing the ICANN procedure is primarily dependent upon (1) which Provider is selected, and (2) the size of the administrative panel that decides the dispute. In terms of selecting a Provider, a Complainant is limited to Providers that are approved by ICANN, and the cost of each Provider depends on the supplemental rules that each has adopted.³ Of the four currently approved ICANN Providers, it is likely that a Complainant would select the National Arbitration Forum (NAF) to administer the

¹ <http://www.icann.org/dndr/udrp/policy.htm>

² *Id.*

³ <http://www.icann.org/dndr/udrp/uniform-rules.htm>

proceeding. This is because the other three Providers engage primarily in international disputes.⁴

Under NAF's supplemental rules, the cost of a single-member Panel to administer dispute proceedings regarding a single domain name is \$1,300, while the costs of a three-member Panel is \$2,600.⁵ According to ICANN rule 19(a), "the Complainant shall bear all of the Provider's fees" except where a Respondent elects to have the dispute decided by a three-member panel. Should a Respondent elect to have a three-member panel decide the dispute, then "A Respondent [...] shall pay the Provider one-half the fixed fee for a three-member panel."⁶ Thus, a Complainant's cost for implementing the ICANN procedure, regardless of the ultimate size of the Panel that decides the dispute, is \$1,300.⁷ However, according to ICANN rule 19(d), "In exceptional circumstances, for example in the event an in-person hearing is held, the Provider shall request the Parties for the payment of additional fees, which shall be established in agreement with the Parties and the Panel."⁸ In addition, the Complainant will incur costs related to the submission of the required number of hard copies of the complaint, and any further communications necessary throughout the proceeding.⁹ Finally, should the Provider not receive the fee within ten calendar days of receiving the complaint, ICANN rule 19(c) provides that "the complaint shall be deemed withdrawn and the administrative proceeding terminated."¹⁰

B. Retention of Outside Counsel

According to ICANN rule 8, "No Party *or anyone acting on its behalf* may have any unilateral communication with the Panel. All communications between a Party and the Panel or the Provider shall be made to a case administrator appointed by the Provider in the manner prescribed in the Provider's Supplemental Rules."¹¹ Furthermore, ICANN rule 13 states, "There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint."¹² In light of ICANN rules 8 and 13, Complainants should probably not need to seek any substantive assistance from outside counsel in this matter.

⁴ <http://www.icann.org/dndr/udrp/approved-providers.htm>

⁵ <http://domains.adrforum.com/main.aspx?itemID=631&hideBar=False&navID=237&news=26>

⁶ <http://www.icann.org/dndr/udrp/uniform-rules.htm>

⁷ This conclusion is based on the assumption that a Complainant does not itself elect a three-member Panel to decide the dispute.

⁸ <http://www.icann.org/dndr/udrp/uniform-rules.htm>

⁹ Under NAF's supplemental rules, three hard copies of the Complaint must be submitted if the Complainant requests a single-member Panel and five hard copies if the Complainant requests a three-member Panel. The Complainant may be asked to submit additional copies of the Complaint if the Respondent requests a three-member Panel.

¹⁰ <http://www.icann.org/dndr/udrp/uniform-rules.htm>

¹¹ *Id.* (emphasis added).

¹² *Id.*

C. The Required Elements of an ICANN Complaint

The substantive elements of an ICANN Complaint are found in ICANN rule 3(b) and require evidence related to (1) the manner in which the domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; (2) why the Respondent (domain-name holder) should be considered as having no rights or legitimate interests in respect of the domain name this the subject of the complaint; and (3) why the domain name should be considered as having been registered and being used in bad faith.¹³ "In the administrative proceeding," according to the Policy, "the complainant must prove that each of these three elements are present."¹⁴ Regarding both the second and third elements of the complaint, the Policy provides guidance as to what evidence may be relevant to these particular analyses.

With respect to the second element, a Respondent can negate this part of a complaint by offering proof that (1) the use of the domain name is "in connection with a bona fide offering of goods or services," (2) that the Respondent has been "commonly known by the domain name," even if the Respondent has not acquired any trademark or service mark rights; or (3) that the Respondent is making "a legitimate noncommercial 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."¹⁵

Finally, with respect to the third element, the Policy provides that the "evidence of registration and use in bad faith" requirement can be satisfied by either (1) circumstances indicating that the Respondent has registered 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 [...] for valuable consideration in excess of [Respondent's] documented out-of-pocket costs directly related to the domain name;" *or* (2) evidence that the Respondent is using the domain name in an intentional attempt "to attract, for commercial gain, Internet users to [Respondent's] website or other on-line location, by creating a likelihood of confusion with the complainant's marks as to the source, sponsorship, affiliation, or endorsement of [Respondent's] web site or location of a product or service on [Respondent's] web site or location."¹⁶

D. Remedies

According to the Policy, "The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of [Respondent's] domain name or the transfer of [Respondent's] domain name registration

¹³ *Id.*

¹⁴ <http://www.icann.org/dndr/udrp/policy.htm>

¹⁵ <http://www.icann.org/dndr/udrp/policy.htm>

¹⁶ <http://www.icann.org/dndr/udrp/policy.htm>

to the complainant.”¹⁷ In considering these two remedies, Complainants should keep in mind that anyone can re-register a cancelled domain name.

Traditional Trademark Infringement Suit

While the option of bringing a trademark claim in a traditional forum is also available, the financial costs and potential timeline of traditional litigation temper against taking such action in this context if possible. By opting to engage the ICANN procedure instead, disputes over domain names can probably be resolved more efficiently in terms of both time and money. However, should a Complainant decide to seek remedies besides, or in addition to, the transfer or cancellation of the domain name, then traditional litigation may be the preferred option in this case. Still, since the Policy makes clear that the ICANN procedure “shall not prevent either [the Respondent] or the Complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded,” it may be preferable to first use the ICANN procedure, then, should any remedies secured through that procedure prove insufficient or unsatisfactory, seek further redress in a traditional forum.¹⁸

Conclusion(s)

First, the costs of implementing the ICANN administrative procedure varies according to both the administrative-dispute-resolution service provider (Provider) selected by the Complainant, as well as the size of the administrative panel (either a single-member or a three-member panel) that ultimately decides the dispute. While a Complainant can attempt to reduce its costs by selecting a single-member Panel, the Respondent may still elect to have a three-member Panel decide the dispute.

Second, in-person hearings are generally not allowed during the administrative procedure, and no party “or anyone acting on its behalf” may have any unilateral communication with the administrative panel.¹⁹ Thus, it is not likely that a Complainant should need to retain outside counsel to represent or assist it during the ICANN procedure.

Third, the elements of an ICANN claim are similar to those of a traditional trademark infringement case, including the likelihood of confusion and evidence of use in bad faith. Still, while the elements of these claims and their chances of being brought successfully are similar, the remedies available through the different procedures are not. In particular, the remedies available upon bringing a successful claim under the ICANN procedure are limited to (1) the cancellation of the domain name, or (2) the transfer of the domain name registration to the complainant.

¹⁷ <http://www.icann.org/dndr/udrp/policy.htm>

¹⁸ <http://www.icann.org/dndr/udrp/policy.htm>

¹⁹ <http://www.icann.org/dndr/udrp/uniform-rules.htm>

Finally, whether bringing a traditional trademark infringement claim would be more desirable than implementing the ICANN procedure depends on the preferred remedy. While the costs of a traditional claim may or may not exceed the costs of the ICANN procedure, both an injunction and monetary damages would likely be available should the traditional claim be successful. If the preferred remedy is simply to enjoin the use of the disputed domain name, then the ICANN procedure may prove to be more efficient and just as effective.