

# The UDRP, ADR, and Arbitration: Using Proven Solutions to Address Perceived Problems with the UDRP

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## INTRODUCTION

The Internet is often thought of as the “Wild West” of the 21st century—a new territory only sporadically governed by law.<sup>1</sup> One of the areas in which there is a “law” of the Internet, however, is the registration of domain names.<sup>2</sup> Each domain name registration agreement includes a clause requiring the registrant to adjudicate specified disputes concerning their domain name under the Uniform Domain Name Dispute Resolution Policy (“UDRP”).<sup>3</sup> Most users of the Internet are not aware that the UDRP exists, or that it is arguably the reason they can trust that, for example, <http://www.cnn.com> is actually the website of CNN.

The UDRP is an alternative dispute resolution (“ADR”) system that was created in 1999 to combat the growing problem of

<sup>1</sup> Matt Haber, *Tarnation! Experts Agree Internet Like ‘Wild West’ Since at Least 1994*, N.Y. OBSERVER, Nov. 14, 2008, <http://www.observer.com/2008/media/tarnation-experts-agree-internet-wild-west-least-1994> (collecting quotations calling the Internet the “Wild West”).

<sup>2</sup> See Bill Stewart, *Internet Domain Names*, [http://www.livinginternet.com/i/iw\\_dns\\_name.htm](http://www.livinginternet.com/i/iw_dns_name.htm) (last visited Nov. 15, 2009) (“Internet domain names are the alphanumeric identifiers we use to refer to hosts on the Internet, like ‘LivingInternet.com.’”).

<sup>3</sup> See, e.g., GoDaddy.com—Legal Agreement, [https://www.godaddy.com/gdshop/legal\\_agreements/show\\_doc.asp?pageid=REG\\_SA](https://www.godaddy.com/gdshop/legal_agreements/show_doc.asp?pageid=REG_SA) (last visited Nov. 15, 2009) (“You agree to be bound by our current Dispute Resolution Policy [the UDRP]. This policy is incorporated herein and made a part of this Agreement.”).

“cybersquatting”—the practice of registering a domain name that corresponds to a trademark before the trademark owner, thereby effectively blocking the owner’s access to the Internet under its “brand name.”<sup>4</sup> If left unchecked, cybersquatting could have hampered the commercial growth of the Internet<sup>5</sup> by allowing wrongdoers to mislead consumers “about the source of the product or service offered on the Internet . . . .”<sup>6</sup> Over the past ten years, the UDRP has been largely successful in combating the problem of cybersquatting,<sup>7</sup> but it has also been the subject of intense negative criticism.<sup>8</sup> Some of these criticisms are unwarranted or even inaccurate, but there is growing evidence that there are problems (both perceived and actual) with the UDRP as currently constructed, and that these problems need to be addressed to ensure the UDRP’s continued success and viability.

The “solutions” that have been proposed by critics to address the UDRP’s alleged inadequacies generally involve adding provisions that would make it function more like traditional

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<sup>4</sup> Jonathan H. Anshell & John J. Lucas, *What’s in a Name: Dealing with Cybersquatting*, 21 ENT. & SPORTS L. 3, 3 (“[C]ybersquatters’ [are] online rogues who register . . . famous trademarks as domain names and then exploit those domain names for profit. . . . Cybersquatting dates back to the 1990s . . .”).

<sup>5</sup> See Torsten Bettinger, United Nations Conference on Trade and Development, Dispute Settlement, World Intellectual Property Organization: 4.2 Domain Name Dispute Resolution § 1.1 (2003), available at [http://www.unctad.org/en/docs/edmmisc232add35\\_en.pdf](http://www.unctad.org/en/docs/edmmisc232add35_en.pdf) (explaining that the Internet is consumer directed).

<sup>6</sup> Management of Internet Names and Addresses, 63 Fed. Reg. 31,741, 31,746 (June 10, 1998) [hereinafter White Paper], available at [http://www.ntia.doc.gov/ntiahome/domainname/6\\_5\\_98dns.htm](http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm). The Deputy Director of the WIPO recently stated that cybersquatting is not just an issue of protecting rights of trademark holders under existing law, but also of “the reliability of the addressing system of the Internet . . . .” Press Release, WIPO, Record Number of Cybersquatting Cases in 2008, WIPO Proposes Paperless UDRP (Mar. 16, 2009), available at [http://www.wipo.int/pressroom/en/articles/2009/article\\_0005.html](http://www.wipo.int/pressroom/en/articles/2009/article_0005.html).

<sup>7</sup> See NED BRANTHOVER, INTA INTERNET COMM., UDRP—A SUCCESS STORY: A REBUTTAL TO THE ANALYSIS AND CONCLUSIONS OF PROFESSOR MILTON MUELLER IN “ROUGH JUSTICE” 10 (2002), available at [http://www.inta.org/downloads/tap\\_udrp\\_1paper2002.pdf](http://www.inta.org/downloads/tap_udrp_1paper2002.pdf) (“[T]he UDRP has been a principal means for ensuring a reliable domain name system—one that all Internet users can rely upon to ensure that they have reached their intended destination in cyberspace.”).

<sup>8</sup> See *infra* Part II; see, e.g., Elizabeth G. Thornburg, *Fast, Cheap, and Out of Control: Lessons from the ICANN Dispute Resolution Process*, 6 J. SMALL & EMERGING BUS. L. 191, 196 (2002) (“[A]lthough the UDRP makes a few good procedural choices, it is a flawed system that does not operate fairly even within its own limited sphere.”).

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litigation.<sup>9</sup> This Note argues that no single “fix” can correct all of the UDRP’s inadequacies, and that a shift towards traditional litigation would undermine some of the most important reasons that a system of ADR was chosen as the remedy for cybersquatting claims (e.g., speed and low cost). This Note further argues that applying traditional ADR principles and the reasoning behind them is a better way to address and remedy the UDRP’s problems. Accordingly, this Note examines the UDRP in the context of ADR in general and arbitration in particular and concludes that the UDRP is a fundamentally sound system that has generally accomplished its stated objective. This Note further concludes that the UDRP could be substantially improved by adopting certain specific additional concepts from ADR and arbitration.

Part I provides background on domain names, the Internet, ADR in general, and the UDRP in particular. Part II reviews the common criticisms of the UDRP and identifies which have merit. Part III proposes modifications to the UDRP to address the criticisms that are well founded and to improve the UDRP in general.

## I. BACKGROUND ON THE INTERNET, ADR, AND THE UDRP

### A. *The Internet*

#### 1. The Creation of the Internet and the Internet Corporation for Assigned Names and Numbers

The Internet was created by the U.S. Department of Defense as a private utility that was not available for public or commercial use.<sup>10</sup> In the 1990s, the commercial possibilities of the Internet

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<sup>9</sup> See, e.g., M. Scott Donahey, *Adding Appeals Procedure to Dispute Resolution Might Satisfy ICANN Critics*, 6 ELECTRONIC COM. & L. REP. (BNA) 33 (2001) [hereinafter Donahey, *Adding Appeals Procedure*] (arguing for the addition of an appellate system to the UDRP).

<sup>10</sup> Bill Stewart, ARPANET, Internet, [http://www.livinginternet.com/i/ii\\_arpamet.htm](http://www.livinginternet.com/i/ii_arpamet.htm) (last visited Nov. 3, 2009). “The Internet” is the name for a series of networks that date back to 1969, when the United States Department of Defense created ARPANET. *Id.*

were recognized, and it was made available to the public.<sup>11</sup> Opening the network to all resulted in unforeseen problems—particularly for trademark owners.<sup>12</sup>

To understand these problems, one must first have a basic understanding of how the Internet works. Computers on the Internet identify each other by a unique string of numbers assigned to each computer called an “IP Address.”<sup>13</sup> To make these long addresses easier for people to remember, each one is associated with a unique alphanumeric “domain name.”<sup>14</sup> Thus, instead of typing a string of numbers into the address bar of an Internet browser, users may simply type in `www.domainname.com` to reach a given site.<sup>15</sup> Website owners must “register” (or contract for the right to use) domain names with an approved third-party registrar<sup>16</sup> in order for that domain name to “point” users to the IP Address of a website.<sup>17</sup> The Domain Name System (“DNS”), the key that translates each domain name into the corresponding IP Address,<sup>18</sup> initially was controlled by the United States government, but this changed when the Internet was opened to commerce and an

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<sup>11</sup> White Paper, *supra* note 6, at 31,742.

<sup>12</sup> *See id.* (discussing the problems facing trademark owners).

<sup>13</sup> Holger P. Hestermeyer, *The Invalidity of ICANN’s UDRP Under National Law*, 3 MINN. INTELL. PROP. REV. 1, 3 (2002), available at <http://mipr.umn.edu/archive/v3n1/hestermeyer.pdf>; Bill Stewart, IP Address, [http://www.livinginternet.com/i/iw\\_ip.htm](http://www.livinginternet.com/i/iw_ip.htm) (last visited Nov. 3, 2009). IP Addresses essentially function like a telephone number.

<sup>14</sup> Hestermeyer, *supra* note 13, at 3; Michael B. Landau, *Problems Arising out of the Use of “www.trademark.com”: the Application of Principles of Trademark Law to Internet Domain Name Disputes*, 13 GA. ST. U. L. REV. 455, 461 (1997); Stewart, Internet Domain Names, *supra* note 2.

<sup>15</sup> Stewart, Internet Domain Names, *supra* note 2.

<sup>16</sup> Registrars are companies that “sell” domain names to Internet users, allowing them to have a “domain name . . . associated with the computer on the Internet [that users] designate during the period the registration is in effect. From that computer, [users] can create a website which will be accessible to Internet users around the world.” ICANN—FAQs, <http://www.icann.org/en/faq> (last visited Nov. 3, 2009).

<sup>17</sup> *Id.*

<sup>18</sup> Initially, the DNS was maintained by the Internet Assigned Numbers Authority (“IANA”) under the auspices of the U.S. government. Improvement of Technical Management of Internet and Names and Addresses, 63 Fed. Reg. 8,826, 8,826 (Feb. 20, 1998) [hereinafter Green Paper]; Diane Cabell, Overview of Domain Name Policy, <http://cyber.law.harvard.edu/udrp/overview.html> (last updated Apr. 20, 2000). As the Internet grew in size, the task of maintaining the DNS became too large for IANA, and it was contracted to Network Solutions Inc. (“NSI”), a private company. *Id.*

expanded international presence.<sup>19</sup> In 1998, a new independent nonprofit corporation named the Internet Corporation for Assigned Names and Numbers (“ICANN”) was created to manage the DNS, accredit domain name registrars, and oversee the UDRP.<sup>20</sup>

Registering a domain name is a relatively simple process: if a user requests a domain name that is not already registered, the user is allowed to register the name (for a small fee).<sup>21</sup> This “first come, first served” procedure quickly created issues for owners of trademarks, as domain names are unique and can be held by only a single individual.<sup>22</sup> Many trademark owners who were not early adopters of the Internet and who later tried to register their trademark as a domain name found that the name had already been

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<sup>19</sup> White Paper, *supra* note 6, at 31,741–42. Many commentators argue that the U.S. still controls ICANN. See Markus Müller, *Who Owns the Internet? Ownership as a Legal Basis for American Control of the Internet*, 15 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 709, 719 (2005) (“[T]he United States, through ICANN, has a grip on the entire world by a chain of contracts . . . [T]he most important example of the power that the United States and ICANN derive from controlling the root file is the enforcement of the Uniform Domain Name Dispute Resolution Policy . . .”). Entire websites are even devoted to monitoring ICANN. See, e.g., ICANNWatch, <http://www.icannwatch.org>.

<sup>20</sup> ICANN—About, <http://www.icann.org/en/about> (last visited Nov. 3, 2009); ICANN—FAQs, *supra* note 16. ICANN lacks direct ties to any national government to ensure its neutrality. ICANN—General Information, <http://www.icann.org/tr/english.html> (last visited Nov. 3, 2009) (“ICANN implemented a Uniform Domain Name Dispute Resolution Policy (‘UDRP’), which has been used to resolve more than 5000 disputes over the rights to domain names.”).

<sup>21</sup> See Hestermeyer, *supra* note 13, at 5.

<sup>22</sup> *Id.* at 5–6; Bettinger, *supra* note 5, § 2.2; see Laurence R. Helfer & Graeme B. Dinwoodie, *Designing Non-National Systems: The Case of the Uniform Domain Name Dispute Resolution Policy*, 43 WM. & MARY L. REV. 141, 155–56 (2001) (“It is, however, the first-come-first-served registration policy for . . . domain names . . . that is the primary cause of conflict. This policy permits ownership of a domain name incorporating a trademarked term to reside in someone other than the relevant mark owner.”). The problem is further complicated by the fact that trademarks are not exclusive, but can be owned by different parties for use in connection with different goods and services. Landau, *supra* note 14, at 457, 462–63. Additionally, trademarks are territorial, which means that the same mark can theoretically be used for different goods in different countries at the same time. See Zohar Efroni, *A Barcelona.com Analysis: Toward a Better Model for Adjudication of International Domain Name Disputes*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 42–43 (2003) (“[T]rademark law can conceptually tolerate identical or similar marks in different territories within the same classes of goods and services, typically according to separate legal schemes giving effect to such marks. Domain names, by contrast, are both unique and global in nature.”).

registered.<sup>23</sup> Some of these prior registrants were innocent,<sup>24</sup> but some (known as “cybersquatters”) had recognized a potential for profit in owning domain names of or related to famous trademarks<sup>25</sup> (e.g., Dell and America Online).<sup>26</sup> For the Internet to be the global center of commerce the United States and others envisioned, cybersquatting needed to be curtailed.<sup>27</sup>

## 2. Trademark Owners and Cybersquatting Prior to the UDRP

Cybersquatters can profit from owning “famous” domain names in a number of ways, but principally by either selling the domain name to the trademark owner for an exorbitant amount, or by selling advertisements and/or their own goods on the domain name (using the “brand name” to attract customers).<sup>28</sup> Each of these uses relies upon luring unsuspecting users to a website that may appear to be, but is not in actuality, related to a well-known trademark. Accordingly, each use creates legal issues for trademark owners,<sup>29</sup> including potential confusion<sup>30</sup> and/or

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<sup>23</sup> See, e.g., Hestermeyer, *supra* note 13, at 5–6.

<sup>24</sup> For example, a girl named Tiffany could have registered the domain name “Tiffany” for her personal blog before the famous New York jewelry company Tiffany & Co. did so. Situations such as these, however, are not considered true cybersquatting, inasmuch as there was no bad faith or profit motive in the registration. See ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 757 (4th ed. 2006).

<sup>25</sup> Bettinger, *supra* note 5, § 2.2; see also Anti-Cybersquatting Consumer Protection Act, S. 1255, 106th Cong. § 2 (1999), available at <http://thomas.loc.gov/cgi-bin/query/z?c106:S.1255.IS:> (“[Cybersquatting is] the unauthorized registration or use of trademarks as Internet domain names or other identifiers of online locations. . .”).

<sup>26</sup> Both America Online and Dell have used the UDRP to recapture domain names. MILTON MUELLER, *SUCCESS BY DEFAULT: A NEW PROFILE OF DOMAIN NAME TRADEMARK DISPUTES UNDER ICANN’S UDRP* 1, 8 (June 24, 2002) [hereinafter MUELLER, *SUCCESS BY DEFAULT*], available at <http://dcc.syr.edu/markle/markle-report-final.pdf>.

<sup>27</sup> See White Paper, *supra* note 6, at 31,745; Hestermeyer, *supra* note 13, at 5–6.

<sup>28</sup> Bettinger, *supra* note 5, § 2.2 (“As the holders of these registrations, cybersquatters often put the domain names up for auction, or offer them for sale directly to the company or person connected with the names, at prices far exceeding the cost of registration. Alternatively, they keep the registration and use the name of the person or business associated with that domain name to attract business to their own sites.”).

<sup>29</sup> For more information concerning the intersection of trademark law and domain names, see Olivia Maria Baratta & Dana L. Hanaman, *A Global Update on the Domain Name System and the Law: Alternative Dispute Resolution for Increasing Internet Competition—Oh, The Times They Are a-Changin’!*, 8 TUL. J. INT’L & COMP. L. 325, 346–54 (2000); Landau, *supra* note 14, at 463–80. For purposes of this Note, it is simply

dilution of their mark.<sup>31</sup> Trademark owners in the U.S. and elsewhere have the additional concern that trademark law in their countries requires them to actively look for and halt unauthorized uses of a trademark (known as “policing”) or risk harming the mark’s value, strength, and even validity.<sup>32</sup> Thus, a trademark owner who ignores the use of its trademark as a domain name by a cybersquatter increases the chances that it would not be able to successfully assert the trademark against other wrongful users, and potentially risks a finding of invalidity if it asserted the trademark in a lawsuit.

Prior to the UDRP’s creation, trademark owners had only two options for dealing with cybersquatters: (1) pay the amount the cybersquatter demanded and purchase the domain name, or (2) commence a legal proceeding to assert rights in the domain name.<sup>33</sup> The first option was unattractive to trademark owners, because it was uncomfortably close to extortion—owners would be paying a large amount of money for something they believed they

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important to recognize that trademark law has an effect on the registration and use of domain names.

<sup>30</sup> In the U.S., the test for trademark infringement is “likelihood of confusion,” which is normally analyzed using a multi-factor test. *See* Landau, *supra* note 14, at 472–76. With respect to domain names, the issue is whether customers looking for a specific brand would assume a seller using a domain name identical to the brand was the company that owned the mark.

<sup>31</sup> Dilution occurs “if customers or prospective customers see the plaintiff’s famous mark used by other persons in a non-confusing way to identify other sources for many different goods and services, [because] then the ability of the famous mark to clearly identify and distinguish only one source might be ‘diluted’ or weakened.” 4 J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION* § 24:67 (4th ed. 2009). In the domain name setting, dilution would occur if a customer became confused about the owner of the domain name, purchased goods from a cybersquatter thinking they were made by the brand and lost confidence in the brand, thereby harming its reputation and value. *See* Baratta & Hanaman, *supra* note 29, at 346–53. Dilution includes blurring, tarnishment, and diminishment. *Id.* at 351–53.

<sup>32</sup> *See* 6 MCCARTHY, *supra* note 31, § 31:38 (“[A] trademark owner may be chargeable with the information it might have received had due enquiry been made. This imposes on a trademark owner the duty to police its rights against infringers.” (citation omitted)).

<sup>33</sup> *See* Patrick D. Kelley, Note, *Emerging Patterns in Arbitration Under the Uniform Domain-Name Dispute-Resolution Policy*, 17 *BERKELEY TECH. L. J.* 181, 181 (2002) (“Before the UDRP went into effect, most trademark-based domain name disputes could only be resolved by agreement, court action, or arbitration.”); Bettinger, *supra* note 5, § 2.2.

owned by virtue of their trademark.<sup>34</sup> However, a court challenge had significant disadvantages, including: “[t]he territorial nature of trademark rights, the lack of a single body of rules governing trademark-domain name disputes, the difficulty of locating registrants . . . the possibility that different domain name registrants own multiple iterations of a preexisting mark,” the protracted nature of a judicial proceeding, and the cost.<sup>35</sup> For example, the trademark owner and the cybersquatter could reside in countries that use very different legal systems and have no mechanism for resolving such a situation.<sup>36</sup> Trademark owners also needed a fast resolution of their claims, as each day a cybersquatter holds a domain name increases the harm to and/or dilution of their trademark, and rapid action is rarely possible in a trial.<sup>37</sup> The situation is often further complicated by the fact that cybersquatters regularly register multiple domain names related to or easily confused with a single trademark—all of which the trademark owner would want to own—thus increasing the cost of either option to the trademark owner.<sup>38</sup>

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<sup>34</sup> Stacey H. King, *The ‘Law That It Deems Applicable:’ ICANN, Dispute Resolution, and the Problem of Cybersquatting*, 22 HASTINGS COMM. & ENT. L.J. 453, 455 (2000); Christopher S. Lee, *The Development of Arbitration in the Resolution of Internet Domain Name Disputes*, 7 RICH. J.L. & TECH. 2, ¶ 12 (2000) (“Companies also argue that cybersquatters are like extortionists, holding a trademark hostage until exorbitant sums are exacted.”).

<sup>35</sup> Helfer & Dinwoodie, *supra* note 22, at 156; see Anschell & Lucas, *supra* note 4, at 3–4 (discussing early cybersquatting court cases and the Anti-Cybersquatting Consumer Protection Act (“ACPA”)); Bettinger, *supra* note 5, § 2.3; Lisa M. Sharrock, *The Future of Domain Name Dispute Resolution: Crafting Practical International Legal Solutions From Within the UDRP Framework*, 51 DUKE L.J. 817, 827–28 (2001).

<sup>36</sup> See Bettinger, *supra* note 5, § 2.3. The United States attempted to deal with these issues through the ACPA, but it was not as successful as hoped. See Anschell & Lucas, *supra* note 4, at 3–4 (“[T]he statute has not entirely eliminated the jurisdictional impediments to the prosecution of cybersquatting cases in the federal courts.”).

<sup>37</sup> See CADNA—The Coalition Against Domain Name Abuse to Combat Cybersquatting, <http://complianceandprivacy.com/News-CADNA-campaign.html> (last visited Nov. 15, 2009) (“The countermeasures available to brand owners are too slow and ineffective to respond to [cybersquatters] and often too late to prevent damage to the brands and consumers. . . .”).

<sup>38</sup> Bettinger, *supra* note 5, § 2.2. Instead of just registering [www.trademark.com](http://www.trademark.com), cybersquatters often register [www.buytrademark.com](http://www.buytrademark.com) or a common misspelling of the trademark, all of which trademark owners would want to purchase to avoid any confusion. *Id.*

Owners were so dissatisfied with their options that they lobbied for “streamlined and inexpensive non-national dispute settlement alternatives, particularly for . . . cybersquatters.”<sup>39</sup> In response, the U.S. government directed the World Intellectual Property Organization (“WIPO”) to study the problem of cybersquatting and to help the newly created ICANN devise a system to resolve cybersquatting disputes using traditional ADR systems as a model.<sup>40</sup> In 1999, ICANN promulgated the UDRP as the primary method of resolving issues “arising from alleged abusive registrations of domain names (for example, cybersquatting) . . . .”<sup>41</sup>

## B. The UDRP

### 1. The Creation of the UDRP

The UDRP was not the first attempt to solve the cybersquatting problem using ADR.<sup>42</sup> A single registrar had previously created its own system of ADR for cybersquatting disputes, in an effort to avoid being brought into lawsuits between trademark owners and cybersquatters.<sup>43</sup> Once more registrars were accredited, however,

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<sup>39</sup> Helfer & Dinwoodie, *supra* note 22, at 156; Hestermeyer, *supra* note 13, at 9 (“The trademark lobby asserted that domain names posed a myriad of new and cheap ways to effectively infringe on trademarks.”).

<sup>40</sup> Hestermeyer, *supra* note 13, at 18–19. WIPO issued a report in 1999 advocating the use of ADR to hear domain name and trademark related cases. WIPO, *Final Report of the WIPO Internet Domain Name Process* (Apr. 30, 1999) [hereinafter WIPO Paper], available at <http://www.icann.org/en/wipo/wipo-report.htm>; Bettinger *supra* note 5, § 3.2 (“The Final Report of the WIPO . . . recommended the creation of an online administrative dispute resolution procedure.”); see MICHAEL GEIST, FAIR.COM?: AN EXAMINATION OF THE ALLEGATIONS OF SYSTEMATIC UNFAIRNESS IN THE ICANN UDRP 1, 12–14 (Aug. 2001) [hereinafter GEIST, FAIR.COM], available at <http://aix1.uottawa.ca/~geist/geistudrp.pdf> (discussing the process by which the UDRP was formed).

<sup>41</sup> ICANN—Domain Name Dispute Resolution Policies, <http://www.icann.org/en/udrp> (last visited Nov. 15, 2009).

<sup>42</sup> For a discussion of the history of ADR and domain names, see Helfer & Dinwoodie, *supra* note 22, at 157–64.

<sup>43</sup> For a more detailed discussion of this early domain name ADR system, see GEIST, FAIR.COM, *supra* note 40, at 9–17. The registrar NSI created a rudimentary dispute resolution system after being sued numerous times by irate trademark owners who had been victimized by cybersquatters. This system was heavily criticized. *Id.* at 9–12; see Landau, *supra* note 14, at 480–85.

the U.S. government decided that cybersquatting was so pervasive that it was necessary to create a new ADR system dedicated to hearing cybersquatting claims.<sup>44</sup>

The U.S. government initially directed WIPO to investigate the elements necessary for an ADR system that would resolve only “disputes about cybersquatting and cyberpiracy and not . . . disputes between two parties with legitimate competing interests in a particular mark.”<sup>45</sup> Using classic arbitration was considered but dismissed on the grounds that it does not allow for judicial review of decisions, an element that WIPO considered crucial to ensure the fairness of the new process.<sup>46</sup> WIPO therefore concluded that an entirely new system of ADR was required.<sup>47</sup>

Following the presentation of WIPO’s final report, ICANN convened panels of experts in trademark and Internet law to draft the UDRP.<sup>48</sup> After the initial meetings, ICANN published proposed rules and accepted Notes<sup>49</sup> before enacting the UDRP on October 24, 1999.<sup>50</sup> Since elements of different ADR systems were used to create the final product, the UDRP is a somewhat unique form of ADR that has been called “a new legal creature unlike any of its international dispute settlement antecedents.”<sup>51</sup>

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<sup>44</sup> See Green Paper, *supra* note 18, at 8,830; White Paper, *supra* note 6, at 31,750.

<sup>45</sup> White Paper, *supra* note 6, at 31,747. The White Paper goes on to state that, “[w]here legitimate competing rights are concerned, disputes are rightly settled in an appropriate court.” *Id.*; see also GEIST, FAIR.COM, *supra* note 40, at 12–13.

<sup>46</sup> WIPO Paper, *supra* note 40, ¶ 139–40. WIPO’s final report to ICANN states that “arbitration and mediation . . . have a role and should be considered as valuable procedures for the resolution of domain name disputes.” *Id.* ¶ 151(ii).

<sup>47</sup> See Bettinger, *supra* note 5, § 3; Helfer & Dinwoodie, *supra* note 22, at 171–73.

<sup>48</sup> Helfer & Dinwoodie, *supra* note 22, at 179; ICANN—Implementation Schedule for Uniform Domain-Name Dispute-Resolution Policy, <http://www.icann.org/en/udrp/udrp-schedule.htm> (last visited Nov. 3, 2009).

<sup>49</sup> See ICANN, Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy (Sept. 29, 1999), <http://www.icann.org/en/udrp/staff-report-29sept99.htm> [hereinafter ICANN, First Staff Report].

<sup>50</sup> ICANN—Implementation Schedule, *supra* note 48.

<sup>51</sup> Helfer & Dinwoodie, *supra* note 22, at 149. There is an argument that the UDRP also borrows from judicial and ministerial systems; however, the Policy is much closer to that of ADR systems, especially in its rules and procedures. See *id.*

## 2. UDRP Rules and Policies

The UDRP is technically a “mandatory administrative proceeding,”<sup>52</sup> because ICANN requires domain name registrars to include a clause in all registration agreements stating that the registrant agrees that all claims involving cybersquatting or bad faith registration will be decided pursuant to the UDRP.<sup>53</sup> All other claims involving domain names are left to other means of resolution.<sup>54</sup> UDRP proceedings typically last fourteen days (absent “exceptional circumstances”)<sup>55</sup> and are decided solely on the basis of the parties’ written statements (in-person hearings are effectively precluded).<sup>56</sup> Panels are told to be fair and impartial<sup>57</sup> and to base their decisions on the UDRP’s limited guidance, the parties’ written statements and supporting documentation, any provider-specific rules, and “any rules and principles of law that [the panel] deems applicable.”<sup>58</sup>

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<sup>52</sup> ICANN, Uniform Domain Name Dispute Resolution Policy (Oct. 24, 1999), <http://www.icann.org/en/dndr/udrp/policy.htm> [hereinafter UDRP Policy]; *see also* Bettinger, *supra* note 5, § 4.4.

<sup>53</sup> ICANN, Registrar Accreditation Agreement § 3.8 (May 17, 2001), <http://www.icann.org/en/registrars/ra-agreement-17may01.htm>; *see also* Hestermeyer, *supra* note 13, at 25–26. The UDRP, therefore, is essentially a product of contract law.

<sup>54</sup> ICANN, Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy § 4.1(c) (Oct. 24, 1999), <http://www.icann.org/en/udrp/udrp-second-staff-report-24oct99.htm> [hereinafter ICANN, Second Staff Report]; *see* Helfer & Dinwoodie, *supra* note 22, at 152. More difficult issues concerning domain names and trademarks, such as two legitimate trademark owners wanting the same domain name, are left to the courts. ICANN, FAQs, *supra* note 16 (“In disputes arising from registrations allegedly made abusively (such as ‘cyber-squatting’ and ‘cyber-piracy’), the uniform policy provides an expedited administrative procedure to allow the dispute to be resolved without the cost and delays often encountered in court litigation.”).

<sup>55</sup> ICANN, Rules for Uniform Domain Name Dispute Resolution Policy 15(b) (Oct. 24, 1999), <http://www.icann.org/en/dndr/udrp/uniform-rules.htm> [hereinafter “UDRP Rules”].

<sup>56</sup> *Id.* at 13. The rules state that “[t]here 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.” *Id.* In practice, panels rarely, if ever, decide that a hearing is necessary.

<sup>57</sup> *Id.* at 10(b) (“In all cases, the Panel shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.”).

<sup>58</sup> *Id.* at 15(a).

A UDRP proceeding commences when a trademark owner files a complaint against a domain name owner with one of the organizations approved by ICANN to adjudicate UDRP claims (a “provider”).<sup>59</sup> To proceed, a complaint must meet all of the procedural and substantive rules promulgated by ICANN and the chosen provider.<sup>60</sup> In general, the claimant must demonstrate ownership of a valid trademark<sup>61</sup> and show:

- (1) how the domain name(s) is/are identical or confusingly similar to [the complainant’s] trademark or service mark . . . and (2) why the Respondent [has] . . . no rights or legitimate interests in . . . the domain name(s) . . . and (3) why the domain name(s) should be considered as having been registered and being used in bad faith.<sup>62</sup>

Bad faith registration and use of a domain name is defined via a non-exhaustive list of examples, including: (1) “acquir[ing] the domain name primarily . . . [to] sell[], rent[], or transfer[]” it for valuable consideration to the trademark owner; (2) registering the domain name to preclude the trademark owner from doing so, “provided that [the domain owner has] engaged in a pattern of such conduct”; (3) registering the domain name primarily to damage a competitor; or (4) registering the domain name to lure Internet users seeking a trademark owner’s product to the registrant’s website for commercial gain.<sup>63</sup> The complainant must also remit

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<sup>59</sup> *Id.* at 3(a). Currently, four organizations are approved as providers: WIPO, the National Arbitration Foundation (“NAF”), the Asian Domain Name Dispute Resolution Centre (“ADNDRC”) and, most recently, the Czech Arbitration Court (“CAC”). ICANN—Approved Providers for Uniform Domain-Name Dispute-Resolution Policy, <http://www.icann.org/en/dndr/udrp/approved-providers.htm> (last visited Nov. 3, 2009). Each provider has its own supplemental rules and fee structure. *Id.* The supplemental rules are largely procedural, do not affect the content of this Note, and therefore will not be discussed.

<sup>60</sup> UDRP Rules, *supra* note 55, at 3(a).

<sup>61</sup> *Id.* at 3(b)(viii) (“Specify the trademark(s) or service mark(s) on which the complaint is based and, for each mark, describe the goods or services, if any, with which the mark is used. . . .”).

<sup>62</sup> *Id.* at 3(b)(ix). Most of the other requirements for a complaint are procedural and therefore not relevant to this discussion. *Id.* at 3.

<sup>63</sup> UDRP Policy, *supra* note 52, § 4(b). The panel may find bad faith on other facts or for other reasons. *Id.*

all fees and state whether it prefers one or three members on the panel that will decide the claim.<sup>64</sup>

The domain name holder or “respondent” must submit a written response to a complaint within twenty days or be in default.<sup>65</sup> This response must “[r]espond[] specifically to the statements and allegations contained in the complaint and include any and all bases for [the respondent’s right] to retain registration and use of the disputed domain name. . . .”<sup>66</sup> It should also include an explanation as to why the respondent is a “legitimate owner,” another term defined via a non-exclusive list of examples.<sup>67</sup> If a complainant chose a single member panel, the respondent may instead elect a three-member panel, but must share the additional cost equally with the complainant.<sup>68</sup> If a single panelist is used, the provider selects the panelist; if a three-person panel is used, each party selects a panelist and the provider selects the third.<sup>69</sup> Either party may institute a court proceeding at any time while a

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<sup>64</sup> *Id.* § 4(g) (“All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the complainant, except in [a specific, enumerated] case[] . . .”). A three-member panel is more expensive than a single person panel; however, many believe it to be fairer. *See, e.g.*, GEIST, FAIR.COM, *supra* note 40, at 3.

<sup>65</sup> UDRP Rules, *supra* note 55, at 5(a)–(b).

<sup>66</sup> *Id.* at 5(b)(i).

<sup>67</sup> UDRP Policy, *supra* note 52, § 4(c). The non-exclusive list of examples of a “legitimate owner” includes:

- (i) [respondent’s] use of, or demonstrable preparations to use, the domain name . . . in connection with a bona fide offering of goods or services; or
- (ii) [that respondent has] . . . been commonly known by the domain name, even if [it has] acquired no trademark or service mark rights; or
- (iii) [the respondent 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.

*Id.*

<sup>68</sup> UDRP Rules, *supra* note 55, at 5(b)(iv), 5(c). If the respondent does not object, the complainant’s choice prevails. *Id.* at 5(c).

<sup>69</sup> *Id.* at 6(b)–(e). If a three-member panel is chosen, each party submits a list with several potential panelists, and the provider chooses a panelist from each party’s list unless “the provider is unable” to do so, in which case the provider chooses all panelists. *Id.* at 6(e). Providers choose panelists from a publicly available list. *Id.* at 6(a).

complaint is pending,<sup>70</sup> and the losing party may appeal a panel's decision to a court of mutual jurisdiction.<sup>71</sup> If a losing respondent does not appeal within ten days of the decision, ICANN instructs the domain name registrar to transfer ownership of the domain name to the complainant.<sup>72</sup> Decisions must be fully reasoned<sup>73</sup> and are published by the providers on "a publicly accessible website," usually their own.<sup>74</sup> In an "exceptional case," the panel may "redact portions of its decision."<sup>75</sup>

### C. *Alternative Dispute Resolution, Arbitration, and the UDRP*

The term "ADR" encompasses all methods of dispute resolution in which the parties choose a process other than traditional litigation, including mediation, negotiation, arbitration, and the UDRP.<sup>76</sup> All methods of ADR share certain features, from goals such as resolving a dispute faster, easier, and cheaper than would be possible through litigation<sup>77</sup> to being subjected to scrutiny and criticism.<sup>78</sup> As noted above, the UDRP was developed by combining elements from a number of existing

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<sup>70</sup> *Id.* at 18(a). If parties choose to proceed to court while a UDRP action is pending, the panel must decide whether to continue and render a decision or stay the UDRP proceeding. *Id.*

<sup>71</sup> UDRP Policy, *supra* note 52, § 4(k).

<sup>72</sup> *Id.* The respondent accordingly loses all rights to the domain name.

<sup>73</sup> UDRP Rules, *supra* note 55, at 15(d).

<sup>74</sup> *Id.* at 16(b). Many decisions may be found at ICANN's website. ICANN—List of Proceedings Under the Uniform Domain Name Dispute Resolution Policy, <http://www.icann.org/en/udrp/proceedings-list.htm> (last visited Nov. 3, 2009).

<sup>75</sup> UDRP Policy, *supra* note 52, § 4(j).

<sup>76</sup> Charles P. Lickson, *The Use of Alternative Dispute Resolution in Intellectual Property, Technology-Related or Innovation-Based Disputes*, 55 AM. JUR. TRIALS 483, §§ 1–2 (1995). Some forms of ADR have been in use for hundreds of years. STEPHEN B. GOLDBERG ET AL., *DISPUTE RESOLUTION—NEGOTIATION, MEDIATION, AND OTHER PROCESSES* 6 (5th ed. 2007) ("Arbitration has been used throughout the world for centuries. . .").

<sup>77</sup> A. Michael Fromkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution*, 50 DUKE L.J. 17, 101 (2000) [hereinafter Fromkin, *Wrong Turn*] ("ICANN's objective in promoting [the UDRP] was to produce a rapid, lightweight, and inexpensive process that would allow victims of cybersquatting to vindicate their rights far more cheaply and quickly than would be possible in most courts."). NAT'L INST. FOR TRIAL ADVOCACY, *THE ARBITRATOR'S HANDBOOK*, ch. 1, § 1.1.2 (2nd ed. 2005) (discussing the benefits of arbitration).

<sup>78</sup> See GOLDBERG, *supra* note 76, at 8–9.

systems of ADR and so is somewhat unique.<sup>79</sup> Of the traditional ADR systems, the UDRP most closely resembles arbitration, but its hybrid heritage resulted in a number of important differences from traditional arbitration.<sup>80</sup>

In fact, a significant difference between the two systems occurs even before a dispute arises; as, unlike in the UDRP, parties to an arbitration proceeding typically have a contractual relationship prior to the dispute and an “arbitration clause” included in that contract.<sup>81</sup> An arbitration clause requires the parties to submit all or certain types of disputes for adjudication via arbitration and to forego their right to a judicial remedy.<sup>82</sup> The clause usually sets forth procedural rules for the arbitration, including: the arbitration organization<sup>83</sup> that will oversee the dispute (similar to the provider under the UDRP); which disputes are covered by the clause; the law that will control in the proceeding (i.e., the “governing law”); the rules the arbitrators will follow in hearing a dispute; the number of arbitrators who will decide the case; and how those arbitrators will be chosen.<sup>84</sup> As noted above, the parties to a UDRP proceeding generally have no relationship, contractual or otherwise (except for a desire to own the same domain name),

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<sup>79</sup> See *supra* text accompanying note 51.

<sup>80</sup> Richard E. Speidel, *ICANN Domain Name Dispute Resolution, the Revised Uniform Arbitration Act, and the Limitations of Modern Arbitration Law*, 6 J. SMALL & EMERGING BUS. L. 167, 171–72 (2002); Stephen J. Ware, *Domain-Name Arbitration in the Arbitration-Law Context: Consent to, and Fairness in, the UDRP*, 6 J. SMALL & EMERGING BUS. L. 145, 159–64 (2006), available at <http://ssrn.com/abstract=992356>.

<sup>81</sup> See GOLDBERG, *supra* note 76, at 213; Speidel, *supra* note 80, at 172 (“American arbitration legislation . . . requires a written agreement between the parties to a transaction or a controversy to submit future or existing disputes to arbitrators for decision.”). Some have argued that consumer arbitration is the exception, because the arbitration clauses resemble contracts of adhesion due to the consumer’s inability to negotiate terms. See Ware, *supra* note 80, at 148.

<sup>82</sup> See GOLDBERG, *supra* note 76, at 213 (discussing the general arbitration process).

<sup>83</sup> Each provider has its own procedural rules the parties agree to follow. *Id.* A few of the most common arbitration providers are the American Arbitration Association (“AAA”), <http://www.adr.org>; the International Chamber of Commerce (“ICC”), <http://www.iccwbo.org>; and JAMS, <http://www.jamsadr.com>.

<sup>84</sup> Speidel, *supra* note 80, at 172. Arbitration organizations such as JAMS provide sample arbitration clauses and lists of information that should be included in arbitration clauses. See, e.g., JAMS, GUIDE TO DISPUTE RESOLUTION CLAUSES FOR COMMERCIAL CONTRACTS (revised Aug. 2006), available at [http://www.jamsadr.com/files/Uploads/Documents/JAMS-Rules/JAMS\\_Commercial\\_Arbitration\\_Clauses-2006.pdf](http://www.jamsadr.com/files/Uploads/Documents/JAMS-Rules/JAMS_Commercial_Arbitration_Clauses-2006.pdf).

prior to the commencement of a proceeding, and therefore will never have agreed in advance on any procedural elements of a proceeding.<sup>85</sup> In both systems, parties to a proceeding must choose a “provider,” an organization that oversees the proceeding and whose rules are used. However, in arbitration, parties typically agree on the provider before any dispute and include their choice in the arbitration clause of their contract.<sup>86</sup>

In addition, arbitration typically resembles traditional litigation<sup>87</sup> more than the UDRP does, in that it requires in-person hearings (including witness testimony and evidence presentation) and limited discovery.<sup>88</sup> This generally ensures that arbitration will be a longer and more involved process than a UDRP proceeding.<sup>89</sup> Some of that potential additional time is removed by the fact that an arbitration panel’s decision is final and virtually unappealable,<sup>90</sup> whereas the UDRP explicitly allows parties to appeal to court<sup>91</sup> for a de novo review of the claim.<sup>92</sup> The final

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<sup>85</sup> See Speidel, *supra* note 80, at 173.

<sup>86</sup> See GOLDBERG, *supra* note 76, at 213–16 (describing the basic features of arbitration that most if not all arbitration providers implement in their rules). Most arbitration providers are similar, and the choice is often a matter of preference. One of the most prominent international arbitration organizations is the ICC. The long history of ICC arbitration, its prominence in the field, and the facts that its rules were designed for international conflicts and are typical of most other arbitration providers’ rules makes it an ideal choice for comparison with the UDRP. See ICC, INT’L COURT OF ARBITRATION, RESOLVING BUSINESS DISPUTES WORLDWIDE (2009), available at [http://www.iccwbo.org/uploadedFiles/Court/Arbitration/810\\_Anglais\\_05.pdf](http://www.iccwbo.org/uploadedFiles/Court/Arbitration/810_Anglais_05.pdf). Arbitrations under the auspices of the ICC have the same general structure as the classic arbitration discussed above, but also follow rules promulgated by the ICC.

<sup>87</sup> Lickson, *supra* note 76, § 2 (“[A]rbitration amounts to a private trial . . .”).

<sup>88</sup> See GOLDBERG, *supra* note 76, at 213; see also American Arbitration Association, Arbitration & Mediation, <http://www.adr.org/sp.asp?id=28749> (last visited Nov. 3, 2008) (“Arbitration is the submission of a dispute to one or more impartial persons for a final and binding decision, known as an award.”).

<sup>89</sup> Compare David E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 SANTA CLARA COMP. & HIGH TECH. L.J. 35, 36 (2001) (“[A]rbitration can be quite . . . drawn out . . .”), with MERGES, MENELL & LEMLEY, *supra* note 24, at 753–54 (describing the short timeline for UDRP proceedings).

<sup>90</sup> Speidel, *supra* note 80, at 175 (“Judicial review [of arbitration awards in America] is limited to stated statutory (and sharply limited nonstatutory) grounds aimed primarily at partiality, abuse, or excess of authority by the arbitrators or other serious procedural irregularities.”); see also Sorkin, *supra* note 89, at 37.

<sup>91</sup> UDRP Rules, *supra* note 55, at 3. The parties may appeal to a court of “[m]utual [j]urisdiction [, which] means a court jurisdiction at the location of either (a) the principal

difference is that arbitration decisions are usually confidential, whereas UDRP decisions are public.<sup>93</sup>

Despite these differences, traditional arbitration and the UDRP share a sufficient number of characteristics<sup>94</sup> to make a comparison of them useful. By comparing the UDRP to the more established arbitration, it becomes easier to see how the UDRP can be “fixed” easily.

## II. CRITICISMS OF THE UDRP AND THEIR MERITS

Given the importance of domain names to the Internet, it is not surprising that the UDRP has been subject to intense scrutiny since it was adopted.<sup>95</sup> Scholars have analyzed nearly every aspect of the UDRP—from the rules themselves<sup>96</sup> to statistical breakdowns of outcomes.<sup>97</sup> As mentioned *supra* Part I, however, most of these critiques of the UDRP do not consider it in its proper context as a system of ADR and consequently are very negative.<sup>98</sup> The long history of ADR and arbitration means that most of the criticisms scholars now aim at the UDRP have already been addressed (at least to some degree) in the context of ADR and/or arbitration.<sup>99</sup>

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office of the Registrar . . . or (b) the domain-name holder’s address as shown . . . in Registrar’s Whois database at the time the complaint is submitted to the Provider.” *Id.* at 1.

<sup>92</sup> Speidel, *supra* note 80, at 175; Ware, *supra* note 80, at 162–64.

<sup>93</sup> Compare ICC, International Court of Arbitration, *supra* note 86, at 4 (“Arbitration hearings are not public, and only the parties themselves receive copies of the awards.”), with ICANN—List of Proceedings Under the Uniform Domain Name Dispute Resolution Policy, *supra* note 74.

<sup>94</sup> Speidel, *supra* note 80, at 171–72 (“The UDRP procedure . . . contains some elements that are consistent with arbitration . . .”); see Ware, *supra* note 80, at 159–64 (discussing the similarities and differences between the UDRP and arbitration).

<sup>95</sup> Websites have even been created to monitor, discuss, and/or analyze UDRP opinions. *E.g.*, UDRPinfo.com, <http://www.udrpinfo.com>.

<sup>96</sup> See, e.g., A. Michael Froomkin, *ICANN’S “Uniform Dispute Resolution Policy”—Causes and (Partial) Cures*, 67 BROOK. L. REV. 605, 695 (2002) [hereinafter Froomkin, *ICANN’S UDRP*] (discussing UDRP Rule 17(b)).

<sup>97</sup> See generally GEIST, FAIR.COM, *supra* note 40, at 6.

<sup>98</sup> There are two notable exceptions. See Speidel, *supra* note 80, at 146; Ware, *supra* note 80, at 168.

<sup>99</sup> See Ware, *supra* note 80, at 146 (“[A]ssessing issues of consent and fairness in domain-name arbitration should be done in the context of assessing those issues in arbitration generally.”).

A fair evaluation of the criticisms of the UDRP, then, must also examine how arbitration or other ADR systems have responded to similar claims.

When examined in comparison with ADR, it is clear that, although some of the criticisms of the UDRP have merit, others merely demonstrate a lack of understanding of ADR. When the UDRP is placed in its proper context as a method of ADR, it becomes apparent why certain aspects of the UDRP function as they do. Some of the facts relied upon by the UDRP's critics show that the UDRP is actually an ADR system with a very limited scope that is performing in the intended manner.<sup>100</sup> Other criticisms, however, have merit and for these the question becomes whether ADR principles can be used to "correct" the problem.

This Note applies ADR principles to the UDRP in two ways. When analyzing the validity of the criticisms of the UDRP, ADR principles are used to dismiss certain criticisms as invalid. For criticisms that are unique to the UDRP or cannot be refuted easily by ADR principles, ADR is used as a model from which potential solutions can be derived. The principal criticisms of the UDRP raised by most critics are that: (1) it is biased in favor of trademark owners; (2) panelists are given too much freedom; and (3) it should have an appellate system.<sup>101</sup>

#### A. *The UDRP is Biased in Favor of Trademark Owners*

The fundamental issue underlying much of the criticism of the UDRP is a belief that it is inherently biased in favor of trademark owners—a position that is even shared by some of its supporters.<sup>102</sup> Those who hold this position generally cite the fact that trademark owners prevail in as much as 85% of proceedings as

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<sup>100</sup> See, e.g., M. Scott Donahey, *The UDRP—Fundamentally Fair, But Far From Perfect*, 6 ELECTRONIC COM. & L. REP. (BNA) 937 (Aug. 29, 2001) [hereinafter Donahey, *The UDRP—Fundamentally Fair*], available at [http://www.scottdonahey.com/Publications/UDRP\\_far\\_from\\_perfect.pdf](http://www.scottdonahey.com/Publications/UDRP_far_from_perfect.pdf) ("The UDRP procedure is far from perfect, but it is not unfair.").

<sup>101</sup> See generally GEIST, FAIR.COM, *supra* note 40.

<sup>102</sup> See, e.g., Kelley, *supra* note 33, at 182–83 ("The most common criticism of the UDRP is that the policy is biased in favor of trademark owners . . .").

all but conclusive “proof” of such bias.<sup>103</sup> Whether or not the UDRP is actually biased, this conclusion is at best an oversimplification. The statistics can also be seen as an indication that the UDRP is fulfilling its primary purpose: to return domain names registered by cybersquatters to trademark owners.<sup>104</sup> In order to determine whether the UDRP is actually biased, and what to do if so, it is essential to first explore the underlying aspects of the UDRP that contribute to the perception that it is biased.

As described *infra*, it is likely that many of the specific aspects of the UDRP that are often considered biased in favor of trademark owners do not actually create bias in the UDRP as a practical matter. This does not mean that the perception that the UDRP is biased should not be addressed. A perception that a dispute resolution system is biased (even if that perception is inaccurate) makes it difficult for the dispute resolution system to be an effective, fair way to resolve disputes. Accordingly, steps should be taken to increase the actual and perceived fairness of the UDRP.

#### 1. Time Limits Favor Complainants

The first aspect of the UDRP that many commentators believe contributes to a fundamental bias is the difference between the time limits given to complainants and respondents.<sup>105</sup> The UDRP gives respondents twenty days to respond to a complaint and ten days to appeal an adverse judgment to a court before losing the domain name.<sup>106</sup> A complainant, on the other hand, may file a

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<sup>103</sup> See *id.*; Brian Livingston, *Perspective: Groups Cite Bias in Domain Name Arbitration*, CNET NEWS, July 7, 2000, <http://www.news.com/2010-1071-281335.html> (discussing allegations of bias in the UDRP); Posting of Peter Lattman to Wall Street Journal Law Blog, *Domain Name Disputes at an All Time High*, <http://blogs.wsj.com/law/2008/01/11/domain-name-disputes-at-an-all-time-high> (Jan. 11, 2008, 14:16 EST). The 85% winning rate refers to UDRP actions brought to WIPO. *Id.* As of May 10, 2004, ICANN indicated that the complainant had prevailed in 10,719 of 13,311 claims, and 640 decisions had been split. ICANN, *Statistical Summary of Proceedings Under Uniform Dispute Resolution Policy* (May 10, 2004), <http://www.icann.org/en/udrp/proceedings-stat.htm>. See generally GEIST, FAIR.COM, *supra* note 40, at 3.

<sup>104</sup> See BRANTHOVER, *supra* note 7, at 7.

<sup>105</sup> Froomkin, *ICANN's UDRP*, *supra* note 96, at 674–78.

<sup>106</sup> UDRP Rules, *supra* note 55, at 5(a); UDRP Policy, *supra* note 52, § 4(k). If the lawsuit is properly filed, the domain name is not transferred to the complainant until the court proceeding has been completed. Both the response and the filing of a lawsuit

complaint or begin a lawsuit at any time; the only limit is any applicable statute of limitations.<sup>107</sup> Commentators have argued that these distinctions reflect a “fundamental asymmetry” in the UDRP that renders the process unfair.<sup>108</sup> Asymmetries of this nature, however, do not necessarily indicate bias or unfairness; they may just be a practical necessity.<sup>109</sup> In the context of the UDRP, the asymmetry with respect to timing is not indicative of bias, but is in fact a byproduct of the UDRP’s mandate to provide a fast, inexpensive forum for resolving cybersquatting claims.<sup>110</sup>

More importantly, these commentators overlook the fact that the complaining party almost always determines when an adversarial proceeding (whether litigation or arbitration) will begin, and that time limits are a necessary part of the adversarial process.<sup>111</sup> The need for a defined time period within which a respondent must answer a complaint is obvious; without deadlines (and consequences for ignoring such deadlines) most respondents

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require respondents to submit a legal document containing certain elements that support their right to retain the domain name in question. The UDRP rules do not require either party to utilize an attorney in preparing their submissions, but the required elements may prove difficult for a layperson to complete effectively. See UDRP Policy, *supra* note 52, §§ 4(c), 4(k); MILTON MUELLER, ROUGH JUSTICE: AN ANALYSIS OF ICANN’S UNIFORM DISPUTE RESOLUTION POLICY 19, *available at* <http://dcc.syr.edu/miscarticles/roughjustice.pdf> [hereinafter MUELLER, ROUGH JUSTICE]; Thornburg, *supra* note 8, at 215.

<sup>107</sup> See UDRP Rules, *supra* note 55, at 3(a), 18.

<sup>108</sup> Froomkin, *supra* note 96, at 678. Froomkin suggests that the problem with time limits is compounded by ICANN’s decision not to require actual notice of a UDRP action. *Id.* at 674, 702. Actual notice, however, is a very high standard, and is especially difficult given the fact that (as Froomkin freely admits) many cybersquatters hide their identities to make contacting them difficult, if not impossible. *Id.* at 674–75. If actual notice were required, it would incentivize cybersquatters to hide their information more diligently and make bringing a UDRP action even more difficult.

<sup>109</sup> An example can be found in golf, specifically that women’s tees are placed closer to the green than men’s tees to compensate for perceived differences between the genders. See William O. Blaney, *Placement of Markers*, USGA J. & TURF MGMT. 19, 21 (Sept. 1954), *available at* <http://turf.lib.msu.edu/1950s/1954/540919.pdf>.

<sup>110</sup> ICANN—General Information, *supra* note 20.

<sup>111</sup> Any proceeding, whether in court or ADR, begins when one of the parties files a claim. The moving party’s actions are limited only by an external statute of limitations and/or a contractual agreement in the case of ADR. The other party must respond to the moving party’s actions within a certain time period or be considered defaulting. See, e.g., FED. R. CIV. P. 3.

would have little or no incentive to ever answer a complaint.<sup>112</sup> While the rules of most arbitration providers give respondents thirty days to answer a complaint, it is difficult to see how a difference of ten or even twenty days creates inherent bias in the UDRP.<sup>113</sup> It is especially hard to argue that these time limits result in bias in the context of the UDRP, where the majority of respondents are cybersquatters who either have the ability to respond in a timely manner or no desire to respond at all.<sup>114</sup> In fact, setting aggressive time limits may be more important for UDRP claims than in other circumstances, as a true cybersquatter has a distinct financial incentive to delay a proceeding for as long as possible in order to continue profiting from the use of the contested domain name.<sup>115</sup> However, an argument can be made that the UDRP's time limits are too short if the respondent is a legitimate domain name owner (an "innocent respondent").<sup>116</sup> These innocent respondents lack experience with the UDRP or an abundance of resources and arguably should be given additional time to answer or appeal.<sup>117</sup> Yet, as there is no way to sort these innocent respondents from cybersquatters, any additional time given to an "innocent" respondent would by necessity apply to all respondents, and so any extension of the time periods needs to be balanced against a trademark owner's legitimate need for speedy

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<sup>112</sup> Usually, someone being sued would prefer the status quo to continue for as long as possible.

<sup>113</sup> See, e.g., ICC, RULES OF ARBITRATION art. 5, § 1 (2009) (rules in force as of Jan. 1, 1998) [hereinafter "ICC RULES"], available at [http://www.iccwbo.org/uploadedFiles/Court/Arbitration/other/rules\\_arb\\_english.pdf](http://www.iccwbo.org/uploadedFiles/Court/Arbitration/other/rules_arb_english.pdf).

<sup>114</sup> See Froomkin, *ICANN's UDRP*, *supra* note 96, at 675; MUELLER, *SUCCESS BY DEFAULT*, *supra* note 26, at iii.

<sup>115</sup> Every day the proceeding is delayed, a cybersquatter can earn money through the use of ads on a website connected to the domain name in controversy. See Google AdSense, [https://www.google.com/adsense/login/en\\_US/index.html](https://www.google.com/adsense/login/en_US/index.html) (last visited Nov. 15, 2009) (offering a free program to website publishers to add ads to their websites).

<sup>116</sup> Froomkin, *ICANN's UDRP*, *supra* note 96, at 675 ("The time problem is especially acute for consumers and small or medium enterprises ('SMEs') that do not have an Internet-savvy intellectual property lawyer on retainer, or indeed any lawyer at all."); MUELLER, *SUCCESS BY DEFAULT*, *supra* note 26, at 16–17 ("An unacceptably large number of defaults appear to be cases in which . . . the respondents appear to have a colorable claim to the disputed name.").

<sup>117</sup> Froomkin, *ICANN's UDRP*, *supra* note 96, at 674–76.

resolutions of domain name controversies.<sup>118</sup> The existing time limits in the UDRP may thus be seen as a reasonable compromise that balances the interests of both parties and the abilities of both classes of respondents. More, there is no evidence that additional time would be fairer to the only class of respondents who could legitimately benefit from it. Accordingly, the time limits in the UDRP do not appear to be the source of, or the answer to, any perceived bias in the UDRP.

## 2. Frequency of Default Judgments

Another aspect of the UDRP that commentators often cite as contributing to a bias in favor of trademark owners is the rules concerning default judgments.<sup>119</sup> If a domain name owner does not respond to a complaint within the prescribed time period, the UDRP requires that claims be decided using only the complaint.<sup>120</sup> As a result, default judgments occur quite often in UDRP proceedings.<sup>121</sup> Commentators have argued that this rule virtually guarantees complainants a victory, because the panel's decision in such circumstances is based entirely on documents written or supplied by the complainant "without any input or participation from respondents or respondents' lawyers."<sup>122</sup>

This again is not a "problem" with the UDRP that creates a bias, but another unavoidable aspect of an adversarial process. All legal systems define the consequences if one party to a complaint fails to appear, and many of them are similar to the UDRP's in that they allow the case to proceed without the participation of the non-

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<sup>118</sup> Unlike claims in other areas where a complainant's damages may not be affected by the passage of time, or may only be slightly affected, every day that a cybersquatter holds a domain name can increase the harm to a legitimate trademark owner's brand from confusion, dilution, or any of the other harms mentioned *supra* Part I.

<sup>119</sup> See MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 14–15 ("A 'default' occurs when a defendant in a domain name dispute fails to file any response to the complaint within the . . . time limit.").

<sup>120</sup> UDRP Policy, *supra* note 52, § 4; UDRP Rules, *supra* note 55, at 5(e).

<sup>121</sup> MICHAEL GEIST, FUNDAMENTALLY FAIR.COM? AN UPDATE ON BIAS ALLEGATIONS AND THE ICANN UDRP 5–9, available at <http://aix1.uottawa.ca/~geist/fairupdate.pdf> [hereinafter GEIST, FUNDAMENTALLY FAIR.COM]; MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 14–15.

<sup>122</sup> MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 14.

appearing party.<sup>123</sup> More, it certainly is not unusual that the party who participates in a proceeding prevails, as “in civil litigation . . . in a default situation, the plaintiff/complainant prevails more than 90% of the time.”<sup>124</sup>

The fact that the UDRP resolves a large percentage of claims via default judgments (one study found that 54% of UDRP claims result in default judgments<sup>125</sup>) and that most of those default judgments favor the complainant (96% in the same study<sup>126</sup>) is not necessarily an indication that the UDRP is unfair.<sup>127</sup> Another equally reasonable explanation for these statistics is that most respondents are cybersquatters who know when they are violating the UDRP and choose not to waste time or money responding to a complaint they know they will lose.<sup>128</sup> One study even placed the default rate for known cybersquatters at close to 100%.<sup>129</sup>

Although cybersquatter defaults should not raise concerns about bias, the situation is more complicated when the defaulter is “innocent” (i.e., not a cybersquatter), a situation that appears to occur fairly regularly.<sup>130</sup> Innocent defaulters are people who registered a domain name in good faith and are not using it in a

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<sup>123</sup> See, e.g., FED. R. CIV. P. 55.

<sup>124</sup> Donahey, *The UDRP—Fundamentally Fair*, *supra* note 100, at 1. Donahey argues that Michael Geist’s methodology for analyzing the statistics of default cases under the UDRP is flawed and suggests that the default judgments do not affect the Policy’s fairness. See *generally id.*

<sup>125</sup> GEIST, FUNDAMENTALLY FAIR.COM, *supra* note 121, at 7. An earlier study found that 52% of cases result in default, which “would indicate that the rate of default has been increasing over time.” MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 15. However, there does not appear to have been a comprehensive study on defaults performed in the last year or two.

<sup>126</sup> GEIST, FUNDAMENTALLY FAIR.COM, *supra* note 121, at 7.

<sup>127</sup> See *generally* Donahey, *The UDRP—Fundamentally Fair*, *supra* note 100 (rebutting Michael Geist’s study and arguing that the default rate does not demonstrate that the UDRP is unfair).

<sup>128</sup> See MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 15–16 (“A large portion of defaults in UDRP cases represent the flushing out of the large numbers of opportunistic domain name registrations . . . .”); INTA INTERNET COMM., INT’L TRADEMARK ASS’N, THE UDRP BY ALL ACCOUNTS WORKS EFFECTIVELY—REBUTTAL TO ANALYSIS AND CONCLUSIONS OF PROFESSOR MICHAEL GEIST IN “FAIR.COM?” AND “FUNDAMENTALLY FAIR.COM?” 2, 4–5 (May 6, 2002), *available at* [http://www.inta.org/downloads/tap\\_udrp\\_2paper2002.pdf](http://www.inta.org/downloads/tap_udrp_2paper2002.pdf).

<sup>129</sup> MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 15.

<sup>130</sup> *Id.* at 16–17 (discussing “defaulting innocents”).

confusingly similar manner, but nevertheless fail to respond to the complaint.<sup>131</sup> If they had responded, innocent defaulters would likely prevail in the UDRP proceeding and keep their domain name, which is why they are sometimes described as the party that “should” win a UDRP case. Some commentators assume that a system in which the party that “should” win fails to respond (and therefore nearly always loses) must be inherently unfair or biased, or at best in need of fixing.<sup>132</sup> Yet, it is also possible that defaulting innocents are a necessary (albeit unfortunate) byproduct of a system designed to address cybersquatting. Moreover, the characterization of a domain name owner as “innocent” is necessarily subjective, since the reasons these “legitimate” domain name owners purchased the domain name or defaulted cannot be known.<sup>133</sup> It is therefore difficult to be certain that these respondents were as innocent as some commentators claim—it is entirely possible (albeit unlikely) that many of those considered “innocents” were actually cybersquatters. Even assuming defaulting innocents are a problem, it would be almost impossible to “correct” such a problem, since the reasons for any given default cannot be known in advance.

Commentators have suggested that the high number of defaults may be due to insufficient notice procedures<sup>134</sup> or inadequate time periods in which to respond,<sup>135</sup> but it is also possible that even innocent respondents do not care enough about a domain name to expend the time, cost, and effort necessary to defend it. Keeping the domain name may be worth less to these respondents than the cost of paying a lawyer or learning enough about the UDRP to respond themselves.

While situations concerning “innocents” were never meant to be decided under the UDRP,<sup>136</sup> panels’ decisions in favor of

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<sup>131</sup> *Id.*

<sup>132</sup> *See id.*

<sup>133</sup> *Id.* at 17.

<sup>134</sup> *See* Froomkin, *ICANN’s UDRP*, *supra* note 96, at 674–78.

<sup>135</sup> *See* discussion *supra* Part II.A.1.

<sup>136</sup> Situations concerning innocent respondents are not true cases of cybersquatting and were therefore never meant to fall within the sphere of the UDRP. ICANN, Second Staff Report, *supra* note 54, §§ 4.2–4.3 (describing the types of disputes covered by the UDRP as cases of cybersquatting or cyberpiracy).

complainants in default cases are not necessarily inaccurate or cause for concern that the UDRP is being improperly applied. Due to the narrow “jurisdiction” of the UDRP, complainants are likely to frame their complaints in such a way that the situation resembles cybersquatting and is therefore easy for panels to decide. Given that cybersquatters account for a large majority of all respondent defaults (by one estimate, 87%),<sup>137</sup> it is also possible (even likely) that the default rate shows the system is functioning as it was intended—returning domain names to trademark owners.<sup>138</sup> Although innocent defaulters’ loss of their domain names is regrettable, a generally high rate of default decisions does not indicate that the UDRP is an unfair or biased process.

### 3. Existing System of Provider Choice Encourages Bias

Another aspect of the UDRP that many commentators have claimed shows that it is biased is the rules for choosing providers. Under the UDRP, complainants submit a complaint directly to the provider of their choice, and respondents are bound to follow this choice.<sup>139</sup> In addition, complainants generally pay all fees in a UDRP proceeding.<sup>140</sup> This paradigm makes it appear as if the provider is working for the complainant and not impartial, which could suggest that the UDRP is unfair.<sup>141</sup> Many commentators have argued that this structure gives providers an incentive to find in favor of trademark owners in order to ensure that future

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<sup>137</sup> MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 15, 17. Mueller states that 52% of claims result in default judgments and that approximately 25% of defaulters are innocent domain name owners. *Id.* at 17. This means that 13% of defaulting respondents are innocent, and 87% are cybersquatters.

<sup>138</sup> *See id.* at 15–17 (suggesting that innocent defaulters represent a problem, but that the high number of defaulting cybersquatters indicates that the UDRP functions successfully).

<sup>139</sup> UDRP Policy, *supra* note 52, § 4(d) (“The complainant shall select the Provider from among those approved by ICANN by submitting the complaint to that Provider. The selected Provider will administer the proceeding . . .”).

<sup>140</sup> *Id.* § 4(g) (“All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the complainant, except in cases where [the respondent] elect[s] to expand the Administrative Panel from one to three panelists. . .”).

<sup>141</sup> *See* Thornburg, *supra* note 8, at 220 (“A system in which one of the parties chooses the arbitration provider may involve a subtle kind of direct bias.”).

trademark owners select them as the provider for their UDRP actions.<sup>142</sup> If complainants did not choose providers, the providers would have less incentive to rule for them.<sup>143</sup>

Arbitration, however, generally requires the provider be chosen by agreement of both parties prior to any dispute and included in the arbitration clause.<sup>144</sup> Since the UDRP has no mechanism for pre-dispute negotiations, this solution is clearly not feasible, but that does not mean the issue should be ignored. ICANN struggled with this issue in drafting the UDRP,<sup>145</sup> which also indicates that perhaps the solution chosen may not be ideal. The possibility that the UDRP's system for choosing providers is flawed suggests the need for a better solution.

### B. Panelists Are Given Too Much Freedom

Another aspect of the UDRP that is frequently criticized is the amount of flexibility afforded to panelists.<sup>146</sup> Panelists in a UDRP proceeding are given significantly more freedom to select important aspects of the decision-making process than panelists in other types of ADR, most of which require the governing law of

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<sup>142</sup> GEIST, FAIR.COM, *supra* note 40, at 3 (“[T]here is clearly an incentive for [UDRP] providers to curry favor with potential claimants in order to attract future cases . . .”).

<sup>143</sup> All potential bias would not be eliminated, however, because providers will always have an incentive to rule for trademark owners to encourage them to bring claims under the UDRP. This problem, however, is arguably present to some degree in all ADR systems and is less important than the problem created by the current method.

<sup>144</sup> GOLDBERG, *supra* note 76, at 214–15.

<sup>145</sup> See ICANN, First Staff Report, *supra* note 49 (listing a remaining open implementation issue to which comment is sought, “What procedures should be used for selection of Providers and Panelists?”); ICANN, Second Staff Report, *supra* note 54, § 4.15.

<sup>146</sup> See Sharrock, *supra* note 35, at 831 (“Arbitrators’ ability to exercise virtually unchecked decisionmaking power has led to a lack of consistency on several key issues of domain name use.”); David Wotherspoon & Alex Cameron, *Reducing Inconsistency in UDRP Cases*, 2 CANADIAN J.L. & TECH. 71, 72 (2003), available at [http://cjlt.dal.ca/vol2\\_no1/pdfarticles/wotherspoon.pdf](http://cjlt.dal.ca/vol2_no1/pdfarticles/wotherspoon.pdf) (“It is not surprising that, in the absence of clear definitions in the operative section, inconsistent legal frameworks have been applied in disputes under the UDRP.”). See generally M. Scott Donahey, *Divergence in the UDRP and the Need for Appellate Review*, 5 J. INTERNET L. 1 (2002), available at [http://www.scottdonahey.com/Publications/divergence\\_in\\_UDRP.pdf](http://www.scottdonahey.com/Publications/divergence_in_UDRP.pdf) [hereinafter Donahey, *Divergence in the UDRP*] (arguing that disagreements among panelists suggests an appellate review is necessary).

the proceeding to be mutually agreed upon by the parties in advance.<sup>147</sup> Freedom of this type can be a good thing, as it was intended to—and often does—allow panelists to use their judgment to help ensure that each case is handled and decided appropriately.<sup>148</sup> The issue is that such a broad degree of freedom also comes with drawbacks. Commentators have argued that this freedom has led to inconsistent decisions across UDRP panels,<sup>149</sup> reliance on different legal standards in similar cases,<sup>150</sup> and an expansion of the scope of the UDRP’s “jurisdiction.”<sup>151</sup> If these criticisms are accurate, it would seem that the flexibility afforded by the UDRP may be a liability. As with the perception of bias discussed *supra* Part II.A, a perception of inconsistent decisions could undermine the practical effectiveness of the UDRP and should be corrected.

Much of the freedom in the UDRP is a direct result of its design. The UDRP primarily sets forth procedural rules and

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<sup>147</sup> See, e.g., ICC RULES, *supra* note 113; Hestermeyer, *supra* note 13, at 2 (“The legal foundation, on which the UDRP rests, however, poses a problem that deserves closer examination.”).

<sup>148</sup> The UDRP would not be considered a success by anyone if the panelists routinely decided cases incorrectly. See, e.g., Sharrock, *supra* note 35, at 831 (“Although the UDRP has been largely successful, it is not without its flaws.”).

<sup>149</sup> Wotherspoon & Cameron, *supra* note 146, at 71 (“These shortcomings [in the UDRP rules] have resulted in inconsistency in the decisions of [UDRP] panels.”). Allowing panels to use their own reasoning “is inconsistent with the [UDRP’s] goal of global uniformity and has bred inconsistency and unpredictability in the adjudication of UDRP disputes.” *Id.* at 74; see also Sharrock, *supra* note 35, at 832–39 (discussing inconsistency and the UDRP).

<sup>150</sup> See, e.g., Wotherspoon & Cameron, *supra* note 146, at 72 (“Rule 15(a) is silent on if or how legal principles are to be selected or applied, and Panels have taken a number of vastly different approaches.”); Donahey, *Divergence in the UDRP*, *supra* note 146. Donahey analyzed specific areas in which panelists disagreed on legal theories and related those disagreements back to the laws of their home countries. *Id.* at 4–26. He concluded that, while there have not been an extremely large number of disagreements, any “divergence of views, without a meaningful opportunity to harmonize such views, leaves the user in a quandary.” *Id.* at 26.

<sup>151</sup> See MUELLER, ROUGH JUSTICE, *supra* note 106, at 4–5; Thornburg, *supra* note 8, at 212–13; Wotherspoon & Cameron, *supra* note 146, at 71–75 (discussing how different panels interpret both the law and the UDRP differently and use different mechanisms to make their decisions).

includes very few substantive rules.<sup>152</sup> Since the UDRP was intended to be used by people throughout the world (including non-lawyers), it is easy to see why ICANN did not include substantive law or a specific legal standard, but relied on panelists (most of whom are experts) to use their discretion and select the appropriate substantive rules for each case.<sup>153</sup> Still, ICANN may have gone too far in this regard: the only substantive guidance the UDRP provides is Rule 15(a), which states that panelists should “decide a complaint on the basis of the statements and documents submitted [by the parties] and in accordance with the Policy, th[e] Rules and any rules and principles of law that it deems applicable.”<sup>154</sup> This guidance is so vague that two different panels hearing identical disputes could quite easily apply different substantive rules and reach different results.<sup>155</sup>

There is evidence that this concern is more than theoretical: studies of past UDRP decisions support the conclusion that different panels use different methods to reach their decisions.<sup>156</sup> Indeed, some decisions include detailed explanations of the substantive rules that the panel applied and why the panel applied those rules, which suggests that the panels themselves may struggle with the implementation of the vague guidance provided by the UDRP. For example, some decisions clearly state that the panel has only applied the UDRP and not any substantive law.<sup>157</sup> Other decisions “rel[y] on prior UDRP decisions as . . . precedent,”<sup>158</sup> a practice that is neither expressly prohibited nor

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<sup>152</sup> See UDRP Policy, *supra* note 52; UDRP Rules, *supra* note 55. This aspect of the UDRP resembles the rules for mediation. See, e.g., JAMS—International Mediation Rules, <http://www.jamsadr.com/international-mediation-rules> (last visited Nov. 3, 2009).

<sup>153</sup> See MERGES, MENELL & LEMLEY, *supra* note 24, at 753.

<sup>154</sup> UDRP Rules, *supra* note 55, at 15(a).

<sup>155</sup> Donahey, *Divergence in the UDRP*, *supra* note 146, at 3 (“With such broad standards and the great discretion given to the panels, it is no wonder that panels have expressed divergent views as to what is required to establish these requirements.”); MUELLER, ROUGH JUSTICE, *supra* note 106, at 21 (“In some cases, differences in outcome are created when panelists ignore critical aspects of the policy, or stretch the defined criteria so broadly that they become almost meaningless.”).

<sup>156</sup> Wotherspoon & Cameron, *supra* note 146, at 72.

<sup>157</sup> *Id.* at 72–73.

<sup>158</sup> *Id.* at 73.

condoned by the UDRP rules. Still other decisions “have expressly drawn on national laws in deciding disputes.”<sup>159</sup>

Rule 15(a) is not the only aspect of the UDRP that grants panelists a level of freedom that could be having negative consequences. For example, the UDRP uses many terms that have specific meanings in most legal systems (e.g., “bad faith” and “confusingly similar”).<sup>160</sup> Although the UDRP defines some of these terms, it does so through non-exclusive lists of examples without any other guidance.<sup>161</sup> Given this lack of direction, it seems almost inevitable that panelists will, consciously or unconsciously, apply the meanings that these terms are given under their national laws rather than the meanings intended to be given these terms under the UDRP.<sup>162</sup> More importantly, the rules do not even specifically preclude such an association, even though it could affect the outcome of a case and create inconsistencies.<sup>163</sup>

A potentially more serious consequence of the discretion given to UDRP panels is that many panels have used that discretion to expand the scope of their own jurisdiction and decide claims that are outside the scope of the UDRP’s intended purpose.<sup>164</sup> Commentators often point to a type of claim known as a “sucks case” as strong evidence of this practice.<sup>165</sup> Sucks cases generally involve a complaint by a trademark owner to recover a domain name that consists of its trademark with the word “sucks” appended to it (e.g., www.[trademark]sucks.com).<sup>166</sup> The complainant’s theory is that the use of the trademarked name with “sucks” (or another negative term) appended is confusingly similar

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<sup>159</sup> *Id.* The laws used vary among panels; some use one or both party’s laws, while others use a completely unrelated law. *Id.* at 73–75.

<sup>160</sup> UDRP Policy, *supra* note 52, §§ 4(a)(i), 4(b).

<sup>161</sup> *See, e.g., id.* § 4(b) (defining bad faith).

<sup>162</sup> Since many panelists are lawyers in the field, it is very likely they would know either the U.S. law’s definition for these terms or their own country’s definition so well that it would be extremely difficult not to at least unconsciously think of it when reading the UDRP rules or the parties’ documents. *See* Donahey, *Divergence in the UDRP*, *supra* note 146, at 4–11 (discussing the different ways panels analyze the term “confusing similarity”).

<sup>163</sup> *See* UDRP Rules, *supra* note 55, at 15(a).

<sup>164</sup> Thornburg, *supra* note 8, at 212–13.

<sup>165</sup> *See* Donahey, *Divergence in the UDRP*, *supra* note 146, at 6–10.

<sup>166</sup> *See* MERGES, MENELL & LEMLEY, *supra* note 24, at 755.

and itself prima facie evidence that the domain name was registered in bad faith.<sup>167</sup> In the trademark owner's view, the only possible reason to use such a name is to damage or embarrass the mark or the owner, which means the respondent is acting in bad faith.<sup>168</sup> These cases involve complex issues such as the interplay of freedom of speech and a trademark owner's right to protect its mark,<sup>169</sup> and are therefore not included among the types of claims that can be brought under the UDRP.<sup>170</sup> This has not stopped trademark owners from bringing these types of claims under the UDRP, and those that do so receive very different treatment from different panels.<sup>171</sup> Although some panels correctly dismiss these claims outright,<sup>172</sup> many panels consider such cases examples of abusive bad faith registrations that can be decided under the UDRP.<sup>173</sup>

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<sup>167</sup> See Sharrock, *supra* note 35 at 834–36; Froomkin, *ICANN's UDRP*, *supra* note 96, at 664–65.

<sup>168</sup> See UDRP Policy, *supra* note 52, § 4(b) (defining bad faith).

<sup>169</sup> See generally Donahey, *Divergence in the UDRP*, *supra* note 146.

<sup>170</sup> See ICANN, Second Staff Report, *supra* note 54, § 4.1(c) (describing the types of disputes the UDRP covers).

<sup>171</sup> See, e.g., R. Scott MacKendrick et al., *Do Borders Matter? International Implications of Doing Business on the Internet*, (ALI-ABA Course of Study, May 10–11, 2007), SM045 ALI-ABA 101, 130–31. There are two lines of decisions in “sucks” cases: the panels that conclude the domain names should be returned to the trademark holder, and the panels that conclude the opposite, usually that there is a free speech issue involved. *Id.*

<sup>172</sup> See, e.g., Lockheed Martin Corp. v. Dan Parisi, WIPO Case No. D2000-1015 (Jan. 11, 2001), available at <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-1015.html> (ruling on lockheedsucks.com and lockheedmartinsucks.com). In fact, many commentators believe the “sucks cases” implicate free speech more than cybersquatting, as the websites are often designed to criticize either a brand name or product of the same name as the domain name, not to sell anything or otherwise make a profit. See MacKendrick, *supra* note 171, at 130–31. These critics argue that, by rendering decisions concerning these sites, the panels have ignored the spirit of the UDRP and the rules, and have thereby misused the discretion afforded to them. See Sharrock, *supra* note 35 at 836 (“[I]nconsistent application of the UDRP . . . is a serious problem, as it impedes individual decisionmaking and undermines the integrity of both ICANN and the UDRP.”).

<sup>173</sup> See, e.g., Wal-Mart Stores, Inc. v. Walsucks, WIPO Case No. D2000-0477, (July 20, 2000), available at <http://www.wipo.int/amc/en/domains/decisions/html/2000/d2000-0477.html> (ruling on wal-martcanadasucks.com); see MacKendrick, *supra* note 171, at 130; see also Donahey, *Divergence in the UDRP*, *supra* note 146, at 7–11.

Although none of these issues are significant in and of themselves, taken together it is clear that the flexibility in the UDRP has created problems, including inconsistent decisions.<sup>174</sup> Flexibility may have seemed like a laudable goal—and one in keeping with the spirit of ADR<sup>175</sup>—yet it is unclear whether the benefits outweigh the costs of the inconsistent results and other inadvertent side effects that accompany them. It seems likely that the best course for the UDRP now would be to provide less freedom to panelists and more structure, which is in keeping with the arbitration systems on which it was modeled.<sup>176</sup>

### C. Lack of an Internal Appellate Body

Under the UDRP, the only way complainants and respondents can challenge a panel decision is to proceed to court.<sup>177</sup> Critics have argued that the UDRP would operate more effectively and fairly if it included an internal review board—essentially an appellate body—that could hear appeals.<sup>178</sup> These critics claim that such a board is necessary to “provide uniformity to the process,”<sup>179</sup> reduce inconsistencies among UDRP decisions,<sup>180</sup> and “establish principles and precedent under the UDRP, which other

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<sup>174</sup> Wotherspoon & Cameron, *supra* note 146, at 71–75 (“These shortcomings [in the UDRP] have resulted in inconsistency in the decisions of arbitral panels.”).

<sup>175</sup> ADR is known and prized for its flexibility and ability to adapt to different situations and types of disputes. N.Y. State Dep’t of Civil Serv., Hearing Officer’s Manual, ch. 7: Alternative Dispute Resolution, <http://www.cs.state.ny.us/pio/hearingofficermanual/chapter07-adr.htm> (last visited Nov. 15, 2009).

<sup>176</sup> Arbitration’s use of a governing law necessarily constrains arbitrators’ decisions. *See id.*

<sup>177</sup> UDRP Policy, *supra* note 55, § 3(b)(xiii); *see* Wotherspoon & Cameron, *supra* note 146, at 78.

<sup>178</sup> *E.g.*, Donahey, *The UDRP—Fundamentally Fair*, *supra* note 100, at 5 (“I have advocated, and continue to advocate, an appellate panel to which . . . cases can be referred.”).

<sup>179</sup> Kelley, *supra* note 33, at 194–203 (arguing that the UDRP needs an appeals board and suggesting the form the board should take); Wotherspoon & Cameron, *supra* note 146, at 71 (“[A]n [internal] appeal tribunal should be constituted so that panels and parties could have recourse to a body of well-established UDRP precedent.”).

<sup>180</sup> *See, e.g.*, Donahey, *Divergence in the UDRP*, *supra* note 146, at 26 (arguing that disagreements among the panelists suggest an appellate review is necessary); *see also* Kelley, *supra* note 33, at 195 (“[A] UDRP appellate process would present a more accessible forum for parties who feel their cases were decided incorrectly.”).

lower level Panels would be required to follow.”<sup>181</sup> The concept of binding precedent sounds compelling,<sup>182</sup> but in practice it would be likely to add another complication for innocent respondents who would have little time to study existing precedent. Moreover, it seems unavoidable that complainants (and some savvy respondents) would tailor their arguments to fit within any such precedent, providing them an advantage over innocent respondents without the time or knowledge to do the same. Thus, it is at least arguable that any potential benefits of uniformity are outweighed by the potential disadvantages to innocent respondents.

It is not as if other ADR systems provide for internal reviews of decisions. In fact, the concept of appellate review (internal or external) is foreign to most—if not all—ADR systems.<sup>183</sup> Most ADR systems do not provide for *any* review of decisions, and those that do allow review usually severely limit it.<sup>184</sup> For example, most arbitration providers include a clause in their rules similar to the following: “[e]very Award shall be binding on the parties . . . [who] undertake to carry out any Award without delay and shall be deemed to have waived their right to any form of recourse insofar as such waiver can validly be made.”<sup>185</sup> Arbitration thus typically prizes finality above any increase in fairness that could be achieved through appellate review.<sup>186</sup>

In fact, the UDRP went further than most systems of ADR by providing either party with the right to proceed to court at any point during a dispute and to appeal an adverse decision.<sup>187</sup> Some commentators have nevertheless maintained that judicial review is

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<sup>181</sup> Wotherspoon & Cameron, *supra* note 146, at 78.

<sup>182</sup> See, e.g., Donahey, *Divergence in the UDRP*, *supra* note 146, at 26 (discussing the need for something similar to precedent to harmonize panels’ different interpretations of the UDRP).

<sup>183</sup> See, e.g., MUELLER, *ROUGH JUSTICE*, *supra* note 106, at 19. Some forms of arbitration require decisions to be binding. GOLDBERG, *supra* note 76, at 213–14. Arbitration providers such as the ICC or AAA do not have an independent review board like the one advocated for the UDRP. *See id.* at 4.

<sup>184</sup> See GOLDBERG, *supra* note 76, at 213–15. In America, arbitration awards may be challenged in court using the Federal Arbitration Act (“FAA”), which allows awards to be challenged in only four situations. *See Sorkin*, *supra* note 89, at 36–37.

<sup>185</sup> ICC RULES, *supra* note 113, art. 28, § 6.

<sup>186</sup> See Sorkin, *supra* note 89, at 37.

<sup>187</sup> UDRP Policy, *supra* note 52, § 4(k).

not sufficient,<sup>188</sup> as it does not provide the same interpretive function as would a review panel.<sup>189</sup> The availability of judicial review was important to ICANN,<sup>190</sup> as it was seen as blunting any claim that the UDRP was a form of private lawmaking that usurped the authority of national courts.<sup>191</sup> In view of this, it seems unlikely that ICANN would replace judicial review with a UDRP-specific review procedure. This suggests that the only feasible option would be to give the loser in a UDRP preceding the right to appeal either internally to a UDRP-specific appellate body or externally to a court.

Adding an additional layer (even an optional one) to the UDRP would increase the complexity and decrease the speed of proceedings, crucial objectives for UDRP participants (particularly complainants).<sup>192</sup> In addition, to ensure consistency of decisions, any internal UDRP-specific review board would need to have either permanent panelists and/or extremely detailed rules (possibly even a governing law). More, if the internal appeals process were made inexpensive and simple (as most commentators suggest),<sup>193</sup> it would encourage losing cybersquatters to file an appeal, since the additional delay would allow them to continue to

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<sup>188</sup> See Baratta & Hanaman, *supra* note 29, at 377 (“[There is] a tension between the wholly binding nature of the UDRP on a respondent, and the second-chance for a complainant to have a lost arbitration redecided in court.”); see also Froomkin, *ICANN’s UDRP*, *supra* note 96, at 705–06.

<sup>189</sup> Court cases cannot interpret the rules of the UDRP, because they generally do not defer to a UDRP decision in a case, preferring instead to treat each case separately and subject to de novo review. Speidel, *supra* note 80, at 175.

<sup>190</sup> Froomkin, *ICANN’s UDRP*, *supra* note 96, at 705 (“Ensuring that registrants would have some sort of access to a judge after losing an arbitration was a critical element of the original compromise that produced the UDRP.”). ICANN was especially concerned about providing access to courts, because the UDRP is mandatory for respondents and they did not want it to seem unfair. See WIPO Paper, *supra* note 40, ¶ 140.

<sup>191</sup> The WIPO Paper emphasizes the importance placed on allowing judicial review, stating that: “[i]t is recommended that any dispute-resolution system, which is alternative to litigation and to which domain name applicants are required to submit, should not deny the parties to the dispute access to court litigation.” See WIPO Paper, *supra* note 40, ¶ 140.

<sup>192</sup> See ICANN—General Information, *supra* note 20 (“The UDRP is designed to be efficient and cost effective.”).

<sup>193</sup> See, e.g., Donahey, *Adding Appeals Procedure*, *supra* note 9, at 6 (“An appellate process that is limited in scope, fast in result, and relatively inexpensive can provide needed predictability and added credibility to the UDRP Process.”).

profit from the domain name. The situation would be even worse for trademark owners if the respondents were still entitled to proceed to court after an adverse internal appeal.<sup>194</sup> Thus, the addition of an internal UDRP-only appeals board could harm both innocent respondents and complaining trademark owners. It would seem that the addition of the appeals board would only benefit two groups—cybersquatters and some critics of the UDRP—suggesting that not including any appellate process was the correct decision.

### III. FIXING THE UDRP

Although most would agree that the UDRP is not perfect, that does not mean it should be abolished or substantially rewritten. Even though some scholars may advocate for a different method of managing the problem of cybersquatting,<sup>195</sup> the UDRP is not fundamentally unfair or invalid. With a few modifications suggested by ADR principles, the main issues plaguing the UDRP—(1) provider/panelist bias in favor of trademark owners and (2) inconsistent decisions—can be corrected or at least significantly lessened.

#### A. *UDRP Decisions Should Not Be Fully Public*

The issue of provider bias (actual or perceived) is perhaps the most fundamental issue confronting the UDRP. Any system of dispute resolution loses its effectiveness if people do not believe that they will receive a fair hearing. As discussed above, this perception of the UDRP exists even if it is not valid.<sup>196</sup> However, this is an issue that would be easy to address, as it has already been confronted and effectively addressed in the context of

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<sup>194</sup> Most cybersquatters, even the ones who responded and appealed, however, would be unlikely to exercise the option to proceed to court due to the large expense generally associated with litigation.

<sup>195</sup> See, e.g., Gillian K. Hadfield, *Privatizing Commercial Law: Lessons from ICANN*, 6 J. SMALL & EMERGING BUS. L. 257, 276 (2002) (“ICANN’s choice[] . . . to continue using a first-come-first-serve rule and an ex post dispute resolution system to allocate domain names, and not to use technological means to resolve disputes or manage the conflicting claims of multiple potential users, [may not be] optimal . . .”).

<sup>196</sup> See discussion *supra* Part II.A.

arbitration.<sup>197</sup> The method that most systems of arbitration use to prevent perceived or actual bias of decision makers is to generally prohibit the publication of decisions.<sup>198</sup>

ICANN could easily halt or limit the publication of UDRP decisions. This change would address the problem created by the UDRP rule that allows complainants to choose the provider that will decide their case.<sup>199</sup> Since UDRP decisions are public, before choosing a provider complainants can search past decisions to find the provider that seems most likely to be receptive to their argument/claim.<sup>200</sup> Since providers and panelists know such a search is possible (even likely), they might (consciously or unconsciously) favor trademark owners (who bring the majority of complaints) to ensure they receive more business from future trademark owners. Any natural tendencies for providers to favor complainants would likely have been amplified when eResolution.com, the provider considered the most respondent friendly,<sup>201</sup> shut down due to a lack of funds.<sup>202</sup> While there could have been many reasons for eResolution's failure,<sup>203</sup> other providers could easily interpret it as proof that keeping trademark owners happy is vital to their financial success.<sup>204</sup> Making all future UDRP decisions confidential would greatly lessen or eliminate this potential reason for bias, as future complainants would not be able to seek out receptive providers.

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<sup>197</sup> Indeed, it may have been addressed too well; despite evidence to the contrary, many people believe that arbitrators are more likely to arrive at a compromise decision (to "split the baby") than to decide in favor of one of the parties to a claim. *See* GOLDBERG, *supra* note 76, at 214.

<sup>198</sup> *See id.* (listing the objective standards on which the arbitrator's decision is to be based and the advantage of maintaining the confidentiality of arbitration proceedings).

<sup>199</sup> Trademark owners choose providers by submitting their claims to one of the ICANN approved providers. UDRP Policy, *supra* note 52, § 4(d).

<sup>200</sup> *See generally* GEIST, FAIR.COM, *supra* note 40.

<sup>201</sup> *See id.* at 3.

<sup>202</sup> UDRPinfo.com, *supra* note 95.

<sup>203</sup> *See, e.g.,* BRANTHOVER, *supra* note 7, at 4–5 (arguing that reputation is the primary motivation for choice of provider, and eResolution's less prominent reputation caused its failure).

<sup>204</sup> *See* GEIST, FAIR.COM, *supra* note 40, at 4–6; *see also* GEIST, FUNDAMENTALLY FAIR.COM, *supra* note 121, at 4–6.

If ICANN decided to make new decisions confidential, however, it would still face a problem with the large number of decisions currently available.<sup>205</sup> More, privatization would almost certainly generate criticism, specifically that: (1) privatization decreases transparency and therefore fairness,<sup>206</sup> and (2) privatization removes panels' ability to use earlier decisions as precedent.<sup>207</sup>

Although ADR systems such as arbitration do not use past decisions as precedent,<sup>208</sup> UDRP panels often use precedent to decide cases, and it could be difficult to change that now.<sup>209</sup> The best solution is likely a compromise between the two extremes: UDRP decisions should be redacted to eliminate provider, panelist, and perhaps even party names and published only on websites unaffiliated with a provider.<sup>210</sup> Redacting this information would ensure that trademark owners cannot perform the type of search discussed above, while still allowing precedent to be used in future UDRP proceedings. Although redacting decisions prior to publication may not be the only method of solving the problem of providers favoring trademark owners, it is a way to lessen providers' incentive relatively simply and inexpensively.

### *B. ICANN Should Choose the Provider*

Although the redaction solution discussed *supra* Part III.A is likely the best and easiest way to address concerns about provider

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<sup>205</sup> ICANN, the WIPO, and several other websites collect UDRP decisions, results, or statistics. World Intellectual Property Organization—Case Outcome by Year(s) (Breakdown), <http://www.wipo.int/amc/en/domains/statistics/outcome.jsp> (last visited Nov. 3, 2009).

<sup>206</sup> See GEIST, FAIR.COM, *supra* note 40, at 31 (arguing that ICANN needs greater transparency to be fair).

<sup>207</sup> MUELLER, SUCCESS BY DEFAULT, *supra* note 26, at 19 (“Our data show that UDRP decisions cite other UDRP decisions more than half the time.”).

<sup>208</sup> *Id.* (“Most systems of arbitration are not considered to be precedent-based . . .”). Since decisions are private or on a case-by-case basis, most ADR systems are incapable of using precedent.

<sup>209</sup> Sorkin, *supra* note 89, at 43 (“[T]he UDRP has in effect given rise to a new system of international common law, with panelists increasingly citing to, and relying upon, previous UDRP decisions.” (citations omitted)).

<sup>210</sup> Panels are currently allowed to redact decisions in “exceptional” circumstances only. UDRP Policy, *supra* note 52, § 4(j).

bias, there is a very real chance that it will be deemed too radical or controversial to implement. However, even if this were the case, provider bias is too important and potentially damaging to ignore. An alternative, less radical solution would be to modify the UDRP so that trademark owners no longer select the provider.<sup>211</sup> Although the method of selection used by arbitration, where the parties agree in advance on a provider, is unlikely to be practicable in the context of the UDRP, the idea behind it (that the provider is not chosen by a single party) is an important one.<sup>212</sup> The current method of complainants selecting and paying for providers makes it appear as if the provider is the complainant's employee, which raises doubts about the UDRP's fairness.<sup>213</sup> Therefore, the UDRP should be modified so that complainants do not choose the provider. Instead, complaints should be submitted to ICANN for distribution to approved providers using one of the several methods discussed below.<sup>214</sup>

The first and perhaps most obvious way to distribute claims would be for ICANN to randomly select a provider for each proceeding. For example, a computer program could be run when a complaint is submitted to randomly select an approved provider. This would ensure fairness but could result in a perception that some providers are being used more often than others. An arguably fairer solution would be for ICANN to assign claims to providers in the order they appear on a secret list that is scrambled each time through.<sup>215</sup> This option is similar to the way the New York Eastern District Court chooses mediators<sup>216</sup> and has the

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<sup>211</sup> See Jay P. Kesan & Andres A. Gallo, *The Market for Private Dispute Resolution Services—An Empirical Re-Assessment of ICANN-UDRP Performance*, 11 MICH. TELECOMM. TECH. L. REV. 285, 326 (2005) (“[C]omplainants can choose a provider based on the bias favoring the complainants.”).

<sup>212</sup> Ware, *supra* note 80, at 161.

<sup>213</sup> See Thornburg, *supra* note 8, at 220.

<sup>214</sup> Although this argument may seem similar to the review board described *infra* Part III.C, it requires less resources and oversight by ICANN and can essentially be automated.

<sup>215</sup> An example of the way this list would work is: claim 1 goes to NAF, claim 2 to WIPO, claim 3 to ADNDRC, claim 4 to CAC, claim 5 to ADNDRC, claim 6 to NAF, claim 7 to CAC, etc.

<sup>216</sup> FED. COURTS COMM., N.Y. CITY BAR ASS'N, GUIDE TO MEDIATION IN THE SOUTHERN & EASTERN DISTRICT OF N.Y. (July 2006), *available at*

benefit of simplicity and fairness. In addition, providers should assign panelists in the same way, thereby removing any hint of bias created by the overuse of certain panelists at certain providers.<sup>217</sup> Both options, of course, would be subject to provider and panel availability, but even if a choice were not available, the system itself would not be compromised or biased—the parties would simply move on to the next choice in the rotation.

### C. *The UDRP Should Provide Clearer Legal Guidelines*

Another easy way to improve the fairness of UDRP proceedings would be to provide clearer legal guidelines to panelists with the goal of reducing the number of inconsistent decisions.<sup>218</sup> As discussed *supra* Part II.B, UDRP panelists are given substantial discretion over many substantive aspects of cases, which has led to inconsistent decisions. The reason for many of these inconsistencies can arguably be traced back to an area in which the UDRP differs substantially from other methods of ADR: the governing law (or lack thereof). As mentioned *supra* Part I.C, the parties to an arbitration usually agree that a particular country's law will apply to any proceedings (the "governing law"), and arbitrators are bound to apply the selected law.<sup>219</sup> Further, the major arbitration providers have standard practices that are followed to select a governing law if an arbitration clause does not explicitly state one, as an arbitration cannot proceed without a governing law.<sup>220</sup> Conversely, the UDRP has no provision through which parties can pre-select a governing law.

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[http://www.nyed.uscourts.gov/adr/Mediation/Mediation\\_Documents/10494-Guide%20to%20ADR-br-v14.pdf](http://www.nyed.uscourts.gov/adr/Mediation/Mediation_Documents/10494-Guide%20to%20ADR-br-v14.pdf).

<sup>217</sup> See generally GEIST, FAIR.COM, *supra* note 40 (presenting and discussing data concerning panelist bias). Regardless of whether it is ultimately used to choose providers, one of these two options should be used by providers to select panelists, as either would have low administrative costs and would increase fairness.

<sup>218</sup> For another perspective on how to add definitions to the UDRP, see Wotherspoon & Cameron, *supra* note 146, at 75–77.

<sup>219</sup> See, e.g., ICC RULES, *supra* note 113, art. 15 § 1. The Rules actually state that parties may find it desirable to stipulate in the arbitration clause itself the law governing the contract to decrease the potential for argument once the proceedings begin. *Id.* at 3.

<sup>220</sup> If the arbitration clause does not explicitly specify a governing law, it will most likely be selected by the arbitrator(s), because parties often find it extremely difficult to agree on a law once the dispute has begun.

Although there are a number of legitimate reasons why the UDRP cannot follow the example of arbitration and add an explicit governing law provision, the rules should be amended to more clearly define the legal standards that should be applied.<sup>221</sup> As the example of arbitration demonstrates, adding a governing law should solve the issues of vague rules and inconsistent application of rules. However, the lack of a pre-existing contractual relationship between the parties to a UDRP action renders it all but impossible for the parties to mutually agree on a single governing law. Further, although there are many possible ways in which a single governing law could be selected for UDRP proceedings, a closer examination of these possibilities reveals that none of them are good candidates for implementation.

The first possibility would be for ICANN to select a single country's law to govern all UDRP proceedings. This solution would be easy to implement but would likely create as many issues as it solved. Every country whose law was not selected by ICANN would criticize ICANN's choice as indicative of a bias in favor of the selected country, and raise concerns that the UDRP was not representing the interests of all countries. In addition, if complainants felt the chosen governing law was unfavorable to their interests, they could abandon the UDRP entirely in favor of litigation in local courts, which would render the UDRP ineffective.

Another possibility would be to require that the law of the respondent's country govern a UDRP proceeding. This choice would have the benefit of avoiding the criticism discussed above, but it might also lead to fewer claims being brought by complainants who are skeptical of such a change. Even if complainants did not protest, however, such a change would be unlikely to correct all issues of uniformity and predictability of decisions. Since respondents can be located anywhere in the world, each UDRP proceeding could theoretically be decided

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<sup>221</sup> ICANN's decision to diverge from traditional ADR principles by imposing only vague legal standards on panelists has led to inconsistent decisions by panels, as well as panels adjudicating disputes that arguably are outside the intended scope of their authority. See MUELLER, *ROUGH JUSTICE*, *supra* note 106, at 21–23; Wotherspoon & Cameron, *supra* note 146, at 72–75.

under a different country's law. This would almost certainly lead to inconsistent decisions, even between identically composed panels deciding cases with similar facts.<sup>222</sup> Inconsistency such as this is unacceptable for a "uniform" system and would likely lead to its disuse.

The final possibility for a single governing law is for ICANN to require the governing law of a UDRP proceeding be that of the *registrar's* home country.<sup>223</sup> This solution would have the same principal drawback as the use of the respondent's country, as it would lead to decisions that vary depending on the home country of each registrar. The more significant problem with this suggestion, however, is that it would favor domain name owners (or, in many cases, cybersquatters) by effectively allowing them to dictate the law governing any challenge to their ownership by registering domain names with a registrar in a country with favorable laws.<sup>224</sup>

Given the problems with selecting a single governing law, the best solution is to clarify, narrow, and supplement the existing UDRP rules.<sup>225</sup> First, all terms defined through non-exhaustive lists should be given actual definitions, because the use of an open-ended list of examples creates opportunities for panels to reach incorrect outcomes and inconsistent decisions.<sup>226</sup> Next, terms that carry specific meanings in existing legal systems (e.g., "confusingly similar") should either be replaced with different terms that do not have the same associations, or should be clearly defined for purposes of the UDRP. Any other ambiguous or undefined terms should also be defined. Any such changes to the

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<sup>222</sup> Panelists are not necessarily experts in all legal systems, which means that this method could lead to a reduced number of possible panelists and/or panelists interpreting laws incorrectly and thereby deciding proceedings incorrectly.

<sup>223</sup> See MUELLER, ROUGH JUSTICE, *supra* note 106, at 2.

<sup>224</sup> Arguably, when choosing where to register a name, most people would never consider the impact of the choice on a possible challenge to their ownership. This is not true of a cybersquatter, however, who may be expected to consider the choice of law when deciding where to register. A cynical person could theorize that this would, in turn, lead registrars to enact more domain name holder-friendly rules to encourage cybersquatters to use their registry.

<sup>225</sup> For another perspective on modifying the UDRP and adding an appellate panel, see generally Wotherspoon & Cameron, *supra* note 146.

<sup>226</sup> See discussion *supra* Part II.B.

UDRP would have to be carefully drafted and analyzed to ensure that they made the process clearer and not more complicated. However, these types of modifications to the UDRP would require less financial and administrative effort by ICANN, and likely garner less controversy, than the other possible solutions.

#### *D. ICANN Should Create a UDRP Oversight Body*

Although drafting rules that more clearly specify what types of disputes can and cannot be decided under the UDRP would be the easiest and quickest way to bring more uniformity to the UDRP, the evidence shows that even that is unlikely to stop providers from deciding cases that are outside the scope of the UDRP.<sup>227</sup> If further rules are not an effective solution, the only way to address this significant issue may be for ICANN to create a neutral, internal group to oversee the UDRP and ensure that it is not applied too broadly.<sup>228</sup>

The best way for such an oversight group to operate would be as the single, centralized submission point for new UDRP complaints. Each complaint would be reviewed to determine whether it meets the requirements of the UDRP, and the ones that meet the requirements would then be passed to a randomly selected provider.<sup>229</sup> Complaints that do not meet the requirements of the UDRP would be returned to the complainant without prejudice. Although providers are already supposed to screen UDRP complaints for compliance with the rules,<sup>230</sup> there is substantial evidence that they do not do so effectively, as many non-cybersquatting cases are decided under the auspices of the UDRP each year.<sup>231</sup>

While a pre-dispute screening body might be the best practical solution, this role would place ICANN squarely at the forefront of

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<sup>227</sup> See *supra* Part II.B.

<sup>228</sup> This group would not be similar to the appellate body discussed *supra* Part II.C, as it would not hear appeals concerning decisions.

<sup>229</sup> This group could also oversee the assignment of providers to new complaints if the solution discussed *supra* Part III.B were also adopted.

<sup>230</sup> See UDRP Policy, *supra* note 52, § 4(a) (describing applicable disputes).

<sup>231</sup> See Case Outcome by Year(s) (Breakdown), *supra* note 205 (showing the outcomes of all UDRP cases by year, including many in which the respondent prevailed).

claims, which would invite increased scrutiny and could lead to even more intense criticism of the organization.<sup>232</sup> If a pre-review system were deemed impracticable for this or other reasons, another possibility would be to establish a post-facto review board of limited scope. Instead of reviewing new UDRP complaints, this board would directly review the providers. The board would examine each provider's decisions on a recurring basis (e.g., on a specified date each year) to ensure that providers do not broaden or misapply the UDRP. If a specified percentage of a provider's decisions exceeded the scope of its authority under the UDRP or otherwise were handled inappropriately, the provider could face sanctions, including loss of its accreditation. This would force providers to better supervise their panelists or risk completely losing UDRP business, while allowing ICANN to play a smaller role in case administration.

If such a provider review did not curtail the bias and criticism, the board could extend its inquiries into individual panelists. The board could examine each panelist's decisions to see if he or she followed all of the rules, or if a disproportionate number of the panelist's decisions favored one side.<sup>233</sup> If a panelist were found to have consistently misapplied the rules or demonstrated bias, the panelist would be prohibited from serving on future UDRP panels. This alternative would have to be carefully constructed and administered to avoid sanctioning a panelist who merely heard a disproportionate number of "true" cybersquatting cases.<sup>234</sup> Given this, the fairest form of this option would be to implement a combination of a provider and panelist review board to ensure that no one is penalized unjustly. Any review board, however, should have the power to revoke the accreditation of (or otherwise

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<sup>232</sup> For a detailed collection of criticism of ICANN, see ICANNWatch, *supra* note 19.

<sup>233</sup> The decisions must be reviewed to ensure the one-sided results were not due to the nature of the cases heard by the panelists. Since a panelist decides fewer cases than a provider receives, it is possible that the few cases that a panelist receives could be clear cases of cybersquatting that necessitate a complainant victory and therefore are not issues of a panelist misapplying the rules.

<sup>234</sup> There are a number of reasons why decisions could be disproportionately decided in favor of one side, including that the UDRP was designed to return cybersquatted domain names to trademark owners, so any such review would need to be undertaken carefully and not precipitously. BRANTHOVER, *supra* note 7, at 3-7 (arguing against one study's analysis of data it collected).

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penalize) providers or panelists who it finds disproportionately favor one party or break the rules.<sup>235</sup>

The most significant obstacle to instituting any kind of gatekeeping body is likely to be the cost. The most obvious way to fund such a body would be to assess monetary penalties on trademark holders who bring improper claims, providers who accept improper claims, and/or panelists who decide improper claims.<sup>236</sup> Such penalties, however, could easily lead to a perception of a conflict of interest, as ICANN could characterize borderline claims as improper in order to increase profits. Therefore, the best way to fund any gatekeeping body would be for ICANN to add a modest supplementary charge to all UDRP proceedings.<sup>237</sup> Regardless of the method chosen, screening claims to ensure that they meet the criteria of the UDRP is important enough that ICANN should ignore any increased criticism and logistical difficulties. In all likelihood, the increased fairness in the UDRP would eventually win over any skeptics.

#### IV. THE UDRP IS SUCCESSFUL, BUT IS IT A COMPLETE SUCCESS?

It is clear that the UDRP has succeeded in its primary goal of providing an easier way for trademark owners to recover domain names registered in bad faith.<sup>238</sup> This, however, does not mean that the UDRP is a complete success. After ten years and volumes of criticism, two distinct issues still persist: (1) some legitimate domain name owners lose their trademarks in UDRP actions, and (2) there is a widespread perception that the UDRP is unfair or

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<sup>235</sup> In *FAIR.COM*, Michael Geist described some panelists who nearly always ruled for trademark owners and who were also chosen as panelists a disproportionate amount of the time. *GEIST, FAIR.COM, supra* note 40, at 24.

<sup>236</sup> It is unclear whether ICANN currently has the power to fine improper users of the UDRP, but it does not seem outside the scope of their authority and is a possibility at least worth mentioning.

<sup>237</sup> The number of UDRP claims brought annually has exceeded 2000 in recent years, so assessing an additional administrative fee of \$50 would result in a budget for the gatekeeping body of over \$100,000. *See ICANN—List of Proceedings Under the Uniform Domain Name Dispute Resolution Policy, supra* note 74.

<sup>238</sup> *See, e.g., MUELLER, SUCCESS BY DEFAULT, supra* note 26, at 3.

biased.<sup>239</sup> Although perception might seem unimportant, a system cannot be successful if the general consensus is that it is unfair. Therefore, for the UDRP to be a true success, both of these issues must be addressed.

This Note has proposed several potential solutions ICANN can enact to make the UDRP fairer and to make it appear fairer. The best outcome would be if ICANN redacted decisions, enacted clearer rules and legal standards, and created an oversight body, but the addition of any of the alternatives discussed *supra* Part III would improve the UDRP. However, even if none of the solutions are enacted, the UDRP should not be withdrawn or replaced, because there is a real need for the fast solution to cybersquatting claims provided by the UDRP.

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<sup>239</sup> This view has become so widespread that it is even being included in textbooks. *See, e.g.,* MERGES, MENELL & LEMLEY, *supra* note 24, at 754–59 (“The fast and cheap nature of the UDRP process—and arguably the pro-trademark slant of its decisions—has attracted hordes of trademark owners.”).