

THE MANAGEMENT OF INTERNET NAMES AND ADDRESSES:
INTELLECTUAL PROPERTY ISSUES

Final Report
of the
WIPO Internet Domain Name Process
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EXECUTIVE SUMMARY

Background

Domain names are the human-friendly form of Internet addresses. While designed to serve the function of enabling users to locate computers in an easy manner, domain names have acquired a further significance as business identifiers and, as such, have come into conflict with the system of business identifiers that existed before the arrival of the Internet and that are protected by intellectual property rights.

The tension between domain names, on the one hand, and intellectual property rights, on the other hand, have led to numerous problems that raise challenging policy questions. These policy questions have new dimensions that are a consequence of the intersection of a global, multipurpose medium, the Internet, with systems designed for the physical, territorial world.

On the proposal of the Government of the United States of America, and with the approval of its Member States, WIPO has since July 1998 undertaken an extensive international process of consultations (“the WIPO Process”). The purpose of the WIPO Process was to make recommendations to the corporation established to manage the domain name system, the Internet Corporation for Assigned Names and Numbers (ICANN), on certain questions arising out of the interface between domain names and intellectual property rights. Seventeen consultation meetings were held in 15 different cities throughout the world in the course of the WIPO Process, and written submissions were received from 334 governments, intergovernmental organizations, professional associations, corporation and individuals.

An Interim Report containing draft recommendations was issued in December 1998 as part of the WIPO Process. The present document constitutes the Final Report. It is being submitted to ICANN and to the Member States of WIPO. The main recommendations in the Final Report are summarized below.

Best Practices for Registration Authorities

- (i) The adoption of a number of improved, standard practices for registrars with authority to register domain names in the generic top-level domains (gTLDs) will reduce the tension that exists between domain names and intellectual property rights.
- (ii) In particular, the collection and availability of accurate and reliable contact details of domain name holders is an essential tool for facilitating the protection of intellectual property rights on a borderless and otherwise anonymous medium. Such contact details provide the principal means by which intellectual property owners can go about the process of enforcing their rights.

(iii) Where it is shown that contact details are inaccurate and unreliable and that contact cannot be established with a domain name holder through them, a third party should have the right to serve a notification to this effect on the responsible registrar. Upon independent verification of the impossibility of establishing contact, the registrar should be required to cancel the domain name registration.

(iv) In the WIPO Interim Report, it was suggested that consideration be given to the introduction of a non-commercial, use-restricted domain, where the contact details of domain name holders would not be publicly available, as a means of allaying the concerns of those who consider that the public availability of contact details may lead to intrusions of privacy. In the Final Report, it is concluded that this idea requires further consideration, elaboration and consultation in a separate process before any recommendation can be made on it.

Administrative Procedure Concerning Abusive Domain Name Registrations

(v) ICANN should adopt a dispute-resolution policy under which a uniform administrative dispute-resolution procedure is made available for domain name disputes in all gTLDs. In the Interim Report, it was recommended that domain name applicants should be required to submit to the procedure in respect of any intellectual property dispute arising out of a domain name registration. The Final Report recommends that the scope of the administrative procedure be limited to cases of bad faith, abusive registration of domain names that violate trademark rights (“cybersquatting,” in popular terminology). Domain name holders would thus be required to submit to the administrative procedure only in respect of allegations that they are involved in cybersquatting, which was universally condemned throughout the WIPO Process as an indefensible activity that should be suppressed.

(vi) The administrative procedure would be quick, efficient, cost-effective and conducted to a large extent on-line. Determinations under it would be limited to orders for the cancellation or transfer of domain name registrations and the allocation of the costs of the procedure (not including attorneys’ fees) against the losing party. Determinations would be enforced by registration authorities under the dispute-resolution policy.

Exclusions for Famous and Well-known Marks

(vii) Famous and well-known marks have been the special target of predatory and parasitical practices on the part of a small, but active, minority of domain name registrants. A mechanism should be introduced whereby the owner of a famous or well-known mark can obtain an exclusion in some or all gTLDs for the name of the mark where the mark is famous or well-known on a widespread geographical basis and across different classes of goods or services. The effect of the exclusion would be to prohibit any person other than the owner of the famous or well-known mark from registering the mark as a domain name.

(viii) The exclusion mechanism gives expression in cyberspace to the special protection that is established for famous and well-known marks in the Paris Convention for the Protection of Industrial Property and the TRIPS Agreement.

(ix) Since an exclusion would cover only the exact name of the famous or well-known mark, and since experience shows that cybersquatters typically register many close variations of famous or well-known marks, an exclusion, once granted, should give rise to an evidentiary presumption in the administrative procedure. The effect of the evidentiary presumption would be to place the burden of proving justification for the use of a domain name on the domain name holder where the domain name is identical or misleadingly similar to the famous or well-known mark and the domain name is being used in a way that is likely to damage the interests of the owner of the mark.

New gTLDs

(x) The evidence shows that the experience of the last five years in gTLDs has led to numerous instances of abusive domain name registrations and, consequently, to consumer confusion and an undermining of public trust in the Internet. It has also led to the necessity for intellectual property owners to invest substantial human and financial resources in defending their interests. This arguably wasteful diversion of economic resources can be averted by the adoption of the improved registration practices, administrative dispute-resolution procedure and exclusion mechanism recommended in the Final Report of the WIPO Process.

(xi) In view of past experience, intellectual property owners are very apprehensive about the introduction of new gTLDs and the possible repetition in the new gTLDs of that experience.

(xii) Many issues other than intellectual property protection are involved in the formulation of a policy on the introduction of new gTLDs. Insofar as intellectual property is concerned, it is believed that the introduction of new gTLDs may be envisaged on the condition that the recommendations of the WIPO Final Report with respect to improved registration practices, dispute resolution and an exclusion mechanism for famous and well-known marks are adopted, and on the further condition that any new gTLDs are introduced in a slow and controlled manner that allows for experience with the new gTLDs to be monitored and evaluated.

First Steps and Outstanding Issues

The recommendations of the Final Report of the WIPO Process have been directed at the most egregious problems between intellectual property and domain names and at obtaining effective solutions to those problems. Other issues remain outstanding and require further reflection and consultation. Amongst these other issues are:

- (a) as signaled above, the exploration of the feasibility of introducing a non-commercial, use-restricted domain where contact details of domain name holders might not be readily available publicly;
- (b) the problem of bad faith, abusive domain name registrations that violate intellectual property rights other than trademarks or service marks, for example, geographical indications and personality rights;
- (c) the problem of bad faith, abusive domain name registrations of the names and acronyms of international intergovernmental organizations that are protected against use and registration as trademarks by the Paris Convention; and
- (d) the problem of bad faith, abusive domain name registrations of International Nonproprietary Names selected by the World Health Organization for the identification of specific pharmaceutical substances under single, globally available names in order to protect the safety of patients.

1. THE INTERNET, DOMAIN NAMES AND THE WIPO PROCESS

THE INTERNET

1. The Internet can be very simply described as a, or the, network of networks. That simple technical description, however, lacks the eloquence to speak of the profound ways in which the Internet is affecting the way in which we communicate with each other, the way we express ourselves, the way we learn, the way we do business and the way in which we interact culturally. Given the fundamental changes that we sense are underway, we have difficulty in placing faith in a simple definition of technical function.

2. We are not yet at the stage of being able to articulate adequately what exactly the Internet is as a social phenomenon and why it is changing us. We can, however, point to certain features of the Internet that indicate that it is a distinct and profound phenomenon. Six such features can be mentioned:

(i) The Internet is something that increasingly large numbers of people throughout the world find an interest in being connected to. From 1990 to 1997, the estimated number of Internet users grew from around one million to around 70 million.¹ While the United States of America still accounts for the large majority of Internet users,² the rest of the world can hardly be described as disinterested. Between 1993 and 1996, the number of Internet hosts in Europe increased by about 600 per cent.³ Over the same period, the growth in Internet hosts in Africa and Asia amounted to about 840 per cent for each region.⁴

(ii) It is increasingly an affordable and relatively low-cost matter to become connected to the Internet and thus to be able to participate in the advantages that it offers. The telecommunications infrastructure is improving constantly and the cost of computer equipment continues to decrease. The estimated worldwide installed base of PCs in the home and in education increased from about 36 million units in 1992 to 118 million units in 1997.⁵ The Internet is a popular, rather than elitist, medium.

(iii) Reflecting this popular character, the Internet is multifunctional. Digital technology permits all forms of expression—text, sound and images—to be expressed in binary notation. The World Wide Web, a key component of the Internet, has provided the graphical interface and hypertext linking protocols to enable all such expressions to be shared on the Internet. In consequence, the purposes for which the Internet is now used encompass the full range of human activity: research, education, social communication, politics, entertainment and commerce.

(iv) The Internet does not have a central point of authority and control. Compared to other social institutions, it has developed in a spontaneous and autochthonous manner. Its technical development has been guided by protocols established through participatory decision-making processes by bodies such as the Internet Engineering Task Force (IETF) and its subcommittees, and the Internet Assigned Numbers Authority (IANA). There has not

been, however, a central rule-making entity that has exercised comprehensive legislative authority over the Internet.

(v) The Internet is multijurisdictional. Users can access it from any place on earth. Because of packet-switching technology, information may travel through various countries or jurisdictions in order to reach its destination.⁶ It is a global medium transposed on the historical system of separate physical jurisdictions.

(vi) The Internet is unspecifically regulated. It is affected by legislation and regulations that apply generally within the various jurisdictions of the world. But for the most part, until now, there have been few exercises of national legislative authority specifically directed at the Internet and no international legislative instruments specifically designed to regulate the Internet.

3. These special features of the Internet entail several consequences for the formulation of policy in relation to any facet of the Internet's operation. The multijurisdictional and multifunctional nature of the Internet mean that, inevitably, many different interests in many different parts of the world will be concerned with any endeavor to formulate specific policies. Special care needs to be exercised to ensure that any policy developed for one interest or function does not impact unduly on, or interfere unduly with, other interests or functions.

THE DOMAIN NAME SYSTEM

4. The domain name system (DNS) serves the central function of facilitating users' ability to navigate the Internet. It does so with the aid of two components; the domain name and its corresponding Internet Protocol (IP) number. A domain name is the human-friendly address of a computer that is usually in a form that is easy to remember or to identify, such as `www.wipo.int`. An IP number is the unique underlying numeric address, such as `192.91.247.53`. Distributed databases contain the lists of domain names and their corresponding IP numeric addresses and perform the function of mapping the domain names to their IP numeric addresses for the purpose of directing requests to connect computers on the Internet. The DNS is structured in a hierarchical manner which allows for the decentralized administration of name-to-address mapping. This last new characteristic has provided the basis for the remarkable speed at which new computers can be added to the Internet, while ensuring their accurate name resolution.

5. The DNS has been administered by IANA, pursuant to principles that were described in Request for Comments (RFC) 1591 of March 1994.⁷ The DNS operates on the basis of a hierarchy of names. At the top are the top-level domains, which are usually divided into two categories: the generic top-level domains (gTLDs) and the country code top-level domains (ccTLDs).

6. There are, at present, seven gTLDs. Three of these are open, in the sense that there are no restrictions on the persons or entities that may register names in them. These three gTLDs

are *.com*, *.net* and *.org*. The other four gTLDs are restricted, in the sense that only certain entities meeting certain criteria may register names in them. They are *.int*, which is restricted to use by international organizations; *.edu*, which is restricted to use by four-year, degree-granting colleges and universities; *.gov*, which is restricted to use by agencies of the federal government of the United States of America; and *.mil*, which is restricted to use by the military of the United States of America.

7. There are at present 243 ccTLDs. Each of these domains bears a two-letter country code derived from Standard 3166 of the International Organization for Standardization (ISO 3166),⁸ for example *.au* (Australia), *.br* (Brazil), *.ca* (Canada), *.eg* (Egypt), *.fr* (France), *.jp* (Japan) and *.za* (South Africa). Some of these domains are open, in the sense that there are no restrictions on the persons or entities who may register in them. Others are restricted, in that only persons or entities satisfying certain criteria (for example, domicile within the territory) may register names in them.

8. Functionally, there is no distinction between the gTLDs and the ccTLDs. A domain name registered in a ccTLD provides exactly the same connectivity as a domain name registered in a gTLD. Nor can it be said that the gTLDs are open, whereas the ccTLDs are restricted. As mentioned, there are open gTLDs and ccTLDs, which contain no restrictions on use, and restricted gTLDs and ccTLDs, which restrict use to persons or entities meeting certain criteria.

9. At the date of publication of this Report, nearly 7.2 million domain names have been registered worldwide.⁹ Of these, approximately 1.8 million have been registered in the ccTLDs. The approximate weekly volume of new registrations is 21,000.

THE TRANSMUTATION OF DOMAIN NAMES

10. Domain names were intended to perform a technical function in a manner that was convenient to human users of the Internet. They were intended to provide addresses for computers that were easy to remember and to identify without the need to resort to the underlying IP numeric address. Precisely because they are easy to remember and to identify, however, domain names have come to acquire a supplementary existence as business or personal identifiers. As commercial activities have increased on the Internet, domain names have become part of the standard communication apparatus used by businesses to identify themselves, their products and their activities. Advertisements appearing in the media now routinely include a domain name address, along with other means of identification and communication, such as the corporate name, trademark and telephone and facsimile numbers. But, whereas the telephone and facsimile numbers consist of an anonymous string of numbers without any other significance, the domain name, because of its purpose of being easy to remember and to identify, often carries an additional significance which is connected with the name or mark of a business or its product or services.

INTELLECTUAL PROPERTY

11. Intellectual property consists in a series of rights in intellectual creations and in certain forms of identifiers. Generally speaking, there are two main policy bases that underlie intellectual property rights. The first is the policy of encouraging new intellectual creations. This is the main policy basis of patents, industrial designs and copyright. A patent, an industrial design or a copyright confers an exclusive right on the owner, for a finite period, to prevent others from exploiting its subject matter—an invention, a design or a literary or artistic work. The exclusive right enables the owner to recover a reward for originality and investment in the creation of originality, and thus serves as an incentive to further investment in the development of new intellectual creations. The second main policy basis is the orderly functioning of the market through the avoidance of confusion and deception. This is the main policy basis of trademarks, rights in geographical indications and protection against unfair competition. A trademark enables consumers to identify the source of a product, to link the product with its manufacturer in widely distributed markets. The exclusive right to the use of the mark, which may be of indefinite duration, enables the owner to prevent others from misleading consumers into wrongly associating products with an enterprise from which they do not originate.

12. Intellectual property has become a central element in economic and cultural policy in a world in which the source of wealth is increasingly intellectual, as opposed to physical, capital and in which markets are distributed across the globe. By becoming members of WIPO, 171 States have subscribed to the importance of promoting the protection of intellectual property. Many of these have also adhered to some or all of the 16 other multilateral treaties administered by WIPO, which establish international frameworks for each of the rights that make up intellectual property or systems for obtaining protection in multiple countries. In addition, the 134 States that are members of the World Trade Organization (WTO) have subscribed to a comprehensive, complementary code of intellectual property protection in the Agreement on the Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement).

13. The discipline of intellectual property is concerned not simply with the establishment of rights, but also with the definition of the proper scope of those rights and their relation with other areas of public policy. It is concerned thus, for example, with defining the boundary between unfair and unjustified misappropriation of another's intellectual creations or business identifiers, on the one hand, and fair use or justified experimental and non-commercial use, on the other hand. It is equally concerned, for example, with regulating any areas of tension between competition policy and intellectual property policy. This definition of the proper scope of intellectual property rights and their relation to other areas of public policy is the subject of case law and legislation that have been developed over many decades throughout the world.

THE PROCESS FOR THE REORGANIZATION OF THE MANAGEMENT OF THE DOMAIN NAME SYSTEM

14. The organization and management of the DNS has been the subject of intensive discussions throughout the world over the past two and a half years. These discussions have been motivated by a desire to institutionalize the functions associated with the management of the DNS in a manner which will permit the system to accommodate the growing volume of traffic on the Internet and to be administered in a stable, reliable, competitive and open way, taking into account the interests of all Internet stakeholders.

15. An early stage in the discussions was the work of the International Ad Hoc Committee (IAHC), which culminated in the publication on February 4, 1997, of a final report containing recommendations for the administration and management of gTLDs.¹⁰ The recommendations were directed at enhancing the administration and operation of the gTLDs and balancing concerns for stable operations, continued growth, business opportunities and legal constraints.

16. On July 1, 1997, as part of his Administration's Framework for Global Electronic Commerce, the President of the United States of America, William Clinton, instructed the United States Secretary of Commerce to privatize the DNS in a manner that increased competition and facilitated international participation in its management. The United States Department of Commerce issued a Request for Comments on the administration of the DNS on July 2, 1997. In this document, public input was sought on issues relating to the overall framework of the DNS administration, the creation of new top-level domains, policies for domain name registrars, and trademark issues.

17. On the basis of comments received, on January 30, 1998, the National Telecommunications and Information Administration (NTIA), an agency of the United States Department of Commerce, issued for comment *A Proposal to Improve the Technical Management of Internet Names and Addresses* (the "Green Paper").¹¹ The Green Paper proposed for discussion a number of measures relating to the administration of the DNS, including the creation by the private sector of a new corporation located in the United States of America and managed by a globally and functionally representative Board of Directors.

18. Following the closure of the comment period, NTIA issued, on June 5, 1998, its *Statement of Policy on the Management of Internet Names and Addresses* (the "White Paper").¹² The White Paper confirmed the call contained in the Green Paper for the creation of a new, private, not-for-profit corporation responsible for coordinating specific DNS functions for the benefit of the Internet as a whole. It noted:

“The U.S. Government is committed to a transition that will allow the private sector to take leadership for DNS management. Most commenters shared this goal. While international organizations may provide specific expertise or act as advisors to the new corporation, the U.S. continues to believe, as do most commenters, that neither national governments acting as sovereigns nor intergovernmental organizations acting as representatives of governments should participate in management of Internet names

and addresses. Of course, national governments now have, and will continue to have, authority to manage or establish policy for their own ccTLDs.”

19. Following the publication of the White Paper, a process occurred which resulted in the formation of the Internet Corporation for Assigned Names and Numbers (ICANN). By-laws have been established for ICANN, and an Interim Chairman, an Interim President and CEO, and an Interim Board of Directors have been appointed as a result of the process and the international discussions that accompanied it. The by-laws, the composition of the Interim Board and other pertinent documentation concerning ICANN can be found at ICANN’s website, *www.icann.org*.¹³

20. Since its formation, ICANN has been systematically addressing the various tasks that need to be accomplished under the White Paper’s mandate. The various actions undertaken and meetings held in this regard are referenced on ICANN’s website. One such task, corresponding to the general policy objective established for the transition of introducing competition in the administration of domain name registrations, was the establishment of a policy for the accreditation of registrars, with a view to accrediting five registrars, on a testbed basis, who would be authorized to receive and process applications for domain name registrations in the .com, .net and .org domains. The registry administrator for these domains will continue to be Networks Solutions Inc. (NSI), which to date has performed the functions of both sole registrar and registry administrator for these domains under various contractual authorities. In February 1999, ICANN published for comment “Guidelines for Accreditation of Internet Domain Name Registrars and for the Selection of Registrars for the Shared Registry System Testbed for .COM, .NET and .ORG Domains.” In response to public comments that the guidelines should be “as lightweight as possible,”¹⁴ ICANN introduced certain changes to the draft guidelines and, at its Board meeting in Singapore on March 4, 1999, adopted a “Statement of Registrar Accreditation Policy.”¹⁵ This Statement includes a number of provisions that reflect coordination and consistency with the recommendations that were contained in the Interim Report of the WIPO Internet Domain Name Process (“The Management of Internet Names and Addresses: Intellectual Property Issues”).¹⁶ Furthermore, the Statement indicates that the Registrar Accreditation Policy which it establishes may be reviewed following ICANN’s consideration of the present (final) WIPO Report.¹⁷

21. Most recently, on April 21, 1999, ICANN announced the five companies that were selected to participate in the initial testbed phase of the Shared Registry System for the .com, .net and .org domains.¹⁸ The testbed phase is expected to continue for two months until the end of June, at which time an additional 29 companies are expected to be accredited to open up competition in registration services.

THE INTERFACE BETWEEN THE DOMAIN NAME SYSTEM AND INTELLECTUAL PROPERTY: THE WIPO PROCESS

22. One consistent thread in the fabric of discussions and consultations concerning the management of the DNS has been the interface between domain names as addresses on the Internet and intellectual property or, more specifically, trademarks and other recognized rights of identity as they had existed in the world before the arrival of the Internet. It has become apparent to all that a considerable amount of tension has unwittingly been created between, on the one hand, addresses on the Internet in a human-friendly form which carry the power of connotation and identification and, on the other hand, the recognized rights of identification in the real world, consisting of trademarks and other rights of business identification, the developing field of personality rights, whether attaching to real or fictional characters, and geographical indications. One system—the DNS—is largely privately administered and gives rise to registrations that result in a global presence, accessible from anywhere in the world. The other system—the intellectual property rights system—is publicly administered on a territorial basis and gives rise to rights that are exercisable only within the territory concerned. In this respect, the intersection of the DNS and the intellectual property system is but one example of a larger phenomenon: the intersection of a global medium in which traffic circulates without cognizance of borders with historical, territorially based systems that emanate from the sovereign authority of the territory.

23. The tension that exists between the nature of the two systems has been exacerbated by a number of predatory and parasitical practices that have been adopted by some to exploit the lack of connection between the purposes for which the DNS was designed and those for which intellectual protection exists. These practices include the deliberate, bad faith registration as domain names of well-known and other trademarks in the hope of being able to sell the domain names to the owners of those marks, or simply to take unfair advantage of the reputation attached to those marks.

24. The IAHC recommendations took note of the tension that existed between domain names and intellectual property rights and included specific procedures designed to resolve conflicts between the two. The White Paper of the United States Government confined its specific recommendations to the desirable features of the management of the DNS and to the transition of that management to the new corporation. In respect of intellectual property, the White Paper contained the following passage:

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

and intellectual property holders. These findings and recommendations could be submitted to the board of the new corporation for its consideration in conjunction with its development of registry and registrar policy and the creation and introduction of new gTLDs.”

25. Since the publication of the White Paper, WIPO has received the approval of its Member States¹⁹ to conduct, and has undertaken, the international process called for in the White Paper.

THE MECHANICS OF THE WIPO PROCESS

Stages

26. The WIPO Internet Domain Name Process comprised three stages.

27. The first stage was concerned with obtaining consensus on the issues to be addressed in the WIPO Process, the procedures to be used and the timetable in which the Process would take place. To this end a Request for Comments (WIPO RFC-1) was issued on July 8, 1998, with a deadline for receipt of comments of August 24, 1998. WIPO RFC-1 detailed as the terms of reference for the Process the three issues mentioned in the White Paper, namely, uniform dispute resolution procedures, a mechanism for the protection of famous marks and the evaluation of the effects on intellectual property rights of adding new gTLDs. It added a further term of reference, which WIPO considered to be appropriate in the context, namely, dispute prevention or practices in the administration of the DNS that are designed to reduce the incidence of conflict between domain names and intellectual property rights. Sixty-six governments, intergovernmental organizations, professional associations, corporations and individuals provided comments in response to WIPO RFC-1.²⁰

28. The second stage of the WIPO Process consisted of seeking comments and consulting on the issues defined after consideration of the comments received on WIPO RFC-1. To this end, a second Request for Comments (WIPO RFC-2) was issued on September 16, 1998, with a deadline for receipt of comments of November 6, 1998. Seventy-two governments, intergovernmental organizations, professional associations, corporations and individuals provided comments in response to WIPO RFC-2.²¹ Another important part of the second stage was the holding of regional consultation meetings in order to discuss and to receive comments on the issues under consideration. A total of 848 persons attended those regional consultation meetings. Some 155 of them made presentations and interventions. The schedule of meetings held was as follows:

First Series of Regional Consultations
(October to November 1998)

<u>Regional Consultation</u>	Participation (approx.)	Presentations/ Interventions
San Francisco, California, United States of America	35	22
Brussels, Belgium	98	13
Washington, DC, United States of America	45	15
Mexico City, Mexico	85	12
Cape Town, South Africa	30	12
Asunción, Paraguay	160	18
Tokyo, Japan	75	8
Hyderabad, India	69	10
Budapest, Hungary	85	10
Cairo, Egypt	86	20
Sydney, Australia	80	15
Total	848	155

29. The third stage of the WIPO Process consisted of the publication, on December 23, 1998, of an Interim Report containing interim recommendations, which were, in turn, opened to comments, in the form of a third Request for Comments (WIPO RFC-3). By the date of the closure of the period for comments, March 19, 1999, 196 governments, intergovernmental organizations, professional associations, corporations and individuals had provided comments in response to WIPO RFC-3.²² In addition, a second round of regional consultation meetings was held to discuss and to receive comments on the Interim Report. A total of 416 persons attended the second round of regional consultation meetings. Some 77 of them made presentations and interventions. The schedule of meetings held was as follows:

Second Series of Regional Consultations
(January to March 1999)

Regional Consultation	Participation (approx.)	Presentations/ Interventions
Toronto, Canada	48	11
Singapore	80	14
Rio de Janeiro, Brazil	51	4
Dakar, Senegal	117	10
Brussels, Belgium	50	13
Washington, DC, United States of America	70	25
Total	416	77

Modalities

30. In conducting the Process, WIPO has used three modalities to solicit participation from the widest international range of interested parties:

(i) WIPO established a website (<http://wipo2.wipo.int>) in English, French and Spanish as a primary vehicle for communication concerning the WIPO Process. In addition to the publication of information and documents concerning the WIPO Process, the website contained a facility for interested persons to register in order to receive communications relating to developments in the WIPO Process. Some 1,358 persons or organizations from 74 countries registered under the facility.²³ The website also contained the text of all comments received in response to the three Requests for Comments issued (WIPO RFC-1, RFC-2 and RFC-3). It further established an open listserv discussion forum. The list, which was not moderated, was intended to allow interested parties to discuss freely the widest possible range of questions arising in connection with the WIPO Process. Contributions to the listserv were not formally considered as comments in response to RFCs. The number of subscribers to the listserv, at the date of this Report, was 420.²⁴

(ii) Since the Internet is a global medium but access to it is not universal, WIPO also published in paper form each Request for Comments that it issued and sent these to the governments and industrial property offices of each of its member States, as well as to each non-governmental organization that was accredited as an observer with WIPO.

(iii) As mentioned above, WIPO has also sought to complement the Internet- and paper-based consultations with meetings organized in various venues throughout the regions of the world.

Panel of Experts

31. In order to assist it in the conduct of the Process, WIPO established a panel of experts to advise it in the formulation of recommendations. The composition of the panel was determined in an endeavor to achieve both a geographical balance of representation and a balance of sectoral interests in the Internet. The names and affiliations of the members of the panel are given in Annex I. WIPO wishes to place on record its deep gratitude to the members of the panel for their advice and untiring efforts to assist constructively in developing workable and acceptable recommendations on dealing with the interface between domain names and intellectual property. This Report remains nevertheless the responsibility of WIPO and does not necessarily imply that each expert subscribes to every recommendation contained in it.

GUIDING PRINCIPLES IN THE FORMULATION OF RECOMMENDATIONS IN THE WIPO PROCESS

32. Before moving, in the remainder of the Report, to the issues considered in the WIPO Process and to the recommendations made in relation to those issues, the methodological principles which have guided the formulation of the recommendations should be made explicit. There are five such principles.

33. Recognizing the global nature of the Internet and the diverse range of purposes for which it is used, WIPO has endeavored to design a process which was international and which allowed for participation by all sectors interested in the use and future development of the Internet. While the mandate of WIPO relates to intellectual property protection, it is recognized that intellectual property cannot be considered in isolation in the context of a multifunctional global medium.

34. It is further recognized that the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere. Rather, the goal is to give proper and adequate expression to the existing, multilaterally agreed standards of intellectual property protection in the context of the new, multijurisdictional and vitally important medium of the Internet and the DNS that is responsible for directing traffic on the Internet.²⁵ The WIPO Process seeks to find procedures that will avoid the unwitting diminution or frustration of agreed policies and rules for intellectual property protection.

35. Conversely, it is not intended that the means of according proper and adequate protection to agreed standards of intellectual property should result in a diminution in, or

otherwise adversely affect, the enjoyment of other agreed rights, such as the rights guaranteed in the Universal Declaration of Human Rights.²⁶

36. The central importance of the Internet and its capacity to serve the diverse interests of a rapidly expanding body of users is fundamental. A constant consideration has therefore been to ensure that the recommendations of the WIPO Process are practical and do not interfere with the functionality of the Internet by imposing unreasonable constraints on the high-volume and automated operations of domain name registration authorities.

37. The dynamic nature of the technologies that underlie the expansion and development of the Internet is also recognized. The WIPO Process also aimed to ensure that its recommendations do not in any way condition or affect the future technological development of the Internet.

THE SCOPE OF THE WIPO RECOMMENDATIONS: THEIR RELEVANCE TO ccTLDs

38. In the WIPO Interim Report, as well as in paragraphs 6, 7 and 8 above, a distinction is drawn between “open” TLDs (whether gTLDs or ccTLDs), in which there are no restrictions on the persons or entities who may register in them, and “restricted” TLDs, in which only persons or entities satisfying certain criteria, such as domicile in the relevant territory, may register domain names. In the Interim Report, it was also suggested that, while the recommendations of the WIPO process were limited to the gTLDs, they were potentially applicable to all open TLDs in which domain names may be registered without restriction and in which domain names may be bought and sold.²⁷

39. The comments made on the distinction drawn between “open” and “restricted” TLDs were divided. Certain parties were favorable to the distinction and considered it to be helpful as a means of indicating the functional similarities between gTLDs and ccTLDs and, in consequence, the similarity of the problems that may be encountered in respect of the interface between domain names and intellectual property rights.²⁸ Others regarded the distinction as loose and lacking in definitional precision because of the variety of conditions that apply to registrations in the ccTLDs.²⁹ Some parties, furthermore, considered the distinction to be dangerous, as it could be used for purposes other than solutions to problems arising out of the interface between domain names and intellectual property rights and as a means of limiting the operations of ccTLDs.³⁰ Our views on the purpose and usefulness of this distinction, after consideration of the comments received, are set out in the ensuing paragraphs.

40. The purpose of the distinction between “open” and “restricted” TLDs was to draw attention to the fundamental and crucial feature of the Internet as a global medium. A domain name registration, whether in a gTLD or a ccTLD, gives rise to a global presence. Many of the difficulties encountered in dealing with the interface between domain names and intellectual property rights arise from this fact. As pointed out above, intellectual property rights are territorially based and can be enforced only within the territory for which they are granted. A domain name registered in one country can (but does not necessarily) form the

basis for activities in another country in which a territorially limited intellectual property right, granted under a legislatively sanctioned system, exists. The domain name can (but does not necessarily) lead to consumer confusion and deception and can (but does not necessarily) infringe the territorially limited intellectual property right. In consequence, the protection and enforcement of recognized territorially limited intellectual property rights can be jeopardized by activities originating under a domain name registration in another jurisdiction, which can create practical difficulties both in relation to the assessment of whether the intellectual property right is being violated and in relation to the enforcement of the intellectual property right against infringing activities.

41. Where restrictions apply to the persons or entities that can register in a TLD, those restrictions may (but do not necessarily) provide means for reducing the tension between domain names and territorially based intellectual property rights. For example, if one of the restrictions that is applied is domicile in the territory to which a ccTLD relates, the enforcement of any pertinent intellectual property right that is infringed by the domain name can be facilitated by the connection to jurisdiction, and thus amenability to legal process, that the restriction of domicile imposes. Or, for example, if the restriction applicable to the TLD defines carefully the type of entity that can register in the TLD, such as the requirement in .int that the registrant be an international organization, this restriction may operate to reduce the potential for conflict between domain names and intellectual property rights, since it removes the possibility for commercial entities to register in the domain. We do not recommend that restrictions be introduced in respect of TLDs, but merely draw attention to the fact that restrictions can have an effect on the relationship between domain names and intellectual property rights.

42. Where there are no restrictions that apply on registrations in a TLD, the potential for conflict between domain names and intellectual property rights is heightened. Functionally, in such a case, whether the TLD is a gTLD or a ccTLD, registrations of domain names can give rise to the same sort of problems concerning the interface between domain names and intellectual property rights. Our intention in drawing the distinction between “open” and “restricted” TLDs was simply to highlight the fact that the problems arising between domain names and intellectual property rights in unrestricted domains are similar. Given the commonality of these problems, it follows that any comprehensive solution to the problems encountered between domain names and intellectual property rights would be most effective if applied in such a way as to recognize the global nature of the Internet and the global presence given by a domain name registration. The concept of a tax haven is well known. A ccTLD may be operated in such a way as to become an intellectual property piracy haven; that is, it may be administered outside the recognized system of international protection for intellectual property and, thereby, increase transaction costs for the enforcement of intellectual property rights and reduce the efficiency of the international intellectual property system.

43. WIPO recognizes that the recommendations contained in this Report are intended to apply only to the gTLDs. It also recognizes the international nature of the Internet and offers the recommendations contained in the present Report also for the consideration of those administrators of ccTLDs that wish to take cognizance of the responsibility that follows from

the global presence given by a domain name registration. In response to the specific request of certain administrators of ccTLDs, Annex VIII contains detailed guidance on which recommendations in the present Report WIPO considers are potentially useful to ccTLDs, in order to ensure a comprehensive and efficient solution to the problems arising out of the interface between domain names and intellectual property rights. It is, obviously, for the administrators of the ccTLDs to consider whether or not they wish to adopt any of those recommendations.

THE SUBMISSION OF THE WIPO REPORT

44. The present Report will, in accordance with the mandate conferred upon WIPO, be submitted to the Board of the Internet Corporation for Assigned Names and Numbers (ICANN) for its consideration. The Report will also be submitted to the Member States of WIPO for their consideration.

¹ David N. Townsend, “Regulatory Issues for Electronic Commerce: Briefing Report,” Report to the International Telecommunication Union 8th Regulatory Colloquium, 1998, page 8; Global Internet Project, *Internet Foundations: Breaking Technology Bottlenecks*, at <http://www.gip.org>, page 4.

² See World Information Technology and Services Alliance (WITSA), *Digital Planet—The Global Information Economy* (October, 1998), page 21, which reports that the United States of America accounted for 61.9 per cent of Worldwide Internet Hosts.

³ Global Internet Project, *op. cit.*, page 1.

⁴ *Ibid.*

⁵ WITSA, *op. cit.*, page 20.

⁶ “Internet addresses have no fixed location. They are purely conceptual. There is no central office. The routers which direct packets to the packet address at rates between 100,000 and 500,000 a second can know only the next logical point in a routing table and which outbound circuit is available to carry the packet. Packets are free to traverse the globe on countless circuits to geographically indeterminate end points. The technology provides assurance that the packets are reassembled in the right order and are very likely not corrupted by data errors.” John R. Mathiason and Charles C. Kuhlman, “International Public Regulation of the Internet: Who Will Give You Your Domain Name?” (New York University, March 1998) at <http://www.intlmgmt.com/domain.html>.

⁷ See <http://wipo.isi.edu/in-notes/rfc1591.text>. A number of other RFCs have also provided guidance for the administration of the DNS.

⁸ The attribution of a country code to a domain by IANA entailed no recognition of the status of the territory designated by the country code. As stated in RFC 1591, “The IANA is not in the business of deciding what is and what is not a country.”

⁹ Statistics from Netnames Ltd., at <http://www.netnames.com>.

¹⁰ See <http://www.gtld-mou.org/draft-iahc-recommend-00.html>. The Policy Oversight Committee (POC) submitted a comment on WIPO RFC-1 urging that all of its work should be made available for consideration in the WIPO Process and by the Panel of Experts: Comment of Policy Oversight Committee (July 15, 1998 – RFC-1); see also International Association for the Protection of Industrial Property, Group Reports Q143:

Internet Domain Names, Trademarks and Trade Names, XXXVIIth Congress, Rio de Janeiro, 1998, at paragraphs 1.13 – 1.15 (Yearbook 1998/VI).

¹¹ The RFC, the Green Paper and comments received in response to those documents are available at <http://www.ntia.doc.gov>.

¹² See http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm.

¹³ The Department of Commerce of the United States of America and ICANN have recently entered into a Memorandum of Understanding with the intention of coordinating the on-going transition of the management of the DNS; see <http://www.ntia.doc.gov/ntiahome/domainname/icann-memorandum.htm>.

¹⁴ See ICANN's website at <http://www.icann.org/statement.html>.

¹⁵ See http://www.icann.org/policy_statement.html.

¹⁶ See <http://wipo2.wipo.int>.

¹⁷ "The World Intellectual Property Organization is expected to submit to ICANN final recommendations concerning intellectual property issues in mid-1999. ICANN's consideration of those recommendations may result in some modifications to these policies."

¹⁸ The list of selected companies is available at <http://www.icann.org/icann-pr2/apr99.htm>.

¹⁹ Such approval was given at the meeting of the Assemblies of Member States in September 1998; see documents A/33/4 and A/33/8.

²⁰ See Annex II.

²¹ See Annex II.

²² See Annex II.

²³ See Annex III.

²⁴ See Annex III.

²⁵ See Comment of European Community and its Member States (November 3, 1998 – RFC-2); Comment of Mr. Philip Sheppard of European Brands Association (AIM) (Brussels Consultation – 1998); Comment of Ms. Sally Abel of International Trademark Association (San Francisco Consultation). These comments are available on the website of the WIPO Process. References in the footnotes to comments are not intended to be exhaustive.

²⁶ See Comment of Domain Name Rights Coalition (November 6, 1998 – RFC-2); Comment of Electronic Frontier Foundation (November 6, 1998 – RFC-2); Comment of Mr. R.A. Reese (San Francisco Consultation). It may be noted that the protection of property and, specifically, of intellectual property is also recognized in the major international instruments of human rights: see Article 27(2), *Universal Declaration of Human Rights* (1948); Article 15, *International Covenant on Economic, Social and Cultural Rights* (1966).

²⁷ Para. 36 of the Interim Report.

²⁸ See Comment of Bell Atlantic (February 26, 1999 – RFC-3); Comment of the International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of Mr. Elliot Noss of Tucows Interactive Limited (Toronto Consultation); Comment of Mr. Amadeu Abril i Abril of the Council of Registrars (Brussels

Consultation – 1999); see also Comments of Network Solutions on ICANN proposed by-laws changes, at <http://www.icann.org/comments-mail/comment-so/msg00075.html>.

²⁹ See Comment of Mr. Anthony van Couvering of the International Association of Top-Level Domains (March 19, 1999 – RFC-3); Comment of Mr. Keith Gymer (Brussels Consultation – 1999); Comment of Mr. Mathias Kerber of Singapore Telecom (Singapore Consultation).

³⁰ See Comment of the Brazilian Steering Committee (March 10, 1999 – RFC-3); Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 – RFC-3); Comment of Mr. Paul Kane of the Internet Computer Bureau (Brussels Consultation – 1999); Comment of Mr. William Black of Nominet UK (Brussels Consultation – 1999).

2. AVOIDING DISJUNCTION BETWEEN CYBERSPACE AND THE REST OF THE WORLD: PRACTICES DESIGNED TO MINIMIZE CONFLICTS ARISING OUT OF DOMAIN NAME REGISTRATIONS

45. It is a truism that things happen quickly on the Internet. The increase in the number of persons desiring to have a recognized and easily located presence on the Internet is but one example. The estimated number of domain name registrations has increased from approximately 100,000 at the start of 1995 to about 7.2 million at the present time.

46. The DNS was designed for its own internal purposes: to ensure connectivity in a technically coherent manner and to do so in a way which was simple and easy for human users to understand and use. Over the same period as the DNS has demonstrated its outstanding success in achieving its design objectives, however, it has become a victim of its own success as the applications of the Internet have expanded into all spheres of activity and as enterprises and persons have begun to include their domain names in the standard identification apparatus that they use for the purposes of business and social communication.

47. In addressing the way in which to deal with the consequent conflicts that have arisen between domain names and other recognized forms of identifiers that are protected by intellectual property, the great majority of commentators in the WIPO Process have considered that the starting point should be the avoidance, rather than the resolution, of conflicts. Insofar as practical, an endeavor should be made to avoid having two autonomous systems that live in ignorance of each other—the DNS in cyberspace, and the intellectual property system of identifiers as developed before the arrival of the Internet.

48. It seems clear that the two systems have hitherto operated without sufficient attention to each other. Up until the date of this Report, in the open gTLDs, users could be assured of a simple, fast and relatively inexpensive process for the registration of a domain name on a first-come, first-served basis. There has been no requirement that the applicant justify use of a particular name; no verification process for any contact details provided; no provision for the settling of disputes when they arise; and no requirement that any payment be tendered and confirmed before the domain name holder begins to use the name. These registration practices have led to instances of registrations that may be considered to be abusive.³¹

49. On the other hand, the same practices have played a very positive role in establishing low entry barriers—making domain name registration fast and easy, thereby encouraging the rapid growth of the Internet,³² new entrepreneurial uses of websites, and fostering the acceptance by businesses and consumers of the Internet as a vital new medium for an expanding digital marketplace. In endeavoring to avoid disjunction between the DNS and existing intellectual property rights, therefore, care must be exercised not to impede unduly the functionality of a low cost and highly efficient system with proven successes.

50. In Chapter 2 of the WIPO Interim Report published in WIPO RFC-3, draft recommendations were made on a number of domain name registration practices designed to

reduce the disjunction between the DNS and intellectual property rights and thus to minimize resulting conflicts. The draft recommendations were made for the purpose of soliciting further discussion and initiating further consultation before being finalized.

51. In general, the comments that WIPO has received support the draft recommendations in the Interim Report. The approach of establishing best practices to reduce tension was endorsed by the vast majority of commentators. The differences of opinion that emerged did not concern this general approach, but rather the details of the implementation of the approach. The greatest differences of opinion concerned specifically the question of the provision of contact details by domain name applicants and the availability of such contact details. Here, as indicated below, there was a broad division of opinion between, on the one hand, those who considered the continued unrestricted availability of contact details to be essential for the suppression of deliberate violations of intellectual property rights, as well as for the support of other recognized public policies such as the avoidance of fraudulent commercial practices, consumer protection and the protection of minors, and, on the other hand, those who emphasized the multifunctional nature of the Internet and who feared that the continued unrestricted availability of contact details would facilitate the invasion of privacy and the harassment of political dissidents, with a consequent erosion of civil liberties.

52. The large measure of support for the approach of introducing practices designed to reduce tension between the DNS and intellectual property rights has been reflected in the adoption of many of the practices recommended in the WIPO Interim Report in ICANN's Statement of Registrar Accreditation Policy of March 4, 1999.

53. In the ensuing part of this Chapter, the draft recommendations of the Interim Report are re-visited in light of the comments received on that Interim Report. References are included as to the way in which the draft recommendations have been taken up in ICANN's Statement of Registrar Accreditation Policy. The final recommendations are divided into three parts:

- best practices for registration authorities;
- measures to deal with inaccurate and unreliable information; and
- the problem of uniqueness: technical measures for coexistence of similar names.

BEST PRACTICES FOR REGISTRATION AUTHORITIES³³

Formal Domain Name Registration Agreement

54. The domain name registration agreement defines the rights and responsibilities of the registration authority, on the one hand, and the domain name applicant, on the other hand. It is through the terms of this contract that certain practical measures can be introduced to alleviate some of the problems that have arisen from the interface between Internet domain names and intellectual property rights. In the WIPO Interim Report, it was recommended that the contractual relationship between a domain name registrant and a registration authority be fully reflected in an electronic or paper registration agreement.

55. Commentators expressed broad support for this recommendation.³⁴

56. Certain commentators³⁵ pointed out that the legal framework governing the validity of electronic contracts was not fully developed throughout the world. Some jurisdictions have moved to ensure that the validity of electronic contracts is specifically recognized through legislation,³⁶ but the swiftness of the advent of electronic commerce is such that legal certainty is not uniform throughout the world. It is the intention of ICANN to enhance the geographical availability of domain name registration services.³⁷ It would be desirable to ensure that, where the validity of electronic contracts is uncertain in the jurisdiction of an accredited registrar, the registration agreement is reflected in a paper document, since, as indicated below, this agreement will serve as the basis on which registrars may take certain actions in respect of a domain name registration (for example, if the policy is adopted as recommended below, cancelling a registration because of false or unreliable contact details).³⁸

57. It is recommended that the contractual relationship between a domain name registrant and the registrar in open gTLDs be fully reflected in an electronic or, where it is not certain that electronic contracts are legally enforceable in the jurisdiction of the registrar, paper registration agreement.

Contact Details of Domain Name Holders

58. As indicated above, the collection and availability of contact details concerning domain name registrants was the area of the draft recommendations of the WIPO Interim Report that generated the greatest division of opinion. Few commentators did not recognize the complexity of striking an appropriate balance between the various interests involved. The divergences of opinion related not to the non-recognition of opposing interests, but to the weight to be attached to those interests.

59. One body of opinion placed greater weight on the importance of contact details,³⁹ in the context of a borderless and powerful medium, as a means, if not the only means, of translating public policies recognized in the world outside the Internet to the virtual world. They emphasized the difficulty of enforcement on the Internet brought about by its global character, the lack of a central point of authority and control and the fact that transactions and other interaction between persons take place without personal contact and often across distances that span national borders. They favored, in general, the collection and, ultimately, the availability of accurate and reliable contact details as a condition of presence on, and participation in, the medium through a domain name registration.

60. The opposing body of opinion tended to place greater weight on the potential of the Internet as a means of social communication and political expression that offered unparalleled opportunities for promoting civil liberties. Whether viewed from the perspective of the

collection or the availability of contact details, they considered anonymity in relation to a domain name registration to be a legitimate choice that should be provided or preserved.⁴⁰

61. We do not consider that any valid analogy exists for the issues posed by this question. Some argued that anonymity is permitted with respect to telephone listings and that this provided an appropriate precedent for a domain name registration. We do not consider the situations to be comparable. A telephone number facilitates connectivity with one other person, unless a group consents to dial into, or by linked to, a conference call. The telephone is a unimedium. A domain name gives global connectivity and allows for multimedia transmissions.

62. Both of the two general perspectives have validity and draw upon sound foundations in international and national law and policy in the world outside the Internet. It is the Internet that causes their collision to be dramatic and that requires difficult choices to be made.

63. As signalled in the WIPO Interim Report, we consider that the choices are made less difficult, although never easy, by breaking down the larger dichotomy of publicity and anonymity into a series of smaller issues that can offer some accommodation of the various interests falling either side of the larger dividing line. Those smaller issues are the collection of contact details by registration authorities as a condition of registration; the scope of information concerning contact details that should be collected; the availability of contact details; the possibility of a non-commercial, use-restricted gTLD as a way of meeting concerns for anonymity as a safeguard to civil liberties; and other safeguards against misuse of publicly available contact details.

The Collection of Contact Details

64. In the WIPO Interim Report, it was recommended that the domain name registration agreement contain a requirement that the domain name applicant provide certain specified contact details. The collection (as opposed to the availability) of contact details by registrars is the least controversial aspect of the discussion on contact details. We consider that it is essential for the legitimate protection and enforcement of intellectual property rights, as well as for many other public policies recognized in the law, that contact details be collected. Without accurate and reliable contact details, the task of assigning responsibility for activities on the Internet is vastly complicated. Other means of assigning responsibility for activities on the Internet do exist. Where it is sought to enforce a criminal law, for example, the apparatus of the State can be activated to use tracing and other measures to determine the origin of activities, although, even here, the cross-border nature of the Internet complicates the task. In respect of civil law enforcement, however, the task of activating the apparatus of the State to identify responsibility for activities is more difficult.

65. ICANN's Statement of Registrar Accreditation Policy adopts the draft recommendation in the WIPO Interim Report and requires registrars to oblige domain name applicants to provide accurate and reliable contact details.⁴¹

66. It is recommended that the provision of accurate and reliable contact details be a condition of registration of a domain name imposed by the domain name registration agreement.

Scope of Contact Details to be Provided

67. In the WIPO Interim Report, it was recommended that the domain name applicant should provide accurate and reliable contact details consisting of its name; postal address; e-mail address; telephone number; facsimile number (if available); and, where the applicant is an organization, association or corporation, the name of an authorized person for contact purposes. Most commentators⁴² agreed that these data represented the appropriate scope of contact details. ICANN's Statement of Registrar Accreditation Policy requires registrars to obtain from domain name applicants these data, as well as certain technical contact information which is beyond the scope of consideration for the purposes of intellectual property protection. Three items relating to contact details, however, gave rise to differences of opinion.

68. The first item was the nature of the postal address required to be supplied. Some commentators, particularly those representing small business, considered that a post office box should constitute a sufficient post address, without reference to a street location. Others considered that the street location was necessary, especially for service of process (initiation of litigation), and stated that experience indicated that postal addresses consisting of post office boxes were often used by those who deliberately infringed intellectual property rights.⁴³ ICANN's Statement of Registrar Accreditation Policy leaves open this question, specifying merely that a postal address must be provided.⁴⁴ Since voice telephone and facsimile numbers are to be provided, and since a street address can be as easily misrepresented as a post office box, we consider that the requirement of a street address is unnecessary, especially in view of the large number of small enterprises operating their businesses with the use of a post office box.

69. The second item was the possibility of requiring the domain name applicant to designate an agent for the service of process. In the WIPO Interim Report, it was stated that such requirement seemed unnecessarily burdensome for the large majority of bona fide domain name applicants and that the provision of accurate and reliable contact details appeared to be a sufficient safeguard of the interests of intellectual property owners without the need for requiring further legal formalities at the stage of registration. Most commentators agreed with this view, although some major organizations representing intellectual property owners maintained that the requirement of designating an agent for service of process would be useful. We do not consider that there is sufficient support for the latter view to change the draft recommendation that the designation of an agent for service of process should not be obligatory.

70. The third item concerned the possibility of allowing a domain name holder to remain anonymous on condition that it supplied the contact details of a designated agent or trusted third party instead. The WIPO Interim Report requested further comments on this possibility. Business groups and intellectual property owners almost universally opposed the idea.⁴⁵ Some commentators, however, considered that a pseudonymous registration should be allowed on condition that contact details are provided to a trusted third party.⁴⁶

71. It was pointed out that there are a number of Internet Service Providers (ISPs) and other entities that provide the facility for persons wishing to remain anonymous to use sub-domains under a domain which the ISP operates. It was suggested that this possibility allows for an adequate safeguard of the interests of those persons who might fear violation of their civil liberties in having to supply contact details to a registrar.⁴⁷ We consider that the existence of this possibility makes it unnecessary to provide any separate facility for a domain name applicant to designate an agent whose contact details would be supplied instead of the contact details of the applicant. In the open gTLDs, since it is intended that registration services be available on a geographically widespread basis, the use of a designated agent could lead to abuses, since the agent could be located in a jurisdiction that is an intellectual property haven or is inaccessible to normal legal processes.

72. It is also noted that ICANN's Statement of Registrar Accreditation Policy recognizes the practice of ISPs in licensing domains to those that might wish to remain anonymous.⁴⁸ We endorse the approach adopted in ICANN's Policy in this respect, which requires an ISP that licenses the use of a domain to accept liability for harm caused by the use of the domain, unless it promptly discloses the identity of the licensee to any party providing reasonable evidence of such harm. An ISP licensing a domain thus accepts responsibility either for the harm caused by a licensee or for assisting third parties in remedying such harm.

73. It is recommended that the domain name registration agreement contain a requirement that the domain name applicant provide accurate and reliable contact details consisting of:

- the full name of the applicant;*
- the applicant's postal address, including street address or post office box, city, State or Province, postal code and country;*
- the applicant's e-mail address;*
- the applicant's voice telephone number;*
- the applicant's facsimile number, if available;*
- where the applicant is an organization, association or corporation, the name of an authorized person (or office) for*

*administrative or legal contact purposes.*⁴⁹

The Availability of Contact Details

74. The WIPO Interim Report recommended that contact details of all domain name holders should be made publicly available and requested further comments on the means of access to those contact details and, in particular, on whether access should be unrestricted or through a form of filter.

75. The majority of commentators considered that the public availability of contact details of domain name holders was a key to the enforcement of intellectual property rights and strongly opposed any restrictions on the availability of data concerning those contact details.⁵⁰ The majority of commentators also expressed themselves to be against filtered access to contact details,⁵¹ arguing that filters would add an administrative burden without any commensurately greater protection of privacy. In addition, most commentators that addressed the point were opposed to any requirement of notifying a domain name holder of any search performed on a database containing the holder's contact details, considering such a requirement to be a way of shielding infringers and possibly obstructing intellectual property owners in defending their rights.⁵² As noted above, however, certain commentators argued against the public availability of contact details on the grounds of the protection of privacy.⁵³

76. It is noted that ICANN's Statement of Registrar Accreditation Policy requires accredited registrars to provide public access on a real-time basis (such as by way of a Whois service) to the contact details which it is recommended, above, be required to be provided by a domain name registrant.⁵⁴

77. We consider that, for as long as the open gTLDs (.com, .net and .org) remain undifferentiated, in the sense that there is no use restriction on holders of registrations in those domains, the continued public availability of contact details is essential. The undifferentiated nature of the current open gTLDs means that any form of commercial activity can take place under a domain name registration in those gTLDs. In the commercial sphere, it is widely recognized that the publication of contact details is necessary for the responsible operation of a business.⁵⁵ It thus seems appropriate, in this context, that contact details of registrants be publicly available in order to ensure that there is a straightforward means of applying the developed body of law concerning commercial practices. In addition, we consider that this requirement should apply to any new gTLDs, unless and until a policy is developed for a non-commercial use-restricted domain. We do not recommend the creation of such a domain at this stage, but discuss further its potential below.

78. We consider that certain safeguards exist to protect those concerned about the invasion of civil liberties by the public availability of contact details. One such safeguard is, as mentioned above, the licensing of a domain from an ISP which accepts responsibility for harm done on its domain or for assisting in remedying such harm. Other safeguards are discussed below.

79. We make no recommendations concerning the nature of the searchable database in which contact details should be made publicly available. It is considered that this is an issue relating to technical coordination, which thus falls outside this scope of the WIPO Process and is for the consideration of ICANN in establishing relationships between registry administrators, registrars and itself. In addition, any policy on the nature of a searchable database needs to take into account technological developments and not condition those developments. We note only that, for the purposes of ensuring adequate protection of intellectual property rights (amongst other rights), all contact details of domain name holders in the open gTLDs should be publicly available in real time.

80. The contact details that should be made available are those which it is recommended above must be provided by a domain name holder. In accordance with the observations of certain commentators, it is also recommended that the date of the registration of a domain name should be made available together with those contact details. ICANN's Statement of Registrar Accreditation Policy requires, in this respect, that the expiration date of a registration be made available.⁵⁶ The availability of the date of registration is useful as a means of protecting the interests of both the domain name holder and any third party that considers its rights to have been violated. For example, the date of the registration of a domain name may indicate that the domain name holder has established use of a name before any corresponding use or registration of that name as a trademark by a third party. In addition, as discussed in Chapter 3, it is recommended that an indication appear that the domain name holder has voluntarily opted to submit to arbitration in respect of any intellectual property dispute arising out of the domain name registration, where this is the case.

81. It is recommended that contact details of all holders of domain names in all open gTLDs be made publicly available in real time. It is further recommended that those contact details should consist of the data specified in paragraph 73 above, the date of registration of the domain name and, where applicable, an indication that the domain name holder has voluntarily agreed to submit to arbitration in respect of any intellectual property dispute arising out of the domain name registration.

82. In the WIPO Interim Report, the importance of maintaining up-to-date contact details for domain name holders was recognized. It was pointed out that the currency of contact details could be verified at the time of re-registration of a domain name and that the

cancellation of a registration for failure to pay the re-registration fee after a second notice or reminder appeared to be a sufficient check on the currency of contact details. ICANN's Statement of Registrar Accreditation Policy, in this respect, obliges accredited registrars to require domain name holders to promptly update contact details during the term of the registration.⁵⁷ The Policy also provides that a domain name holder's wilful failure promptly to update information on contact details to the registrar shall constitute a material breach of the domain name registration agreement and be a basis for cancellation of the registration. The approach of ICANN on this question constitutes an improvement on the WIPO draft recommendations. In applying to wilful failure to update contact details, it provides an additional safeguard against those who might deliberately and in bad faith register domain names in violation of intellectual property rights and who might change contact details during the term of registration in order to avoid detection. This question is taken up again, below, in the section on the cancellation of registrations for false or inadequate information.

The Possibility of a Non-Commercial Use-Restricted Domain Where Anonymity May be Permitted

83. In the WIPO Interim Report, it was suggested that consideration be given to differentiation between commercial and non-commercial domains and to the application of differing registration conditions to any non-commercial domain.⁵⁸ It was suggested that such differentiation might provide a means of accommodating the interests of those concerned that the availability of contact details might lead to an erosion of civil liberties.

84. The reactions of commentators to this suggestion were mixed. Some found the approach to be constructive and considered that it might help in accommodating the conflicting legitimate interests of Internet users.⁵⁹ Many commentators were skeptical about the practicality of such a distinction.⁶⁰ Others were vehemently opposed to the introduction of non-commercial domains with relaxed registration conditions, particularly relating to contact details, and believed that such domains would operate as safe havens for predatory activities.⁶¹

85. We believe that this question requires further study and consultation and that its implications go beyond intellectual property protection, although intellectual property protection is one of the central issues involved in the question. We do not believe that the idea should be abandoned, but we suggest that ICANN consider initiating a further process on this question. Pending any such further process, the following preliminary observations are offered in respect of the issues involved in the question:

(i) Further consideration needs to be given to the way in which the distinction between commercial and non-commercial is conceptualized. The distinction between commercial and non-commercial is insufficiently precise as a basis for allowing anonymity. For example, the free and unauthorized distribution of proprietary software or copyrighted music or films is not a commercial activity and could take place in a non-commercial domain without violating a restriction against commercial activity in such a domain. However, the owners of software, music or films have a legitimate interest in being able to contact the

registrants of domain names under which such unauthorized distributions take place, and anonymity would obstruct them from doing so. Instead of distinguishing between commercial and non-commercial, therefore, a better approach might be to envisage for any domain with different registration requirements that the uses or activities permitted in such a domain be carefully and precisely delineated by way of a series of use restrictions (for example, prohibition of any commercial activity, prohibition of any activity in violation of intellectual property laws, etc.).

(ii) The nature of the differences in registration conditions needs to be carefully considered and expressed. It would need to be decided what contact details should be provided by a domain name holder, under what circumstances and upon the basis of what information or evidence any contact details could be released, and to which class of persons.

(iii) The introduction of a use-restricted domain would change the nature of open gTLDs that has prevailed until now from one in which domain name holders choose themselves the domain that they consider to be appropriate without being bound to conform their activities to the description of the chosen domain, to one in which, at least for the use-restricted domain, holders would be bound to abide by restrictions on the type of activity in which they could engage in the domain. A mechanism for enforcing those use restrictions would need to be developed. In this respect, a take-down mechanism has been suggested, whereby, upon the production of evidence of violation of a use restriction, the registrar would be obliged to cancel or suspend the domain name registration. This mechanism requires, however, further consideration and elaboration in this context to ensure that it could not be used abusively to suppress legitimate activity.

(iv) The introduction of a use-restricted domain needs also to be considered in the context of ICANN's overall policy for differentiation in the gTLDs and for the introduction of new gTLDs.

86. It is recommended that further consideration be given to the introduction of one or several use-restricted, non-commercial domains as a means of accommodating privacy concerns and that ICANN consider the possibility of initiating a separate process and consultation on this question.

Other Safeguards Against Misuse of Published Contact Details—Proper Notice and Consent

87. Apart from the possibility of a non-commercial, use-restricted domain, the concerns of those who fear erosion of civil liberties through the continued public availability of contact details of domain name holders can be, to some extent, alleviated by limiting the purposes for which data on contact details can be processed.

88. It was recommended in the WIPO Interim Report that the domain name registration should make it clear that contact details are collected and made available only for a limited purpose.⁶² Many commentators⁶³ considered such a requirement to be an essential safeguard, and ICANN's Statement of Registrar Accreditation Policy has adopted it⁶⁴ in requiring registrars to provide notice to each domain name holder stating the purposes for which data are collected from the applicant concerning natural persons and the intended recipients or categories of recipients of such data.

89. In the WIPO Interim Report, the limited purpose of the collection and availability of contact details was described as the purposes of the transaction of registration and of facilitating contact with the domain name holder where there is an allegation of infringement of an intellectual property right. A number of commentators argued that this description was too narrow, insofar as other legitimate reasons existed for seeking access to the contact details beyond the allegation of infringement of intellectual property rights (for example, a third party may wish to have the contact details of a domain name holder to explore the possibility of a voluntary transfer of the registration for consideration, or to explore cooperation in respect of a website). The objective of the limitation of purpose is to prevent practices that might constitute an unwarranted intrusion into the domain name holder's privacy, such as data mining, where an attempt is made to download significant parts of a database, spamming or unsolicited advertising. ICANN's Statement of Registrar Accreditation Policy does not delimit the purposes for which data may be collected and made available, but requires notification of the purposes that a registrar defines, and consent by the domain name applicant to those purposes. We endorse this approach, which emphasizes proper notice and consent as the safeguards to privacy.

90. *It is recommended that:*

(i) contact details be collected and made available for limited purposes;

(ii) the domain name registration agreement describe and provide clear notice of the purposes of the collection and availability of contact details and the domain name applicant consent to collection and availability for such purposes; and

(iii) registrars adopt reasonable measures to prevent predatory use of data beyond the stated purposes in the domain name registration agreement, such as the mining of a database for contact details of domain name holders for use in advertising or sales promotion.

Requirements of Use

91. The possibility of including in the domain name registration agreement a requirement that the applicant state that it has a bona fide intention to use the domain name was discussed in the WIPO Interim Report.⁶⁵ No recommendation for the inclusion of such a requirement was made in the Interim Report, because of the absence of agreed standards as to what constitutes use and the difficulty of verifying whether use has occurred. Further comments on the issue were requested.

92. Many commentators agreed that statements of use were of limited value in the context of the DNS.⁶⁶ Some representatives of the intellectual property community, however, believed that a requirement of a statement of intention to use, together with a representation that the domain name was not being registered for the sole purpose of re-sale, would help discourage domain name abuse.⁶⁷

93. It is difficult to see how any requirement of a statement of intention to use or representation that a registration was not for the sole purpose of re-sale could be effectively enforced. Furthermore, there are circumstances in which it might be considered to be entirely legitimate to register a domain name and to hold it without “use” for an indefinite period. An individual might, for example, wish to register a domain name corresponding to his or her child’s name without intending that it be used until some future date. Rather than requiring that an intention to use be stated, we consider that evidence of registration without any use, particularly in relation to a number of domain names that correspond to the intellectual property rights of others, is pertinent for the purpose of assessing whether registrations should be cancelled because they are abusive. Non-use, especially coupled with offers to re-sell and other appropriate evidence, is better dealt with in the context of the administrative procedure for cancellation of abusive registrations discussed in the next chapter, than by encumbering the registration procedure.

94. It is not recommended that the domain name registration agreement contain a statement of bona fide intention to use a domain name.

Payment for Registration

95. Several vices are perceived as flowing from the lack of rigor that has prevailed in enforcing the requirement of payment of the registration fee for a domain name. Non-enforcement of the requirement can lead to the hoarding of names which, by virtue of the first-come, first-served principle of registration, places the registrant in a position to offer the names for sale to others who might have rights or interests in the names. In the WIPO Interim Report, it was recommended that a domain name should not be activated by a registration authority unless it was satisfied that payment of the registration fee had been received.⁶⁸ This draft recommendation received the support of virtually all commentators.⁶⁹ It has also been reflected in ICANN’s Statement of Registrar Accreditation Policy, which, in its most recent

amended form, suggests that charge to a credit card or other mechanisms providing reasonable assurances of payment will be considered sufficient.⁷⁰

96. It is recommended that a domain name not be activated by the registrar unless and until it is satisfied that payment of the registration fee has been received.

Re-registration Fees

97. In the WIPO Interim Report it was recommended that domain name registrations be for a limited period and subject to the payment of a re-registration fee, and that failure to pay the re-registration fee within the time specified in a second notice or reminder should result in the cancellation of the registration.⁷¹ There was wide support for this recommendation, which was perceived as a useful measure to ensure that registrations are maintained by those with an interest in maintaining an active site and to avoid the hoarding of registrations for speculative purposes.⁷²

98. It is recommended that all domain name registrations be for limited periods and be subject to the payment of a re-registration fee and that failure to pay the re-registration fee within the time specified in a second notice or reminder result in the cancellation of the registration.

Waiting Periods

99. The possibility of a waiting period prior to the activation of a domain name registration has been discussed throughout the whole period during which the re-organization of the DNS has been under discussion. The purpose of such a waiting period would be to allow those who oppose the registration of a domain name on the basis that it constitutes an infringement of their rights the opportunity to take measures to stop the activation of the domain name. A waiting period has, however, been perceived as being at odds with one of the great strengths of the Internet, namely, the speed with which activity can occur.

100. In the WIPO Interim Report, it was recommended that a waiting period should not be required prior to the activation of a domain name.⁷³ The clear majority of commentators agreed with this position.⁷⁴ A number of them emphasized that a waiting period would not only cause delay, but could also drive up the cost of the registration of domain names.

101. In the Interim Report, it was also suggested that the concerns of those who favored a waiting period could be addressed through an expedited alternative dispute-resolution procedure for suspension of a domain name registration. This possibility is discussed in the next chapter, which deals with dispute resolution.

102. It is not recommended that waiting periods be required prior to the activation of the domain name.

Searches Prior to Registration

103. The WIPO Interim Report recommended that the performance of a prior search for potentially conflicting trademarks should not be a condition for obtaining a domain name registration.⁷⁵ Almost unanimously, commentators agreed with this recommendation, whether searches were to be required to be carried out by the registration authorities or by the domain name applicants themselves.⁷⁶ Particularly in an international context, the requirement of searches prior to the registration of a domain name was generally considered to be unrealistic and conducive to unnecessary delays in the registration process.⁷⁷

104. At the same time, many commentators stressed the importance of encouraging voluntary domain name and trademark searches,⁷⁸ on the part of prospective domain name applicants, to verify that the domain name that they intend to register was unencumbered and did not infringe upon the intellectual property rights of any third party.⁷⁹ It was noted that a range of commercial and public search services existed for both domain names and trademarks.⁸⁰ These commentators urged the inclusion, in the domain name application, of language encouraging voluntary searches.

105. It is not recommended that domain name registrations be made conditional upon a prior search of potentially conflicting trademarks, but it is recommended that the domain name application contain appropriate language encouraging the applicant to undertake voluntarily such a search.

Representations in the Domain Name Registration Agreement

106. The WIPO Interim Report recommended that the domain name registration agreement should contain a representation by the applicant that, to the best of its knowledge and belief, the registration of the domain name does not interfere with or infringe the intellectual property rights of another party and a representation that the information provided by the applicant is true and accurate.⁸¹ The purpose of such representations is to alert domain name applicants to the possibility of conflicting rights of intellectual property owners and to contribute to the reduction of tension between domain name registrations and intellectual property rights.⁸² The representations serve the ancillary purposes of protecting the registration authority from liability for contributory infringement and, where furnished inaccurately and in deliberate bad faith with knowledge of their inaccuracy, of providing a basis for liability or breach of contract on the part of the domain name holder.

107. This recommendation received broad support.⁸³ Certain commentators, however, were of the view that the representation would place an unreasonable burden on domain name registrants, since it was virtually impossible for them to verify on a worldwide basis whether a registration would be infringing.⁸⁴ We consider that this latter view does not take into account the nature of the representation. It is not an unqualified representation that a domain name registration does not infringe the intellectual property rights of others. It is a representation that the registration does not, to the best of the applicant's knowledge and belief, infringe the intellectual property rights of others.

108. ICANN's Statement of Registrar Accreditation Policy requires a representation from the domain name applicant that extends beyond the intellectual property rights of third parties.⁸⁵ It requires the applicant to represent that, to the best of its knowledge and belief, neither the registration nor the manner in which it is directly or indirectly used infringes the legal rights of a third party. We consider this formulation to be superior to the one contained in the WIPO Interim Report. We confine our final recommendation, however, to the scope of the WIPO Process, namely, intellectual property rights, while recognizing the additional concerns which ICANN is addressing in its broader formulation.

109. It is recommended that the domain name registration agreement contain the following representations:

(i) a representation that, to the best of the applicant's knowledge and belief, neither the registration of the domain name nor the manner in which it is to be directly or indirectly used infringes the intellectual property rights of another party; and

(ii) a representation that the information provided by the domain name applicant is true and accurate.

Submission to Jurisdiction and to Alternative Dispute Resolution Procedures

110. Chapter 3 discusses the question of litigation and dispute resolution and makes certain recommendations in relation to each. Since these recommendations, if adopted, require implementation by agreement at the stage of the conclusion of the registration agreement, their consequence for the content of the registration agreement is recorded here.

111. It is recommended that the registration agreement contain an agreement on the part of the domain name applicant to submit to the jurisdiction of particular courts, as detailed in

Chapter 3, and to submit to the alternative dispute-resolution procedure detailed in Chapter 3.

MEASURES TO DEAL WITH INACCURATE AND UNRELIABLE INFORMATION

112. In the WIPO Interim Report, three measures were discussed as means of dealing with contact details that proved to be inaccurate and unreliable.

Verification of Contact Details by the Registrar

113. The Interim Report recognized that registrars should not be burdened with the task of verifying in any comprehensive way the accuracy and reliability of the contact details of domain name holders, since this would be likely to lead to unnecessary additional time and cost in the registration process.⁸⁶ It requested, however, further comments on two automated devices for achieving a measure of verification: (i) the use of on-line data validation mechanisms in real time to ensure that a minimum of details were provided, and (ii) the automatic sending of an e-mail communication to the domain name applicant to verify the operational status of the e-mail address given by it.

114. These measures were considered by commentators to be useful and to reflect good practices for automated registration systems. Some commentators suggested further that the format of a US zip code could be automatically validated and correlated to the area codes provided for voice telephone and facsimile numbers, and that e-mails could be sent periodically to the accounts provided by domain name holders to verify their continued currency.⁸⁷

115. We consider that the additional suggestions indicate that the range of automated solutions for data verification is extensive and is likely to evolve further. We therefore confine our recommendation to the encouragement of the use by registrars of such data verification procedures in the registration process.

116. It is recommended that registrars should be encouraged to adopt reasonable automated procedures to verify data submitted by domain name applicants, such as on-line data validation mechanisms and the sending of a confirmation e-mail to the accounts provided by domain name applicants.

Requirement that Inaccurate and Unreliable Contact Details Constitute a Material Breach of the Domain Name Registration Agreement

117. In the Interim Report, it was pointed out that the purpose of requiring the provision of contact details would be frustrated if no sanction existed for the provision of inaccurate and unreliable information which did not permit contact to be established with the domain name holder. The appropriate sanction in such circumstances is the cancellation of the registration. In order to provide the basis for the imposition of this sanction, it was recommended that the domain name registration agreement contain an agreed term that inaccurate and unreliable information in the agreement should constitute a material breach of the contract and be a basis for cancellation of the domain name by the registrar.

118. Commentators broadly supported this recommendation.⁸⁸ ICANN's Statement of Registrar Accreditation Policy adopts the recommendation, with the additions that the wilful provision of inaccurate or unreliable information or the wilful failure promptly to update information shall constitute a material breach of the registration agreement and be a basis for cancellation of the registration.⁸⁹ We consider the addition relating to the failure to update information to be an improvement of the draft recommendation in the WIPO Interim Report. We think that the requirement that the provision of inaccurate or unreliable information, or the failure to update it, be wilful is, however, problematic. In the next section, it is recommended that a procedure should be available to cancel registrations where contact cannot be established with the domain name holder. We think that the efficiency of this procedure would be jeopardized if it were necessary to show that the inaccuracy or unreliability of information resulted from the wilful behavior of the domain name holder. We think also that the domain name holder is protected against abuse of this procedure and cancellation for merely clerical errors or oversights, since it is unlikely that clerical errors or oversights would cause all the information provided to be inaccurate or unreliable so that it was impossible to contact the domain name holder.

119. It is recommended that the domain name registration agreement contain a term making the provision of inaccurate or unreliable information by the domain name holder, or the failure to update information, a material breach of the registration agreement and a basis for cancellation of the registration by the registration authority.

Procedure for Cancellation of Registrations where Contact Cannot be Established

120. In the WIPO Interim Report, the means of implementing a sanction for breach of the domain name registration agreement through the provision of inaccurate and unreliable contact details were discussed. Two possibilities were considered: first, an adjudicated procedure in which an independent neutral would render a decision upon a complaint by an interested third party that the third party was unable to establish contact with a domain name

holder because the contact details were inaccurate and unreliable; and, secondly, a notification procedure to the registrar, which, upon verification by the registrar of the inability to establish contact with the domain name holder, would cancel the registration.

121. The majority of commentators supported the notification and take-down procedure. Some commentators cautioned that it should be applied reasonably in order to avoid domain name holders being penalized through inadvertence (for example, during an absence on vacation).⁹⁰ We agree with these latter concerns, but consider that it will be a rare instance that all contact details are considered inaccurate and unreliable owing to vacation. Nevertheless, it is entirely appropriate that proper safeguards exist to ensure that the procedure is not abused.

122. It is considered that the procedure for cancellation of a domain name registration should be available only where a third party serves a notification upon the registrar alleging: (i) that the domain name registration infringes an intellectual property right; and (ii) that contact cannot be established with the domain name holder because the contact details are inaccurate and unreliable. The notification should include the following elements:

- The notification should be in writing and have an electronic or physical signature by the third party complainant;
- The notification should include the third party's own contact details, including name, postal address, voice telephone number, facsimile number and e-mail address;
- The notification should include a statement that the third party has a good faith belief that the registration and use of the domain name infringes its intellectual property right;
- The notification should identify the domain name and the contact details that were relied upon to attempt to contact the domain name holder;
- The notification should include a statement that the third party has made reasonable efforts over a reasonable period of time to contact the domain name holder using the contact details that were supplied by the domain name holder in the application (postal address, voice telephone number, facsimile number and e-mail address); and
- The notification should include a statement that the third party has a good faith belief that: (i) the contact details are inaccurate and unreliable, and (ii) no response from the domain name holder will be forthcoming within a reasonable period.

Upon receipt of the notification, the registrar should independently endeavor to contact the domain name holder using the contact details that have been supplied. If the registrar is

unable to establish contact within a reasonable period of time, the domain name registration should be automatically cancelled.

123. It is recommended that a take-down procedure be implemented whereby, upon service of a notification by an interested third party containing the details set out in paragraph 122, above, and upon independent verification of the unreliability of the contact details in question, the registrar would be required to cancel the corresponding domain name registration.

THE PROBLEM OF UNIQUENESS: TECHNICAL MEASURES FOR COEXISTENCE OF SIMILAR NAMES

124. For operational reasons, a domain name is a unique address. This characteristic creates the difficulty that common words that form part of marks can be coveted as domain names by a number of different persons or enterprises. The difficulty is exacerbated in undifferentiated domains, since similar marks with common elements can coexist in relation to different classes of goods or services without confusion, whereas only one of the owners may use the mark or the common element alone as a domain name in a large undifferentiated domain. Examples of such common elements are “national,” “united” or generic descriptions like “telecom.”⁹¹

125. There are several means that can be used to overcome the difficulty of uniqueness. Directory and listing services assist in ensuring that an interested person can locate the exact address that it is seeking, and many commentators supported the further development of such services.⁹² The gateway or portal page is also a measure that finds widespread support.⁹³ Under such a gateway, a list of names using a common element is produced with links to the various addresses and information to distinguish the addresses and their owners from each other.⁹⁴ These measures are deployed under the INternet ONE system,⁹⁵ a directory service with a shared name depository, which enables entities sharing common elements in domain names to coexist on the Internet.

126. Measures which allow coexistence while providing users with the information to distinguish between the owners of the similar names represent a viable and useful way of reducing conflict. They are, however, voluntary measures that parties can choose as a means of resolving an intractable shared desire for the same name. They can also constitute a recommended solution for the consideration of such parties within the context of litigation or an alternative dispute resolution procedure such as mediation.

127. The WIPO Interim Report noted that there was resistance to making such measures compulsory.⁹⁶ No recommendation was made for their compulsory adoption. This position was broadly supported in the comments received on the Interim Report.⁹⁷ Many owners of

marks clearly wish to preserve their unique identity and do not wish to countenance sharing it, even through a portal, with another.

128. It is not recommended that portals, gateway pages or other such measures be compulsory in the event of competing claims to common elements of an address, but users are encouraged to consider carefully the advantages of such measures as means of finding a solution to a good faith shared desire to use common elements of marks as domain names.

³¹ See Comment of Government of India, Department of Industrial Development: Ministry of Industry (November 6, 1998 – RFC-2); Comment of International Intellectual Property Alliance (November 6, 1998 – RFC-2); Comment of Ms. Sally Abel of International Trademark Association (San Francisco Consultation); Comment of MARQUES (November 6, 1998 – RFC-2); Comment of Motion Picture Association of America (November 6, 1998 – RFC-2); Comment of Mr. Krishna of Andhra Pradesh Technology Services (Hyderabad Consultation); Comment of Ms. Shelley Hebert of Stanford University (San Francisco Consultation); Comment of Ms. Marilyn Cade of AT&T (Washington Consultation – 1998); Comment of Ms. Sarah Deutsch of Bell Atlantic (Washington Consultation - 1998); Comment of The Chanel Company (November 4, 1998 – RFC-2); Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation); Comment of Mr. Neil Smith of Limbach & Limbach (San Francisco Consultation); Comment of Ms. Susan Anthony of MCI Worldcom (Washington Consultation – 1998); Comment of Viacom (October 1, 1998 – RFC-2). See also the discussion in Chapter 5.

³² As of the date of this Report, there are more than 7,180,000 domain names registered, including approximately 4,500,000 in the top-level domain .com alone. New domain name registrations in all top-level domains are running at a rough average of over 21,000 per week. Further information and statistics about domain name registrations are available at the website of NetNames Ltd., (see <http://www.netnames.com>).

³³ “Registration authority” is used to refer to those entities that are involved in the day-to-day administration and management of certain portions of the domain name system (DNS), and in particular are concerned with: (i) the delegation or assignment of portions of the name space commonly known as the second-level (or sub-) domains of top-level domains, or (ii) registering domain names and dealing directly with domain name applicants. The term “registration authority” as used in this Report may encompass in certain contexts the “registry” and the “registrar,” as those terms are used in the White Paper. WIPO takes no position on the appropriate division of administrative and management responsibilities among the chain of authorities in the DNS, as this is a subject properly for ICANN’s consideration.

³⁴ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3). The recommendation is also reflected in ICANN’s Statement of Registrar Accreditation Policy, in which it is provided that the registrar must require all domain name applicants to enter an electronic or paper registration agreement (See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7 (March 4, 1999), at http://www.icann.org/policy_statement.html).

³⁵ See Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 17, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

³⁶ For general reference on this question, see Proposal of the Commission of the European Communities for the European Parliament and Council Directive *On Certain Aspects of Electronic Commerce in the Internal Market*, Ch.II (Establishment and Information Requirements) (Nov. 18, 1998, at <http://europa.eu.int/comm/dg15/en/media/electcomm/com586en.pdf>); United Nations Commission on International Trade Law (UNCITRAL) Model Law on Electronic Commerce with Guide to Enactment (1996), with additional Article 5*bis* (adopted in 1998), at <http://www.un.or.at/uncitral/en-index.htm>.

³⁷ See ICANN Statement of Registrar Accreditation Policy, Art. IV (March 4, 1999), at http://www.icann.org/policy_statement.html.

³⁸ As noted above, in 1996 UNCITRAL published a Model Law on Electronic Commerce. In addition to setting forth model provisions that can be used as a basis for the developing national law in relation to electronic contracts, the Model Law provides helpful guidance for those who wish to develop valid forms and procedures in relation to electronic agreements. See <http://www.un.or.at/uncitral/english/texts/electcom/ml-ec.htm>.

³⁹ See Comment of KPMG (March 23, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of MARQUES (March 12, 1999 – RFC-3).

⁴⁰ See Comment of Mr. Kurt Opsahl & Co-signatories (March 12, 1999 – RFC-3); Comment of Electronic Frontier Foundation (March 12, 1999 – RFC-3); Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 – RFC-3); Comment of Center for Democracy and Technology (March 11, 1999 – RFC-3).

⁴¹ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.a (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁴² See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁴³ See Comment of Motion Pictures Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁴⁴ ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.a (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁴⁵ See Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 17, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3); Comment of Singapore

Network Information Center (February 25, 1999 – RFC-3); Comment of European Brands Association (AIM) (February 17 and 23, 1999 – RFC-3); Comment of Government of Hungary, Hungarian Patent Office (March 4, 1999 – RFC-3); Comment of Government of Switzerland, Swiss Federal Institute of Intellectual Property (February 26, 1999 – RFC-3).

⁴⁶ See Comment of Mr. Kurt Opsahl & Co-signatories (March 12, 1999 – RFC-3); Comment of Government of Republic of Korea, Korean Industrial Property office (March 11, 1999 – RFC-3).

⁴⁷ See Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3).

⁴⁸ See ICANN Statement of Registrar Accreditation Policy, Art. III. J.7.a (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁴⁹ We assume that the relevant data for the primary and secondary nameservers are normally provided, not by the applicant, but by a technical company, such as the ISP. This information can be helpful in identifying an ISP that hosts or provides connectivity to the website operated by the domain name holder.

⁵⁰ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of AT&T (March 17, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Brazilian Steering Committee (March 10, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁵¹ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of AT&T (March 17, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of European Brands Association (AIM) (February 17 and 23, 1999 – RFC-3).

⁵² See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of the International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3).

⁵³ See Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 – RFC-3); Comment of Mr. Kurt Opsahl & Co-signatories (March 12, 1999 – RFC-3); Comment of MCI WorldCom (March 18, 1999 – RFC-3); Comment of Center for Democracy and Technology (March 11, 1999 – RFC-3).

⁵⁴ See ICANN Statement of Registrar Accreditation Policy, Art. III.D (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁵⁵ See e.g., Proposal of the Commission of the European Communities for European Parliament and Council Directive on *Certain Aspects of Electronic commerce in the Internal Market*, Ch. II (Establishment and Information Requirements) (Nov. 18, 1998), at <http://europa.eu.int/comm/dg15/en/media/eleccomm/>

com586en.pdf.

⁵⁶ See ICANN Statement of Registrar Accreditation Policy, Art. III.D.1.e (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁵⁷ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.a (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁵⁸ Para. 284 of the Interim Report.

⁵⁹ See Comment of Government of Australia (March 30, 1999 – RFC-3); Comment of the European Community and its Member States (March 19, 1999 – RFC-3); Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 – RFC-3); Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Domain Name Rights Coalition (March 10 and 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Time Warner (March 13, 1999); Comment of America Online (March 12, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3); Comment of the European Brands Association (AIM) (February 17 and 23, 1999 – RFC-3).

⁶⁰ See Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Electronic Frontier Foundation (March 12, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3); Comment of Singapore Network Information Center (February 25, 1999 – RFC-3).

⁶¹ See Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3).

⁶² Para. 55 of the Interim Report.

⁶³ See Comment of Patent and Trademark Institute of Canada (April 2, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3); Comment of European Brands Association (AIM) (February 17 and 23, 1999 – RFC-3).

⁶⁴ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.b (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁶⁵ Paras. 60 and 61 of the Interim Report.

⁶⁶ See Comment of Government of Hungary, Hungarian Patent Office (March 4, 1999 – RFC-3); Comment of Brazilian Steering Committee (March 10, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3).

⁶⁷ See Comment of Government of Switzerland, Swiss Federal Institute of Intellectual Property (February 26, 1999 – RFC-3); Comment of Patent and Trademark Institute of Canada (April 2, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁶⁸ Para. 67 of the Interim Report.

⁶⁹ See Comment of Government of Australia (March 30, 1999 – RFC-3); Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Government of Switzerland, Swiss Federal Institute of Intellectual Property (February 26, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁷⁰ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.4 (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁷¹ Para. 69 of the Interim Report.

⁷² See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3). ICANN's Statement of Registrar Accreditation Policy also adopts the recommendation (see ICANN Statement of Registrar Accreditation Policy, Art. III.J.5 (March 4, 1999), at http://www.icann.org/policy_statement.html).

⁷³ Para. 75 of the Interim Report.

⁷⁴ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of the International Trademark Association (March 12, 1999 – RFC-3).

⁷⁵ Para. 78 of the Interim Report.

⁷⁶ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3).

⁷⁷ See Comment of Government of India, Department of Industrial Development: Ministry of Industry (November 6, 1998 – RFC-2); Comment of Government of the Republic of Korea, Korean Industrial Property Office: Ministry of Trade, Industry and Energy (November 16, 1998 - RFC-2); Comment of American Intellectual Property Law Association (November 6, 1998 - RFC-2); Comment of International Trademark Association (November 6, 1998 - RFC-2); Comment of MARQUES (November 6, 1998 - RFC-2); Comment

of Mr. Maruyama of Japan Information Network Center (Tokyo Consultation); Comment of Mr. Axel Horns (September 18, 1998 - RFC-2).

⁷⁸ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁷⁹ See, for example, Comment of Government of Australia, IP Australia: Department of Industry, Science and Resources (August 21, 1998 - RFC-1); Comment of American Intellectual Property Law Association (November 6, 1998 - RFC-2); Comment of Ms. Shelley Hebert of Stanford University (San Francisco Consultation).

⁸⁰ The database of trademark registrations under the Madrid system for the international registration of marks, administered by WIPO, is available in CD-ROM (ROMARIN) form, which is updated every four weeks. The database of United States trademark registrations is available at <http://www.uspto.gov/tmdb/index.html>. A database of Australian trademark registrations is available at <http://pericles.ipaustralia.gov.au/atmoss/falcon.application-stard>. More readable databases of trademark registrations are becoming available on the Internet.

⁸¹ Para. 53 of the Interim Report.

⁸² See, for example, Comment of MCI Worldcom (November 9, 1998 - RFC-2); Comment of Mr. Jonathan Moskin (November 6, 1998 - RFC-2).

⁸³ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3).

⁸⁴ See Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 – RFC-3); Comment of Domain Name Rights Coalition (March 10 and 20, 1999 – RFC-3); Comment of Ms. Ellen Rony (March 8, 1999 – RFC-3); Comment of Mr. Milton Mueller (March 6, 1999 – RFC-3).

⁸⁵ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.g (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁸⁶ Paras. 91 and 92 of the Interim Report.

⁸⁷ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of the American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3).

⁸⁸ See Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of American Society of Composers, Authors and Publishers and Broadcast Music, Inc. (March 14, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3); Comment of Markenverband (March 4, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

⁸⁹ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.a (March 4, 1999), at http://www.icann.org/policy_statement.html.

⁹⁰ See Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3); Comment of Ms. Ellen Rony (March 8, 1999 – RFC-3).

⁹¹ See, for example, Comment of American Intellectual Property Law Association (November 6, 1998 – RFC-2); Comment of Domain Name Rights Coalition (November 6, 1998 – RFC-2).

⁹² See, e.g., *Lockheed Martin Corporation v. Network Solutions, Inc.*, 985 F. Supp.949, 968 (C.D. Cal. 1997) (court commented favorably on the use of directories, stating “[t]he solution to the current difficulties faced by trademark owners on the Internet lies in this sort of technical innovation, not in attempts to assert trademark rights over legitimate non-trademark uses of this important new means of communication”).

⁹³ See Comment of American Intellectual Property Law Association (November 6, 1998 - RFC-2); Comment of Mr. Robert Connelly of Council of Registrars (CORE) (San Francisco Consultation); Comment of Institute of Trade Mark Agents (November 3, 1998 - RFC-2); Comment of Mr. Ole Jacobsen of Cisco Systems (San Francisco Consultation); Comment of Mr. Keith Gymer (Brussels Consultation – 1998); Comment of Ms. Carol Smith of Infoseek (San Francisco Consultation); Comment of Mr. Jonathan Moskin of Pennie & Edmonds LLP (November 6, 1998 - RFC-2).

⁹⁴ See, for example, <http://www.scrabble.com>.

⁹⁵ <http://www.io.io>.

⁹⁶ Comment of Government of Hungary, Hungarian Patent Office (Budapest Consultation); Comment of *Fédération Internationale des Conseils en Propriété Industrielle* (November 9, 1998 – RFC-2).

⁹⁷ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3).

3. RESOLVING CONFLICTS IN A MULTIJURISDICTIONAL WORLD WITH A GLOBAL MEDIUM: A UNIFORM DISPUTE-RESOLUTION POLICY

129. As indicated in the previous Chapter, there is widespread support for the adoption of a number of practices in the administration of domain name registrations as a means of reducing friction between such registrations and intellectual property rights. There also appears to be widespread support, however, for the view that those practices should not interfere with the functionality of the DNS as a cheap, high-speed, high-volume system for obtaining an Internet address. For this reason, as mentioned previously, such measures as requiring registration authorities to search applications against previously registered trademarks, which might reduce friction even further, attracted little or no support.

130. While the vast majority of domain names are registered in good faith for legitimate reasons, even with enhanced practices designed to reduce tension, disputes are inevitable. Not more than five years ago, before graphical Internet browsers became popular⁹⁸ and there was little or no commercial activity on the Internet, a trademark infringement stemming from the registration and use of a domain name was not regarded as a serious issue. As long as no significant business activity was taking place on the Internet, any potential for harm was offset by the near invisibility of the network – at least when compared to infringements in mainstream media such as television, the press and billboards. This changed, however, when business investments, advertising and other activities increased on the Internet, and companies began to realize the problems that may occur when a website using their trademark as a domain name was operated in an infringing manner without permission. Disputes have now become numerous, while mechanisms for their settlement, outside of litigation, are neither satisfactory nor sufficiently available.⁹⁹

131. Intellectual property right owners have made it clear throughout the WIPO Process that they are incurring significant expenditures to protect and enforce their rights in relation to domain names.¹⁰⁰ Existing mechanisms for resolving conflicts between trademark owners and domain name holders are often viewed as expensive, cumbersome and ineffective. The sheer number of instances precludes many trademark owners from filing multiple suits in one or more national courts. Moreover, registration authorities have frequently been named as parties to the dispute in litigation, exposing them to potential liability and further complicating their task of running the domain name registration process.

132. Disputes over domain name registrations and intellectual property rights present a number of special characteristics:

(i) Because a domain name gives rise to a global presence, the dispute may be multijurisdictional in several senses. The global presence may give rise to alleged infringements in several jurisdictions, with the consequence that several different national courts may assert jurisdiction, or that several independent actions must be brought because separate intellectual property titles in different jurisdictions are concerned.

(ii) Because of the number of gTLDs and ccTLDs and because each gives the same access to global presence, essentially the same dispute may manifest itself in many TLDs. This would be the case, for example, if a person sought and obtained abusive registrations in many TLDs of a name which was the subject of corresponding trademark registrations held throughout the world by a third party. In order to deal with the problem, the intellectual property owner may need to undertake multiple court actions throughout the world.¹⁰¹

(iii) In view of the ease and speed with which a domain name registration may be obtained, and in view of the speed of communication on the Internet and the global access to the Internet that is possible, the need to resolve a domain name dispute may often be urgent.¹⁰²

(iv) A considerable disjunction exists between, on the one hand, the cost of obtaining a domain name registration, which is relatively cheap, and, on the other hand, the economic value of the damage that can be done as a result of such a registration and the cost to the intellectual property owner of remedying the situation through litigation, which may be slow and very expensive in some countries.

(v) The registration authority has often been joined in domain name disputes because of its role in the technical management of the domain name.¹⁰³

133. Because of the special features of domain name disputes, considerable support has been expressed for the development of expeditious and inexpensive dispute-resolution procedures, which are comprehensive in the sense of providing a single means of resolving a dispute with multiple jurisdictional manifestations.¹⁰⁴ At the same time, discussions and consultations have revealed a natural level of discomfort in placing complete trust in a system which is new and which has the capacity to affect valued rights.¹⁰⁵ There has been, in consequence, in some quarters, a reluctance to abandon all possibilities of resort to litigation as a result of the adoption of new procedures, at least in the first stage before experience of a new system.

134. In the WIPO Interim Report, it was stated that, in considering options for dispute resolution, the draft recommendations of that report were guided by the overall consideration of finding a balance between, on the one hand, the preservation of the long-tried right to seek redress through litigation, and, on the other hand, the desire to proceed to develop a workable system that can fairly, expeditiously and cheaply resolve the new type of disputes that arise as a consequence of the arrival of the Internet. The majority of commentators found this formulation to be too broad insofar as the draft recommendations suggested that domain name applicants be required to submit to a mandatory administrative dispute-resolution procedure in respect of any intellectual property dispute arising out of the domain name registration.¹⁰⁶ In particular, those commentators considered, in relation to such a comprehensive procedure:

(i) that it might unfairly expose domain name applicants acting in good faith to costs in responding to complaints brought against them;

(ii) that it might lead to the harassment of domain name holders acting in good faith by trademark owners seeking to acquire a domain name that is being used in a way which did not infringe the trademark owner's rights ("reverse domain name hijacking");

(iii) that it would be preferable to commence a new procedure in a less ambitious way and with reference to disputes concerning the known and certain forms of offensive behavior, rather than with respect to all forms of disputes;

(iv) that, in opening the procedure to all forms of dispute, the Interim Report failed to address specifically the most egregious problem, namely, the problem of "cybersquatting" or deliberate, bad faith, abusive registrations of domain names in violation of others' rights;

(v) that, because of the lack of international harmonization in the application of trademark laws, it would be preferable, at least initially, to avoid mandatory submission to the procedure in respect of disputes over competing, good faith rights to the use of a name.

135. In view of the weight of opinion against mandatory submission to an administrative procedure in respect of any intellectual property dispute arising out of a domain name registration, the final recommendations of the WIPO Process contain two major changes in respect of the suggested administrative dispute-resolution procedure:

(i) First, the scope of the procedure is limited so that it is available only in respect of deliberate, bad faith, abusive, domain name registrations or "cybersquatting" and is not applicable to disputes between parties with competing rights acting in good faith.

(ii) Secondly, the notion of an abusive domain name registration is defined solely by reference to violations of trademark rights and not by reference to violations of other intellectual property rights, such as personality rights.

136. The discussion and the recommendations in the remainder of this Chapter are organized under the following headings:

- achievable amelioration to the use of court litigation as a means of resolving disputes;
- guiding principles in the design of the administrative dispute-resolution policy;
- mandatory administrative procedure for abusive registrations;
- the availability of voluntary arbitration; and
- the role of mediation.

COURT LITIGATION

137. Court litigation is governed by the civil law of sovereign States. The WIPO Process, which will result in recommendations to the private, not-for-profit corporation that will manage the DNS (ICANN), is not properly concerned with matters that fall within the purview of those civil laws, except insofar as those laws, in accordance with recognized international principles, leave open areas of choice.

Preservation of the Right to Litigate

138. The first area of such choice, where the recommendations of the Process might have an influence, is the abandonment of the right to litigation in respect of a dispute, which is recognized in the majority of countries as the effect of agreeing to submit a dispute to arbitration. That effect of an arbitration agreement is recognized in the arbitration laws of countries and in the obligations assumed by more than one hundred countries by becoming party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the New York Convention).¹⁰⁷ If submission to arbitration by domain name applicants in respect of any dispute relating to the domain name registration were, for example, to be a requirement of the domain name registration agreement, the effect would be to require the domain name applicant to abandon the right to litigate such a dispute if called to arbitration by the other party to the dispute. As mentioned above, however, the discussions and consultations in the WIPO Process indicated considerable reluctance to subscribe to such a solution, at least in the initial stage of the new management of the DNS.¹⁰⁸

139. The WIPO Interim Report recommended that any dispute-resolution system alternative to litigation that might be adopted for domain name disputes should not deny the parties to the dispute access to court litigation. This recommendation met with the support of virtually all commentators.¹⁰⁹

140. It 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.

Submission to Jurisdiction

141. A second area of choice, based on widely accepted principles, is the choice of submission to the jurisdiction of the courts in one or more locations for the resolution of a dispute. There has been broad support throughout the WIPO Process for requiring the domain name applicant to exercise such a choice in the domain name registration agreement in order to create greater certainty in relation to the venue in which litigation can be brought, and in order to ensure a venue in a country in which intellectual property rights are respected.¹¹⁰

142. While a submission to jurisdiction can create greater certainty, it should not have the effect of imposing the exclusive possibility of litigation in venues that are perhaps remotely connected to the allegedly infringing activity that is taking place through a domain name or to the location of the domain name applicant. Furthermore, a submission to jurisdiction by the domain name applicant should not inhibit a third party's freedom to seek to obtain jurisdiction over a domain name holder in any location where there may be an independent and sufficient nexus to support local jurisdictional requirements. On this basis, an agreement to submit to jurisdiction in a domain registration agreement should be without prejudice to the possibility of establishing jurisdiction under normally applicable law and should not exclude that possibility. The effect of an agreement to submit to particular jurisdictions in the domain name registration agreement would thus be to forgo the possibility of contesting the jurisdiction of courts over a dispute arising out of the domain name registration in those particular locations.

143. The question arises as to which locations ought to be so designated in the submission to jurisdiction by the domain name applicant in the domain name registration. Several possibilities have been mentioned in this respect, namely, the location of the registry, the location of the domain name database, the location of the registrar and the location of the "A" root server.¹¹¹ It is considered that the choice of appropriate venue should, on the one hand, strike the right balance between the interests of the domain name holder and any potential third party complainant, and, on the other hand, be consistent with fundamental concerns of fairness, which provide the foundation for existing jurisdictional principles.¹¹²

144. In the WIPO Interim Report, it was recommended that the domain name applicant should be required, in the domain name registration agreement, to submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of (i) the country of domicile of the applicant, and (ii) the country where the registration authority was located. Comments expressed on this recommendation were divided between those who considered that it did not go sufficiently far in attributing possible jurisdiction,¹¹³ and those who considered that it was too extensive in attributing jurisdiction.¹¹⁴ In the former category were those who considered that domain name applicants should also be required to submit to jurisdiction at the locations of the registry and of the "A" root server. Those in the latter category were concerned by the ambiguity of the expression "registration authority," a term used in the Interim Report to include both registrars and registries in deference to the decisions that ICANN was yet to take on the structure of registrar and registry services. Certain other commentators misread the recommendation, thinking that it sought to attribute exclusive jurisdiction to the locations of the domicile of the applicant and the registration authority, even where jurisdiction could be asserted and attributed on the basis of an independent nexus elsewhere.¹¹⁵

145. ICANN's Statement of Registrar Accreditation Policy contains a provision on jurisdiction that is substantially similar to the draft recommendations in the WIPO Interim Report. It requires domain name applicants to submit to the jurisdiction of the courts of the location (i) of the applicant's domicile, and (ii) of the registrar (as opposed to registration authority).¹¹⁶

146. We agree with the formulation in ICANN’s Statement of Registrar Accreditation Policy, subject to the reservation that, until such time as registrars are accredited on a widespread geographical basis, the submission to jurisdiction in the location of the registrar may work to the inconvenience of applicants located in countries distant from accredited registrars. This situation is, however, expected to be transient and short-lived. Moreover, such applicants always have the possibility of seeking a domain name registration in a ccTLD if they are uncomfortable with the requirement of submission to jurisdiction in the location of the registrar.

147. It is recommended that the domain name applicant be required, in the domain name registration agreement, to submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts of:

(i) the country of domicile of the domain name applicant; and

(ii) the country where the registrar is located.¹¹⁷

GUIDING PRINCIPLES FOR THE DESIGN OF THE ADMINISTRATIVE DISPUTE-RESOLUTION POLICY

148. While, as mentioned above, there is general agreement that the right to litigate a domain name dispute should be preserved, court litigation may have several limitations as a means of dealing with such disputes. In particular, because of the multijurisdictional character of many such disputes, court actions in several countries may be necessary in order to obtain an effective solution.¹¹⁸ In addition, in some countries, the court system suffers from dysfunction, with the consequence that decisions cannot be obtained within a period of time which is commensurate with the speed with which damage can be done by virtue of an infringing domain name. As indicated above, the cost of litigation stands in stark contrast to the cost of obtaining a domain name registration. Finally, there is a possibility that, with a number of different courts in several countries being involved with domain name disputes, inconsistent decisions may be given or inconsistent principles concerning the relationship between domain names and intellectual property rights may emerge from such decisions.

149. In addition to the perceived limitations of litigation, a number of commentators have expressed dissatisfaction with current dispute-resolution policies in the gTLDs.¹¹⁹ One of their important deficiencies results from their reliance on the ability of the parties to produce certain trademark certificates, without any review of the question of use of the domain name and alleged infringement. These policies are seen as not sufficiently allowing for the

consideration of all legitimate rights and interests of the parties (which are not necessarily reflected in a trademark certificate), opening the door to unjust results, including for those who are not trademark owners.¹²⁰ In light of these difficulties, a substantial majority of commentators favored the adoption of a form of administrative dispute-resolution more suited to the proper review and consideration of the rights and interests of all parties involved in a dispute.¹²¹

150. Taking into account these perceived limitations of litigation and current dispute-resolution policies, as well as the comments expressed throughout the WIPO Process concerning the desirable features of the administrative procedure, the recommendations that follow in the remaining part of this Chapter concerning the administrative procedure have been based upon the following principles:

(i) The procedure should permit the parties to resolve a dispute expeditiously and at a low cost.

(ii) The procedure should allow all relevant rights and interests of the parties to be considered and ensure procedural fairness for all concerned parties.

(iii) The procedure should be uniform or consistent across all open gTLDs. If different procedures were available in different domains, there might be a danger of some domains, where procedures are weaker or do not lead to binding, enforceable decisions, becoming havens for abusive registrations. Uniform or consistent procedures, however, do not necessarily mean that the dispute-resolution service provider must be the same for all procedures.

(iv) As indicated above, the availability of the administrative procedure should not preclude resort to court litigation by a party.¹²² In particular, a party should be free to initiate litigation by filing a claim in a competent national court instead of initiating the administrative procedure, if this is the preferred course of action, and should be able to seek a de novo review of a dispute that has been the subject of the administrative procedure.

(v) While it is desirable that the use of the administrative procedure should lead to the construction of a body of consistent principles that may provide guidance for the future, the determinations of the procedure should not have (and cannot have) the effect of binding precedent in national courts. It would be up to the courts of each country to determine what weight they wish to attach to determinations made under the procedure.

(vi) In order to ensure the speedy resolution of disputes, the remedies available in the procedure should be restricted to the status of the domain name registration itself and should not, thus, include monetary damages or rulings concerning the validity of trademarks.¹²³

(vii) The determination resulting from the procedure should, upon notification, be directly enforced by the relevant registration authority by making, if necessary, appropriate changes to the domain name database.

(viii) Registration authorities should not be involved in the administration of the procedure,¹²⁴ other than by implementing determinations made in it (and, perhaps, by supplying any requested factual information about the domain name registration to the dispute-resolution neutral or tribunal).¹²⁵

(ix) A decision by a court of competent jurisdiction, in a country that is party to the Paris Convention for the Protection of Industrial Property¹²⁶ or bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement),¹²⁷ which is at variance with a determination resulting from the procedure should, subject to the application of normal principles for the enforcement of judgements, prevail over the administrative determination.

151. Based on these principles, the remaining part of this Chapter recommends that:

(i) A uniform administrative procedure for the cancellation of bad faith domain names registered in deliberate abuse of trademark rights should be available in all open gTLDs.

(ii) Arbitration and mediation, each of which is described and discussed, have a role and should be considered as valuable procedures for the resolution of domain name disputes. However, for different reasons in respect of each procedure, it is recommended that neither should be a mandatory part of a dispute-resolution policy for registration authorities. Rather, they should be available for parties to choose on an optional basis, where they consider the circumstances of a dispute appropriate for the use of such procedures.

MANDATORY ADMINISTRATIVE PROCEDURE CONCERNING ABUSIVE REGISTRATIONS

152. The present section recommends that a mandatory administrative procedure be adopted uniformly across open gTLDs. It discusses the means of implementing the procedure, its desirable features and its administration.

153. The administrative procedure proposed is an adjudicatory procedure where the neutral decision-maker appointed for the dispute would have the power to impose a binding decision on the parties. The scope of the procedure would be limited to cases of abusive registrations (or cybersquatting), as defined below, and would not be available for disputes between parties with competing rights acting in good faith. The procedure would allow for a neutral venue in the context of disputes that are often international in nature, and would be conducted in accordance with procedural rules laws which take account of the various legal procedural traditions around the world. The procedure would not exclude the jurisdiction of the courts. A party would be able to pursue a claim in a national court, or seek the ruling of a national court in respect of matters that had already been submitted to the administrative dispute-resolution procedure. It is to be hoped, however, that with experience and time, confidence will be built up in the credibility and consistency of decisions made under the

procedure, so that the parties would resort less and less to litigation. The decisions taken under the procedure would be made available publicly.

Uniform Availability of the Procedure in the Open gTLDs

154. In the WIPO Interim Report, it was recommended that the administrative dispute-resolution procedure should be available uniformly in all open TLDs. Subject to reservations concerning the scope of the procedure, which have been discussed above and are further dealt with below, this recommendation received wide support.¹²⁸

155. Some commentators sought clarification as to the meaning of “uniform.” We mean the following in this respect:

(i) The procedure should be available in all open gTLDs. The possible adoption of the procedure in open ccTLDs is discussed in Annex VIII. At least in the open gTLDs, the non-availability of the procedure in any gTLD would lead to uneven protection for intellectual property rights and could cause any gTLD in which the procedure was not available to become a haven for predatory practices in respect of intellectual property rights.

(ii) The scope of the procedure and the procedural rules pursuant to which it is conducted should be the same in all open gTLDs. Again, differences in the scope of the procedure in the open gTLDs could lead to uneven protection for intellectual property rights.

156. We discuss below the means of implementing the procedure uniformly in the open gTLDs, where it is recommended that a uniform policy on administrative dispute-resolution be adopted by ICANN and that domain name applicants be required to submit to the administrative procedure under that policy. ICANN’s Statement of Registrar Accreditation Policy envisages the possibility of requiring domain name holders to submit to such a policy.¹²⁹

157. It is recommended that a policy to make available a uniform administrative dispute-resolution procedure be adopted for all open gTLDs.

Mandatory Nature of the Procedure

158. In the WIPO Interim Report, it was recommended that the administrative procedure be mandatory in the sense that each domain name applicant would, in the domain name registration agreement, be required to submit to the procedure if a claim was initiated against it by a third party. If submission to the procedure were to be optional for applicants, it was considered that the adoption of the procedure would not result in significant improvement on the present situation, since those persons who register domain names in bad faith in abuse of the intellectual property rights of others would be unlikely to choose to submit to a procedure that was cheaper and faster than litigation, but would instead prefer to leave the legitimate

owners of intellectual property rights with the possibility only of initiating court litigation, with its attendant costs and delays.

159. Most commentators supported the mandatory nature of the procedure,¹³⁰ although a number expressed a preference for a voluntary procedure. Furthermore, as signaled in the Interim Report, concerns were raised that mandatory submission to a comprehensive procedure covering all intellectual property disputes relating to a domain name registration might raise questions in certain jurisdictions regarding validity and enforceability, particularly in light of consumer protection laws, due process considerations and the fact that such a submission purports to create rights for a party who is not privy to the domain name registration agreement.

160. It is considered that concerns about the mandatory nature of the procedure can be greatly alleviated, if not removed entirely, by confining the scope of the procedure to abusive registrations or cybersquatting, as proposed in the next section of this Chapter. Since the procedure would apply only to egregious examples of deliberate violation of well-established rights, the danger of innocent domain name applicants acting in good faith being exposed to the expenditure of human and financial resources through being required to participate in the procedure is removed.

161. Since the procedure will apply only to abusive registrations or “cybersquatting,” we consider that it is essential that the procedure be mandatory. It is highly unlikely that those responsible for such activities would ever submit to the procedure on a voluntary basis.

162. It is recommended that the domain registration agreement require the applicant to submit to the administrative dispute-resolution procedure whose scope is defined in the next section.

The Scope of the Administrative Procedure

163. The WIPO Interim Report discussed in detail the respective advantages and disadvantages of, on the one hand, applying the administrative procedure to any intellectual property dispute arising out of a domain name registration and, on the other hand, limiting the application of the procedure to clear cases of abusive registrations of domain names or “cybersquatting.” The description of those advantages and disadvantages will not be repeated here.

164. The views of commentators on the desirable scope of the administrative procedure were divided. Certain commentators favored the broad approach of opening the procedure to any intellectual property dispute with respect to a domain name registration.¹³¹ In general, they favored the development of a body of administrative law that would, through the procedure, provide an effective international enforcement mechanism for intellectual property rights as an alternative to expensive and time-consuming multijurisdictional litigation.

165. The preponderance of views, however, was in favor of restricting the scope of the procedure, at least initially, in order to deal first with the most offensive forms of predatory practices and to establish the procedure on a sound footing. Two limitations on the scope of the procedure were, as indicated above, favored by these commentators.

166. The first limitation would confine the availability of the procedure to cases of deliberate, bad faith abusive registrations. The definition of such abusive registrations is discussed in the next section.

167. The second limitation would define abusive registration by reference only to trademarks and service marks. Thus, registrations that violate trade names, geographical indications or personality rights would not be considered to fall within the definition of abusive registration for the purposes of the administrative procedure. Those in favor of this form of limitation pointed out that the violation of trademarks (and service marks) was the most common form of abuse and that the law with respect to trade names, geographical indications and personality rights is less evenly harmonized throughout the world, although international norms do exist requiring the protection of trade names¹³² and geographical indications.¹³³

168. We are persuaded by the wisdom of proceeding firmly but cautiously and of tackling, at the first stage, problems which all agree require a solution. It was a striking fact that in all the 17 consultation meetings held throughout the world in the course of the WIPO Process, all participants agreed that “cybersquatting” was wrong. It is in the interests of all, including the efficiency of economic relations, the avoidance of consumer confusion, the protection of consumers against fraud, the credibility of the domain name system and the protection of intellectual property rights, that the practice of deliberate abusive registrations of domain names be suppressed. There is evidence that this practice extends to the abuse of intellectual property rights other than trademarks and service marks,¹³⁴ but we consider that it is premature to extend the notion of abusive registration beyond the violation of trademarks and service marks at this stage. After experience has been gained with the operation of the administrative procedure and time has allowed for an assessment of its efficacy and of the problems, if any, which remain outstanding, the question of extending the notion of abusive registration to other intellectual property rights can always be re-visited.

169. It is recommended that the scope of the administrative procedure be limited to the abusive registration of domain names, as defined in the next section.

The Definition of Abusive Registration (“Cybersquatting”)

170. Before considering in the next paragraph the definition of abusive registration that it is recommended be applied in the administrative procedure, some explanation should be given of the suggested terminology. In popular terms, “cybersquatting” is the term most frequently used to describe the deliberate, bad faith abusive registration of a domain name in violation of

rights in trademarks and service marks. However, precisely because of its popular currency, the term has different meanings to different people. Some people, for example, include “warehousing,” or the practice of registering a collection of domain names corresponding to trademarks with the intention of selling the registrations to the owners of the trademarks, within the notion of cybersquatting, while others distinguish between the two terms. Similarly, some consider “cyberpiracy” to be interchangeable with “cybersquatting,” whereas we consider that the former term relates to violation of copyright in the content of websites, rather than to abusive domain name registrations. Because of the elastic meaning of cybersquatting in popular terminology, we have therefore chosen to use a different term—abusive registration of a domain name—in order to attribute to it a more precise meaning.

171. The definition of abusive registration that we recommend be applied in the administrative procedure is as follows:

(1) The registration of a domain name shall be considered to be abusive when all of the following conditions are met:

(i) the domain name is identical or misleadingly similar to a trade or service mark in which the complainant has rights; and

(ii) the holder of the domain name has no rights or legitimate interests in respect of the domain name; and

(iii) the domain name has been registered and is used in bad faith.

(2) For the purposes of paragraph (1)(iii), the following, in particular, shall be evidence of the registration and use of a domain name in bad faith:

(a) an offer to sell, rent or otherwise transfer the domain name to the owner of the trade or service mark, or to a competitor of the owner of the trade or service mark, for valuable consideration; or

(b) an attempt to attract, for financial gain, Internet users to the domain name holder’s website or other on-line location, by creating confusion with the trade or service mark of the complainant; or

(c) the registration of the domain name in order to prevent the owner of the trade or service mark from reflecting the mark in a corresponding domain name, provided that a pattern of such conduct has been established on the part of the domain name holder; or

(d) the registration of the domain name in order to disrupt the business of a competitor.

172. The cumulative conditions of the first paragraph of the definition make it clear that the behavior of innocent or good faith domain name registrants is not to be considered abusive. For example, a small business that had registered a domain name could show,

through business plans, correspondence, reports, or other forms of evidence, that it had a bona fide intention to use the name in good faith. Domain name registrations that are justified by legitimate free speech rights or by legitimate non-commercial considerations would likewise not be considered to be abusive. And, good faith disputes between competing right holders or other competing legitimate interests over whether two names were misleadingly similar would not fall within the scope of the procedure.

173. We consider that the definition given in the preceding paragraph draws on solid foundations in international and national law and in case law.¹³⁵

174. Insofar as international law is concerned, it is noted that both the Paris Convention for the Protection of Industrial Property, to which 154 States are party, and the TRIPS Agreement, by which 134 States are bound, establish obligations for the protection of trademarks. In addition, Article 10*bis* of the Paris Convention establishes an obligation to provide protection against unfair competition. It provides as follows:

“(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

“(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

“(3) The following in particular shall be prohibited:

1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.”

Article 10*ter*(1) of the Paris Convention requires contracting States to assure nationals of other contracting States “appropriate legal remedies effectively to repress all the acts referred to in Articles 9, 10, and 10*bis*.”

175. The case law which has developed in the application of national laws for the protection of trademarks and service marks and for protection against unfair competition also supports the prohibition of the predatory and parasitical practices that would be caught under the definition of abusive registration given above.

176. In applying the definition of abusive registration given above in the administrative procedure, the panel of decision-makers appointed in the procedure shall, to the extent necessary, make reference to the law or rules of law that it determines to be applicable in view

of the circumstances of the case. Thus, for example, if the parties to the procedure were resident in one country, the domain name was registered through a registrar in that country and the evidence of the bad faith registration and use of the domain name related to activity in the same country, it would be appropriate for the decision-maker to refer to the law of the country concerned in applying the definition.

177. It is recommended that:

(i) the merits of a complaint under the administrative procedure be decided in accordance with the definition of abusive registration of a domain name set out in paragraph 171, above; and

(ii) in applying the definition of abusive registration, the panel of decision-makers shall, to the extent necessary, apply the law or rules of law that it determines to be appropriate in view of all the circumstances of the case.

Implementation of the Procedure

178. It is suggested that the administrative procedure be implemented through the adoption by ICANN of a Policy on Dispute Resolution for Abusive Domain Name Registrations. The suggested Policy is set out in Annex IV.

179. At the level of individual domain name holders, as mentioned above, the Policy would be implemented through the domain name registration agreement, which would require the domain name holder to submit to the administrative procedure if a complaint for abusive registration is brought against the holder by a third party.

Procedural Rules

180. The procedure would be conducted in accordance with procedural rules, which are set out in Annex V. The aim of such rules is twofold: (i) to ensure due process or fairness in the conduct in the procedure so that each party has an equal and adequate opportunity to present its case; and (ii) to inform the parties how the procedure will be conducted, what they will be required to do, when they will be required to do it and what the powers of the decision-maker are. Thus, procedural rules will deal typically with the documentation that the parties are expected to produce, the time limits within which they must produce it, who the decision-maker will be and how he or she will be appointed, what remedies may be granted by the decision-maker and who will supervise the administration of the procedures.

181. The procedural rules are designed to be international, in the sense that they take account of differing legal procedural traditions; simple to follow, since domain name applicants will be required to submit to them; and uniformly applicable, regardless of the dispute-resolution service provider that administers the procedure. The main features of the rules, which take into account the comments made on the discussion of those features in the WIPO Interim Report, are described in the ensuing paragraphs.

Remedies Available under the Procedure

182. It has been apparent throughout the WIPO Process that there is a general desire to have a simple and efficient procedure. Moreover, the mandatory requirement that applicants submit to the procedure demands that domain name applicants should be able to understand easily the potential consequences of their submission to the procedure.

183. For these reasons, it seems appropriate that the remedies that could be awarded by the neutral decision-maker be limited to the status of the domain name registration itself and actions in respect of that registration.¹³⁶ In other words, monetary damages to compensate for any loss or injury incurred by the owner of an intellectual property as a result of a domain name registration should not be available under the procedure. Such a restrictive approach to remedies would underline the nature of the procedure as an administrative one, directed at the efficient administration of the DNS, which is intended to be complementary to other existing mechanisms, whether arbitration or court procedures. The approach would also accommodate the preferences of a number of commentators for an ADR procedure that was compatible with available judicial remedies.

184. An approach in which remedies were limited to that status of the domain name registration would mean that the remedies available under the procedure would be the cancellation of the domain name registration and its transfer to the third party complainant. Broad support was expressed in favor of these remedies in the comments received by WIPO.¹³⁷

185. The Interim Report requested comments on whether the decision-makers in the procedure should have the power to order other measures concerning the status of the domain name registration that might remove the grounds of the dispute, such as the modification of the domain name registration, re-assignment of the domain name to a different TLD, or the maintenance of a gateway or portal page or other indexing mechanism. Although several commentators were in favor of vesting power in the decision-makers to impose such remedies,¹³⁸ most commentators were opposed to such power, considering that such measures might affect the broader business interests and strategies of the parties involved in the dispute and, thus, require careful consideration.¹³⁹ While decision-makers could always recommend such alternative measures to the parties involved, they should be implemented only pursuant to voluntary agreement.

186. The question of the initial payment of the costs of the proceedings is discussed below. The ultimate responsibility for the payment of costs is an important control mechanism in

relation to the procedure, particularly since the procedure would be limited to cases of abusive registration. If the procedure were available at no cost, frivolous and groundless actions, or actions designed to harass a party, would be encouraged. Similarly, if responsibility for the payment of costs always rested with the complaining party, there would be no disincentive for a bad faith applicant to proceed to try its luck with an abusive registration of a domain name. It is considered, therefore, that the decision-maker should have the discretion, in the decision, to allocate responsibility for payment of the costs of the procedure (which are detailed below) to the winning party, after consideration of all the circumstances of the case. (This discretion would also allow the decision-maker to allocate the costs among the parties in accordance with some other appropriate apportionment.)¹⁴⁰

187. A number of commentators expressed anxiety about the power of the decision-maker to allocate costs to the winning party. Since the scope of the procedure is now limited to cases of abusive registration, we expect that the power to allocate costs will be broadly supported.

188. It is recommended that the remedies available under the administrative procedure be limited to:

(i) the cancellation of the domain name registration;

*(ii) the transfer of the domain name registration to the third party complainant;
and*

(iii) the allocation of the responsibility for payment of the costs of the proceedings.

Expedited Procedure for Suspension of a Domain Name

189. A number of commentators were in favor of the possibility of an expedited application under the administrative procedure, whereby a complainant could obtain a suspension of a domain name registration on short notice pending a final decision on the merits. We consider that the limitation of the scope of the administrative procedure to cases of abusive registration makes this possibility unnecessary. Instead, it is recommended below that all cases should be processed in an expedited manner within a short time frame. In addition, in keeping with the desires to commence the procedure on well-known and well-tried grounds and to have a simple, easily understood procedure, we think that it would be preferable not to add an additional sort of procedure, which might be confusing to domain name holders, at the outset.

Consolidation of Different Claims

190. A number of commentators indicated that one of the difficulties in dealing with domain name disputes was the sheer number of instances in which their rights may be allegedly violated.¹⁴¹ For example, the trademark “INTEL” might be the subject of an allegedly infringing registration of the domain name “INTLE” or “INTTEL,” or any number of other minor variations producing the same phonetic result. The consequence is that, in order to protect the mark effectively, the owner is obliged to undertake a multiplicity of actions.¹⁴²

191. One legal method for dealing with a multiplicity of similar actions is to permit the consolidation of such actions into one procedure. The question arises, however, as to the extent to which such consolidation should be permitted. Here, several points of reference could be considered in determining the scope of possible consolidation:

(i) the consolidation of all actions brought by the same complainant in respect of domain name registrations held by the same holder in the same TLD that are alleged to infringe the same or different trademark rights;

(ii) the consolidation of all actions brought by the same complainant in respect of domain name registrations held by the same holder in different TLDs that are alleged to infringe the same or different trademark rights; and

(iii) the consolidation of all actions brought by the same complainant in respect of domain name registrations held by different holders in the same or different TLDs that are alleged to infringe the same or different trademark rights.

192. The WIPO Interim Report recommended that the procedural rules provide for the possibility of consolidating, into one procedure, all claims by the same (or affiliated) party in respect of the same domain name holder where the claims relate to the alleged infringement of the same or different intellectual property rights through domain name registrations in any TLD. This recommendation received widespread support, particularly as a means of dealing efficiently with abusive registrations of domain names. Many commentators considered also that consolidation should be permitted in respect of claims against different domain name holders, provided that the complainant was the same party.¹⁴³ They drew attention to the fact that abusive registrations often target one mark or group of marks and that the registrations can be placed in the name of different individuals or companies which might be related in business dealings. We consider that this form of consolidation is difficult to achieve legally, since each respondent should legally have a full opportunity to distinguish its own case from that of legally separate persons. However, a de facto consolidation can be achieved by organizing for panels to determine cases in batches (for example, once a week or once a month, as the demand might dictate). Such a method of organizing panels would also have distinct cost advantages and is discussed below.

193. It is recommended that the procedural rules for the administrative dispute-resolution procedure provide for the possibility of

consolidating, into one procedure, all claims by the same party in respect of the same domain name holder where the claims relate to the alleged infringement of the same or different trademark or service mark rights through abusive domain name registrations in any open gTLD.

Relationship with National Courts

194. The relationship between the administrative procedure and the jurisdiction of the courts has been discussed in the previous sections of this Report. The recommendations made, in this regard, in the Interim Report were widely supported.

195. Several commentators sought clarification of the effect on the procedure if litigation were commenced after the initiation of the administrative procedure. We consider that the best approach in these circumstances is to leave the panel the discretion to decide, in light of the circumstances, whether to suspend the administrative procedure or to continue. The panel will be best placed to assess the impact of the initiation of the litigation. It may be, for example, that the litigation is commenced in a distant jurisdiction, with an arguably dubious nexus to the circumstances of the case, as a delaying tactic.

196. *It is recommended that:*

(i) *The availability of the administrative procedure should not preclude a complainant from filing a claim in the relevant national court instead of initiating the administrative procedure, if this is deemed to be a preferred course of action.*

(ii) *The determinations flowing from the administrative procedure would not, as such, have weight of binding precedent under national judicial systems.*

(iii) *The parties to a dispute should have the ability to go to the national courts to initiate litigation, even after the completion of the administrative procedure.*

(iv) *If a party initiates court litigation during the administrative procedure and the administrative claim is not withdrawn, the administrative panel shall have the discretion*

to consider whether to suspend the administrative procedure or to proceed to a determination.

(v) A decision by a court of competent jurisdiction, that is contrary to a determination resulting from the administrative procedure should, subject to the application of principles for the enforcement of judgments, override the administrative determination.

Time Limitation for Bringing Claims

197. The WIPO Interim Report recommended that a time bar to the bringing of claims in respect of domain names (for example, a bar on claims where the domain name registration has been unchallenged for a designated period of years) should not be introduced. It was considered that such a measure would not take into account that the underlying use of a domain name may evolve over time (with the consequence that the use of a domain name may become infringing through, for example, the offering for sale of goods of a different sort to those previously offered on the website); that any related intellectual property rights held by the domain name holder may lapse; and that a time bar would in any event be undesirable in cases of bad faith.

198. The comments received on this question by WIPO were addressed to an administrative procedure with comprehensive jurisdiction over all intellectual property disputes relating to domain name registrations. Since the scope of the procedure is now limited to cases of bad faith, abusive registrations, we consider that the interim recommendation should apply with more force. It is usual for time bars in legal proceedings not to be applicable to cases of bad faith.

199. It is not recommended that claims under the administrative procedure be subject to a time limitation.

Length of Proceedings

200. Commentators universally viewed it as important that the administrative procedure be capable of providing determinations with speed and efficiency.¹⁴⁴ The nature of the Internet demands such characteristics of dispute-resolution procedures. For example, an abusive registration of a domain name may block another with the legitimate right to presence on the Internet under that domain name in respect of a product that is about to be launched or an international event that is about to occur.¹⁴⁵ Similarly, the damage that is being done by an

abusive registration of a domain name may be extensive by virtue of global access to which the registration gives rise, so that it becomes urgent to limit that damage.

201. It is imperative, therefore, that the procedural rules for the administrative procedure be designed so as to ensure that decisions are taken in a timely manner. In the WIPO Interim Report it was recommended that final determinations on claims should be made within two months of the initiation of the procedure. Many commentators agreed with this time frame,¹⁴⁶ others considered that it was too long,¹⁴⁷ and yet others cautioned that all parties should be given adequate notice and time for preparation.¹⁴⁸

202. We consider that the organization of panels so that cases can be determined in batches will greatly facilitate the efficiency with which determinations can be made. Such a method of organization would overcome delays produced by decision-makers in different locations considering cases at a differential rate and would focus panels on the task. On this basis, we recommend the indicative time limit for determinations in the next paragraph as a suggested maximum.

203. It is recommended that the procedural rules provide for final determinations on claims to be made within forty-five days of the initiation of the procedure.

Appointment of Decision-Maker

204. The quality of decisions emerging from the administrative procedure will depend in large part on the quality of the decision-makers appointed for cases. In this respect, the panel of neutral decision-makers maintained by dispute-resolution service providers will be an important reference point for the selection of those service providers that may be authorized to administer the procedure. The panel should include persons having appropriate experience in domain names, intellectual property rights (including all the issues that operate to place limitations on the scope of such rights), litigation and alternative dispute-resolution.

205. The Interim Report raised the question whether cases should be handled by a single decision-maker, or a panel of three persons. Varying views were expressed on the question, as is usual on this question, reflecting broadly concerns, on the one hand, for efficiency and speed, which favor a single decision-maker, and, on the other hand, for balance and breadth of experience, which favor a three-person panel.

206. Since the scope of the procedure is limited to cases of abusive registration, we consider a three-person panel to be appropriate, especially since the organization of panels to make determinations on batches of cases will permit cost savings and thus limit the extra cost that a multiple-person panel might otherwise cause.

207. It is recommended that a panel of three decision-makers be appointed to conduct the procedure and make the determination.

208. The WIPO Interim Report recommended that the procedural rules should allow for party participation in the appointment of decision-makers, reflecting common practice in international arbitration proceedings. That recommendation was made, however, with a view to an administrative procedure with comprehensive jurisdiction for intellectual property disputes between parties acting in good faith. Since the scope of the procedure is limited to cases of bad faith, abusive registrations, we consider that party participation in the selection of decision-makers is inappropriate. In order to give some assurance to parties as to the quality of decision-makers, however, we encourage dispute-resolution service providers to publish the names and details of the qualifications and experience of the decision-makers who may be appointed to panels.

209. It is recommended that the procedural rules for the administrative procedure provide for the appointment of the panel of decision-makers by the institution administering the procedure (dispute-resolution service provider). Such administering institutions are encouraged to publish on the Internet the list of persons who may be appointed to panels and details of their qualifications and experience.

The Use of On-Line Facilities to Conduct the Procedure

210. Most commentators expressed interest in or enthusiasm for the use on-line facilities to conduct the administrative procedure.¹⁴⁹ Other commentators expressed hesitation about this possibility,¹⁵⁰ while a number underlined the need for adequate security and authentication features.¹⁵¹

211. The use of on-line facilities in the context of domain name disputes seems particularly appropriate for the following reasons:

(i) The Internet has created new opportunities for parties to communicate and to engage in transactions at great distance. At the same time, the potential for disputes arising out of such communications or transactions between parties that are physically remote from each other has been increased. On-line facilities can eliminate the barrier of distance.

(ii) Speed is equal to distance divided by time. The elimination of the barrier of distance by the Internet and the use of the Internet as the medium for resolving disputes will increase the speed with which the dispute-resolution process can be conducted.

(iii) Many domain name disputes may be capable of being resolved by reference to documents only, that is, without the necessity of hearing witnesses or receiving oral arguments in a physical hearing.

(iv) Since the dispute concerns domain names, assumptions can be made about the parties to the dispute having the requisite technical facilities to participate in the on-line resolution of the dispute.

(v) Some parties involved in domain name disputes may not have had significant exposure to legal proceedings and their attendant formalities. Enabling parties to initiate a claim (or to respond thereto) by accessing a website and completing electronic forms which guide them through the various stages of the process may be expected to reduce entry barriers to the administrative dispute-resolution procedure and make that procedure more accessible.

212. Recognizing that the use of on-line facilities causes some hesitancy, we would propose that secure on-line facilities be used to allow parties to file all pleadings in the procedure.

213. Several dispute-resolution service providers are working on the development of on-line systems for administering dispute resolution, as well as courts in a number of countries. The WIPO Arbitration and Mediation Center has developed such an on-line system, which is Internet-based. Digital communication tools have been designed to allow the parties to file requests by completing electronic forms and to exchange information on-line through secure channels. The parties and the decision-maker are able to communicate electronically also through audio and video facilities, where these are available to them. The system also includes such functions as automatic notifications, an electronic fee system, secure facilities for the on-line exchange and reading of documents, and back-end databases to support the logging and archiving of submissions.

214. It is recommended that provision be made in the procedural rules for the secure electronic filing of all pleadings in cases.

Enforcement and Publication of Determinations

215. Commentators in favor of an administrative policy for the resolution of domain name disputes universally supported the need for the determinations of the dispute-resolution procedure to be directly enforced.¹⁵² The possibility of such direct enforcement exists through the registration authorities and, indeed, constitutes one of the major reasons why an administrative procedure could be made workable and efficient in respect of domain name disputes.

216. In order to implement the direct enforcement of determinations by registration authorities, it would be necessary to ensure that registration authorities agree to do so. ICANN's Statement of Registrar Accreditation Policy provides for adherence by registrars to any policy or procedure for dispute resolution established by ICANN.¹⁵³ In addition, it would

be desirable to make explicit in the domain name registration agreement that the domain name applicant agrees, in submitting to the administrative procedure, that the procedure may determine the applicant's rights with respect to the registration of the domain name and that any determination made in the procedure may be directly enforced by the relevant registration authorities.

217. Direct enforcement of determinations by registration authorities would, however, be subject to a contrary order from a court with jurisdiction over the registration authority. In this connection, several commentators were of the opinion that there should be a minimum period of time between the issuance of the administrative determination and its implementation by the registration authorities, in order to provide a losing party with the opportunity to file suit in a national court to suspend implementation of the determination and ultimately to obtain a reversal. A period of seven days is proposed for this purpose. If, however, no court order is obtained during this time, the decision would be communicated to the registration authority to take immediate effect and continue to have such effect, unless and until a contrary order is given to the registration authority by a court of competent jurisdiction.

218. Several commentators also expressed concern about the threat of litigation being brought against the registration authorities that would implement any changes to the status of a domain name.¹⁵⁴ To minimize this concern, domain name registration agreements should make clear, in addition to the terms noted in the paragraphs above, that the applicant agrees that the relevant registration authorities (e.g., the registrar, registry administrator and registry) shall have no liability for acting in accordance with their enforcement responsibilities in relation to the administrative procedure.

219. Several commentators were of the view that efforts should be made to promote the development of a body of persuasive precedents concerning domain name disputes through the administrative dispute-resolution procedure. It was considered that such a body of precedents would enhance the predictability of the dispute-resolution system and contribute to the development of a coherent framework for domain names.¹⁵⁵ To this end, it would be desirable that all determinations resulting from the administrative dispute-resolution process be made publicly available by being posted on a website.

220. *It is recommended that:*

(i) *registration authorities agree to implement determinations made under the administrative-dispute resolution policy, such implementation taking effect seven days after the issuance of the administrative determination;*

(ii) *the domain name registration agreement contain a provision that, in submitting to the administrative*

dispute-resolution procedure, a domain name applicant agrees that the procedure may determine the applicant's rights with respect to the registration of the domain name and that any determination made in the procedure may be directly enforced by the relevant registration authorities;

(iii) the domain name registration agreement contain a provision that the applicant agree that the registration authorities shall have no liability for acting in accordance with their enforcement responsibilities in relation to the administrative procedure; and

(iv) the determinations made under the administrative dispute-resolution procedure be published on a website.

Appeals

221. The Interim Report requested further comments on whether a centralized appeal process from determinations in the administrative process should be established. While a number of commentators were in favor of incorporating appeal procedures in the administrative mechanism, the majority were not.¹⁵⁶ As the administrative procedure in any event would allow the parties to resort to the national courts after the issuance of a determination, an appeal process would be redundant and unnecessarily complicated for a procedure that is meant to be as streamlined and efficient as possible.

222. It is not recommended that a centralized appeal process from determinations in the administrative procedure be established.

Costs

223. The administrative procedure will entail the following elements: (i) an administration fee to be paid to the institution administering the process (the dispute-resolution service provider); (ii) the fee to be paid to the panel of decision-makers; and (iii) the expenses that may be incurred in relation to the proceedings (e.g., telecommunication charges, etc.).

224. The fee for the panel will be the most significant cost component. It is imperative for the quality of the determinations resulting from the process that the decision-makers have the required degree of expertise and experience. Furthermore, it is important to engage the decision-maker's professional responsibility, as he or she will be taking important decisions

affecting the rights and interests of the parties. The organization of meetings for processing batches of cases, however, will enable these fees to be spread over a number of cases.

225. It is suggested that the administration and decision-maker's fees should be set freely by the dispute-resolution service providers that may be mandated to administer the procedure. Allowing the institutions to set their own rates should stimulate competition and ultimately benefit the public.

226. In general, in alternative dispute-resolution proceedings, parties are normally expected to advance an equal share of the anticipated costs of the proceedings. This practice may not be the most appropriate approach, however, for the administrative procedure. Under this procedure, the domain name holder would submit to the procedure through a standard clause in the domain name registration agreement. It may be difficult in these circumstances to require the holder to advance, at the outset of the procedure, what may be viewed as a substantial sum of money. It is, therefore, proposed that the third party complainant should be required to pay the initial administration fee, as well as the full advance payment of the fees allocated for the panel and any anticipated expenses. However, as recommended above, the panel would have discretion, in the determination, to decide on the allocation of these costs of the procedure among the parties in light of all the circumstances of the dispute and the result. Such costs should not, however, include any attorney's fees that the parties may incur in participating in the procedure.

227. *It is recommended that:*

(i) dispute-resolution service providers should be free to determine the level of their administration fee and the fee payable to the panel; and

(ii) the third party complainant should be required to pay, at the commencement of the procedure, the administrative fee and an advance on the other costs of the procedure, with the decision-maker having the power to decide, in the determination, on the allocation of ultimate responsibility for that fee and those costs among the parties.

Dispute-Resolution Service Providers

228. It will be necessary to designate, in the clause providing for submission to the administrative dispute-resolution procedure in the domain name registration agreement, the administering authority or dispute-resolution service provider. It is suggested that a list of several well known and well respected institutions be designated in the domain name registration agreement. The institutions to feature on such a list must be chosen on the basis

of: (i) the international character of the institution; (ii) the quality of the list of neutrals or decision-makers maintained by the institution and, in particular, whether it contains persons with appropriate experience in respect of domain names, intellectual property and technical matters concerning the Internet; (iii) the likelihood that the institution will continue to be available to offer its services; and (iv) the facilities that the institution provides for the on-line administration of disputes.

THE AVAILABILITY OF VOLUNTARY ARBITRATION

229. Arbitration is a private adjudicatory procedure, modeled on court litigation, in which the arbitrator has the power to impose a binding decision on the parties in respect of the dispute submitted to arbitration. The procedure is conducted in accordance with procedural rules established by the dispute-resolution service provider (the arbitration center) and under the supervisory guidance of the courts in respect of the arbitration procedure and its relationship to the law.

230. Arbitration takes place within a well-established international legal framework. Under that framework, the law recognizes the choice of parties to submit a dispute to arbitration as excluding the jurisdiction of the court in respect of the dispute. The arbitral award (the decision of the arbitrator) is not just binding, but also final, in the sense that the courts will not entertain an appeal on the merits of the dispute. Arbitral awards are enforceable relatively easily internationally by virtue of the New York Convention.

231. In arbitration, the parties may choose the applicable law pursuant to which the merits of the dispute will be decided. Their freedom of choice may be limited by certain mandatory laws that cannot be excluded (for example, parties cannot exclude the application of criminal law that might be applicable). If the parties fail themselves to choose the applicable law, the arbitrator will designate and apply the appropriate applicable law. It is possible, even common, for several applicable laws to be applied depending on the circumstances of the dispute (for example, where several different national trademarks are in question, questions relating to those trademarks will be assessed in accordance with the respective national laws under which the trademarks have been registered).

232. Arbitration has a number of distinct advantages in the context of domain name disputes. It provides a single procedure for resolving multijurisdictional disputes (as opposed to recourse to several different national court actions). It is a procedure that has been developed to be international, taking into account the various legal traditions around the world. It is also a procedure which offers the parties the choice of a neutral venue, language and law, so that neither is necessarily favored by familiarity with its own local laws, institutions and customs, as may be the case in national litigation involving a foreigner. Arbitration offers the parties more autonomy in the choice of procedures and laws, as well as in their choice of the arbitrator or decision-maker, than litigation. It also offers a comprehensive solution, in that the arbitrator is typically empowered to grant the interim and final remedies that are available under the law.

233. In WIPO RFC-2, comments were requested on the desirability of making arbitration a mandatory feature of a dispute-resolution policy in the sense that domain name applicants would be required, in the domain name registration agreement, to submit to arbitration in respect of any disputes concerning the domain name if called upon to do so by a third party complainant. Commentators expressed three reservations concerning arbitration as a mandatory procedure.¹⁵⁷ First, the effect of arbitration in excluding resort to the courts was, as mentioned above, not generally favored. Secondly, the finality of the arbitration award caused hesitation. And thirdly, the normal feature of arbitration as a confidential procedure between the parties to a dispute in which the award is not published, unless the parties agree to such publication, was considered disadvantageous in the present context. It was felt that consistency in decision-making and the development of appropriate principles for the resolution of domain name disputes was of great importance and militated in favor of the publication of ADR decisions wherever possible.

234. The WIPO Interim Report thus recommended that submission to arbitration by a domain name applicant should not be mandatory. However, in view of the advantages of arbitration, it recommended that a provision should be included in the domain name registration agreement allowing applicants to submit, on an optional basis, to arbitration in respect of any dispute in relation to the domain name. Most commentators supported this recommendation.

235. It is recommended that the domain name registration agreement contain a provision for a domain name applicant to submit, on an optional basis, to arbitration in respect of any dispute in relation to the domain name.

236. It is necessary, in a clause submitting to arbitration, to designate the procedural rules in accordance with which the arbitration will be conducted. The designation of such rules also determines who the administering authority or dispute-resolution service provider will be. In this respect, commentators expressed the view that, since one of the advantages of arbitration is the choice that it allows to parties, there should not be one exclusive dispute-resolution service provider. On the other hand, it is to be noted that there are well over one hundred arbitration centers around the world and, for the sake of providing some guidance to applicants, as well as for consistency in decision-making, it might be desirable to limit the available range of arbitration centers that may be designated in the domain name registration agreement to a selected list of dispute-resolution service providers. The choice of the institutions that would feature on that list is for a party other than WIPO to decide, since the WIPO Arbitration and Mediation Center acts as a dispute-resolution service provider. The choice could be made by registrars (which would allow local languages to be used) or by registrars upon advice from ICANN. It is suggested that the choice be made taking into account: (i) the international character of the arbitration center, that is, whether it offers services for international or purely local disputes; (ii) the rules of the arbitration center; (iii) the quality of the list of neutrals or arbitrators maintained by the arbitration center and, in particular, whether it contains persons with appropriate experience in respect of domain

names and intellectual property; and (iv) the continuity of the arbitration center, in the sense that the center must be in existence at a later date when called upon to administer a dispute.

237. Many domain name disputes may be capable of being resolved by reference only to documents; that is, it may often not be necessary to hear witnesses or to receive oral arguments in a physical hearing. This feature, coupled with the fact that domain name disputes arise out of the use of the Internet, makes it appropriate to consider the possibility of conducting an arbitration procedure on-line. The features of an on-line system for dispute-resolution, and its advantages, are discussed above, where a positive recommendation is made for the consideration of the use of on-line facilities for the administrative procedure for cancellation of abusive registrations.

238. The same considerations concerning the possibilities of conducting an on-line procedure apply to arbitration. In particular, given that parties to a dispute may be located in different parts of the world, it is considered that an on-line procedure should also be particularly advantageous as a means of containing the costs of the dispute-resolution procedure in the context of arbitration.¹⁵⁸

239. It is recommended that the clauses in the domain name registration agreement, which provide for an applicant to submit, at its option, to arbitration, envisage that the arbitration procedure take place on-line.

THE ROLE OF MEDIATION

240. Mediation is an extension of direct negotiations between parties to a dispute in which a neutral third party acts as intermediary to facilitate those negotiations and assists in finding a solution that is satisfactory to both parties. It is a non-binding procedure in two senses: (i) the parties are not obliged to remain engaged in the procedure, but may leave it at any stage; and (ii) the mediator, as a facilitator, has no decision-making power and, thus, cannot impose a decision on the parties. Since mediation is not an adjudicative procedure, but a process for obtaining a negotiated settlement acceptable to both parties, there is no applicable law in accordance with which the dispute is decided. The parties are free to choose their own reference points for reaching a mutually acceptable solution, which, typically, will include their commercial interests, the legal merits of the case, and the cost of resort to other means of resolving the dispute.

241. Mediation has undoubtedly some potential applications and advantages in the context of domain name disputes.¹⁵⁹ It is especially well suited to domain name disputes which involve intractable legal issues. For example, there might be a domain name registration held by a person who owns an identical trademark in one country, while there is another party with an identical trademark registered in another country. Similarly, there might be a domain name consisting of the initials of the name of a corporation that is well known in one country, while there is another corporation with the same initials to its name that is well known in another

country. In each of the foregoing situations, it is envisageable that each of the parties might bring a successful action in its own jurisdiction (that is, the jurisdiction in which it has a trademark registration or in which its business operations are located). The procedure of mediation may, in these circumstances, be an attractive way of resolving the dispute, since the process of facilitating negotiations can give rise to a creative solution which satisfies the commercial interests of both parties, but which cannot necessarily be imposed by law (e.g., a gateway page shared by the parties could be agreed upon).

242. There is a significant disadvantage, however, to mediation in the context of domain name disputes. It is a procedure that relies upon the good faith engagement of both parties for success. Since it is non-binding and either party can abandon the procedure at any stage, it is of little or no value in disputes concerning bad faith abusive registrations where it is unlikely that the holder of the abusive registration will cooperate.

243. Given that the utility of mediation may be limited to good faith disputes where there are serious interests on each side, it was recommended in the WIPO Interim Report that it would not be desirable to incorporate mediation as part of a mandatory dispute-resolution policy for domain name disputes. Mediation is always available for parties to choose, in the same way that they might choose to negotiate directly, without the assistance of a mediator, in order to find a solution to a dispute. Including specific reference to the possibility of mediation in the domain name registration agreement might unnecessarily complicate the agreement or confuse applicants. We confirm this recommendation in the present Report.

244. While parties with good faith disputes are encouraged to consider the advantages of mediation as a means of resolving the dispute, it is not recommended that a submission to mediation, whether optional or mandatory, be incorporated in the domain name registration agreement.

⁹⁸ Netscape Communications Corporation, which provided the first widely used commercial Internet browser, was founded in April 1994 by Dr. James H. Clark and Marc Andreessen, who created the NCSA Mosaic software whose graphical user interface simplified Internet navigation (see <http://home.netscape.com/company/about/backgrounder.html#market>).

⁹⁹ See the discussion in Chapter 5.

¹⁰⁰ See Comment of Ms. Shelley Hebert of Stanford University (San Francisco Consultation); Comment of Ms. Marilyn Cade of AT&T (Washington Consultation – 1998); Comment of Ms. Sarah Deutsch of Bell Atlantic (Washington Consultation – 1999); Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation); Comment of Ms. Susan Anthony of MCI Worldcom (Washington Consultation – 1998); Comment of Mr. Gregory Phillips of Johnson & Hatch for Porsche (San Francisco Consultation); Comment of Viacom (October 1, 1998 – RFC-2); Comment of Mr. Nils Montan of Warner Bros. (San Francisco Consultation).

¹⁰¹ In order to avoid this possibility, a significant number of trademark owners have registered their mark as a domain name in many TLDs around the world. The cost of so doing is relatively inexpensive (under

US\$10,000) but the practice has been criticized by some commentators in the WIPO Process as unnecessarily clogging the name space.

¹⁰² This may be particularly true in view of the possible increased popularity of the connected website and the tendency of users to cache, bookmark and hypertextlink frequently used Internet addresses.

¹⁰³ Cf. Lockheed Martin, 985 F. Supp. at 967 (Network Solutions, Inc. (NSI) was joined as defendant because it had registered the domain names in question. The court found that NSI was not liable, *inter alia*, because its acceptance of domain name registrations “is connected with their technical function to designate computers on the Internet, not with their trademark function to identify the source or goods and services”).

¹⁰⁴ See Comment of American Intellectual Property Law Association (November 6, 1998 – RFC-2); Comment of International Intellectual Property Alliance (November 6, 1998 – RFC-2).

¹⁰⁵ See Comment of Government of Hungary, Hungarian Patent Office (Budapest Consultation); Comment of Mr. Griffith Price of American Intellectual Property Law Association (Washington Consultation – 1998); Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation).

¹⁰⁶ See Comment of Government of Australia (March 30, 1999 – RFC-3); Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 - RFC-3); MCI WorldCom (March 19, 1999 – RFC-3); Comment of Government of United States of America, Office of Advocacy, US Small Business Administration (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Domain Name Rights Coalition (March 10 and 20, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of Mr. Jonathan Weinberg (March 12, 1999 – RFC-3); Comment of CommerceNet (March 12, 1999 – RFC-3); Comment of the International Trademark Association (March 12, 1999 – RFC-3); Comment of Ms. Ellen Rony (March 8, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

¹⁰⁷ This list of contracting States to the New York Convention is available on the website of the United Nations, <http://www.un.org>.

¹⁰⁸ See Comment of European Community and its Member States (November 3, 1998 – RFC-2); Comment of Government of Hungary, Hungarian Patent Office (Budapest Consultation); Comment of American Intellectual Property Law Association (November 6, 1998 – RFC-2); Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation).

¹⁰⁹ See, for example, Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3).

¹¹⁰ See, for example, Comment of Mr. Gregory Phillips of Johnson & Hatch for Porsche Cars (San Francisco Consultation).

¹¹¹ Cf. the United States White Paper, which recommended that domain name holders should “agree to submit infringing domain names to the jurisdiction of a court where the “A” root server is maintained, where the registry is domiciled, where the registry database is maintained, or where the registrar is domiciled.”

¹¹² In a recent case, *Porsche Cars North America, Inc et al. (E.D.Va. 1999)* (see <http://www.mama-tech.com/pc.html>), the plaintiff is claiming the Virginia Court has jurisdiction over disputes involving domain name holders resident in other States of the United States or in foreign countries on the basis of the argument that the claims are initiated against the domain names themselves rather than the domain name registrants (an *in rem* proceeding) (pending).

¹¹³ See Comment of KPMG (March 23, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999- RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

¹¹⁴ See Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 – RFC-3); Comment of Mr. Jonathan Weinberg (March 12, 1999 – RFC-3); Comment of Government of United States of America, Office of Advocacy, US Small Business Administration (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of Domain Name Rights Coalition (March 10, 1999 – RFC-3); Comment of Mr. Kurt Opsahl & Co-signatories (March 12, 1999 – RFC-3).

¹¹⁵ See, for example, Comment of European Brands Association (AIM) (February 17 and 23, 1999 – RFC-3; Comment of Bell Atlantic (February 26, 1999 – RFC-3).

¹¹⁶ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.h (March 4, 1999), at http://www.icann.org/policy_statement.html.

¹¹⁷ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.h at http://www.icann.org/policy_statement.html.

¹¹⁸ See Comment of *Fédération Internationale des Conseils en Propriété Industrielle* (November 9, 1998 - RFC-2); Comment of Mr. Griffith Price of American Intellectual Property Law Association (Washington Consultation – 1998); Comment of Mr. Gregory Phillips of Johnson & Hatch for Porsche (San Francisco Consultation).

¹¹⁹ See the discussion in Chapter 5.

¹²⁰ See Comment of MARQUES (November 6, 1998 – RFC-2); Comment of Domain Name Rights Coalition (November 6, 1998 – RFC-2); Comment of Electronic Frontier Foundation (November 6, 1998 – RFC-2); Comment of Mr. Scott Evans of International Trademark Association (Washington Consultation – 1998).

¹²¹ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 - RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3); Comment of Singapore Network Information Center (February 25, 1999 – RFC-3); Comment of European Brands Association (AIM) (February 17 and 23, 1999 – RFC-3).

¹²² See Comment of *Fédération Internationale des Conseils en Propriété Industrielle* (November 9, 1998 – RFC-2); Comment of Mr. Griffith Price of American Intellectual Property Law Association (Washington Consultation – 1998); Comment of Mr. Gregory Phillips of Johnson & Hatch for Porsche (San Francisco Consultation).

¹²³ See Comment of Government of Sweden, National Post and Telecom Agency (November 6, 1998 – RFC-2); Comment of Mr. Nils Montan of Warner Bros. (San Francisco Consultation).

¹²⁴ See Comment of European Community and its Member States (November 3, 1998 – RFC-2); Comment of American Intellectual Property Law Association (November 6, 1998 – RFC-2); Comment of *Fédération Internationale des Conseils en Propriété Industrielle* (November 9, 1998 – RFC-2); Comment of Mr. Amadeu Abril I. Abril of the Council of Registrars (CORE) (Brussels Consultation – 1998); Comment of Dr. Willie Black of Nominet UK (Brussels Consultation – 1998); Comment of Mr. Pavan Dugall of the Cyber Law Association (Hyderabad Consultation); Comment of Ms. Ellen Rony (San Francisco Consultation).

¹²⁵ RFC 1591, Section 4 (1), provides that in “case of dispute between domain name registrants as to the rights to a particular name, the registration authority shall have no role or responsibility other than to provide the contact information to both parties.”

¹²⁶ The list of States Party to the Paris Convention for the Protection of Industrial Property is given in Annex X.

¹²⁷ The list of States Party to the World Trade Organization (WTO) and bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) is given in Annex XI.

¹²⁸ See, e.g., Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Motion Pictures Association of America (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3).

¹²⁹ See ICANN Statement of Registrar Accreditation Policy, Art. III.J.7.i, at http://www.icann.org/policy_statement.html.

¹³⁰ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Government of France (March 18, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Motion Picture Association of America (March 18, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of AT&T (March 17, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3).

¹³¹ See Comment of the *Fédération des syndicats de producteurs de Châteauneuf-du-Pape* (March 24, 1999 – RFC-3).

¹³² See the Paris Convention for the Protection of Industrial Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

¹³³ *Ibid.*

¹³⁴ See Comment of the *Fédération des syndicats de producteurs de Châteauneuf-du-Pape* (March 24, 1999 – RFC-3).

¹³⁵ This note contains a listing of authorities illustrating the development of law in the area of domain names registration and use, and related allegations of trademark infringement.

See, *British Telecommunications Plc. Virgin Enterprises Ltd., J. Sainsbury plc, Ladbroke Group Plc. v. One in a Million Ltd. and Ors.*, (Court of Appeal, Civil Division, 23 July 1998) (see <http://www.nic.uk/news/oiam-appeal-judgement.html>) (court affirmed the grant of an injunction to prevent use of

domain names by the defendant for a fraudulent purpose); Panavision International, L.P. v. Toeppen No. 97-55467 (9th Cir. April 1998) (court determined that registration of others' trademarks as domain names, followed by attempts to sell them, constitutes 'commercial use' under United States Law); Toys R'Us, Inc. v. Eli Abir and Web Site Management, (1997, U.S. Dist. LEXIS 22431 (1997)) (court granted an injunction on the grounds of trademark infringement, to prevent the defendants' use of the domain name "toysareus.com," including to solicit international business or seeking to sell the domain name to foreign purchasers for use in foreign markets).

See Brookfield Communications, Inc., v. West Coast Entertainment Corporation, CV-98-09074-CRM (9th Cir. April 22, 1999); Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., E.D. VA, No. 98-634-A, February 2, 1999 (court held that the defendant's domain name "washington-speakers.com," constituted a colorable imitation of the plaintiff's trademark, "Washington Speakers Bureau," such that it was likely to confuse consumers as to the source or sponsorship of the defendant's business); Cardservice International, Inc. v. McGee, (950 F. Supp 737 (E.D. Va. 1997) (court found trademark infringement to have occurred where one entity registered a domain name which was misleadingly similar to another trademark, in order to trade off the goodwill in the trademark); Epson, District Court of Dusseldorf (34 191/96, April 4, 1997) (court held that even though the domain name holder had not used the name "epson.de" for e-mail or a web page, there was a concrete risk that he would do so later and stated that, to establish a likelihood of confusion, it was irrelevant what kind of products or services were offered on the web site, because the products to be compared were the web sites as such, regardless of the content of the web site); Sté Coopérative Agricole Champagne Céréale c/ J.G., (TGI de Versailles, Ord. Référé., April 14, 1998) (see http://www.legalis.net/legalnet/judiciaire/tgi_versailles_0498.htm) (Tribunal found that the use of the *dénomination sociale* of a company by another entity working in the same field created a risk of confusion); Commune d'Elancourt c/ Loic L., TGI de Versailles, Ord. Référé., October 22, 1998, (see http://www.legalis.net/legalnet/judiciaire/tgi_versailles_0498.htm) (Tribunal found that a site named "Elancourt Bienvenue à Elancourt" caused confusion with the site of the City of Elancourt "Ville d'Elancourt", and ordered the individual to cease using the former denomination); Yahoo! Inc. v Akash Arora & Anor., High Court of New Delhi, February 19, 1999 (I.A., No.10115/1998 in Suit No.2469/1998) (court passed judgment in favor of the owners of the search engine Yahoo, against the registration and use by another entity of the domain name "Yahooindia.com").

See Planned Parenthood Federation of America, Inc. v. Richard Bucci, d/b/a Catholic Radio, 1997, U.S. Dist. LEXIS 3338 (1997) (court granted an injunction against the use of a domain name similar to the trademark of the Planned Parenthood organization, after balancing the interest in protection of free speech and the right to make political statements, against the likelihood of confusion from the use of a domain name).

See Citroen, District Court of Frankfurt, January 7, 1997 (2-06 0 711/96) (court granted a preliminary injunction to prevent an entity that did not own the trademark from registering "citroen.de" as a domain name); Honda, District Court of Frankfurt, April 4, 1997, (2/06 0 194/97) (court granted a preliminary injunction against an entity that had registered "honda.de" as a domain name); Heidelberg, Munich District Court, 1996, CR 353 (court stated that a computer company's use of the name "heidelberg.de" caused confusion and harmed the interests of the City of Heidelberg, and that the fact that the City of Heidelberg could use an alternate domain name was irrelevant because the domain name holder had no legitimate right to the name "Heidelberg"); *c.f.* case of Pitman Training, Ltd. v. Nominet UK, [1997] F.S.R. 797 (see <http://www.nic.uk/news/index.html>) (court, in a dispute over the right to use the domain name "pitman.co.uk," considered the competing legitimate interests of two companies trading under the name "Pitman" in different jurisdictions and determined the dispute on the basis of the first-come, first-served principle).

See Oggi Advertising, Ltd. v. McKenzie and Ors, CP147/98, (unreported, Baragwanath J., High Court of Auckland, June 5, 1998) (see <http://aardvark.co.nz/n357.htm>) (court ordered the reassignment of a domain name on the basis that the defendant had conspired to pass off its goods as the plaintiff's, appropriate the plaintiff's reputation and prevent the plaintiff from exploiting its intellectual property).

See Tractebel, Court of Appeal of Brussels, April 1, 1998 (see http://www.droit-technologie.org/articles/domain_name_grabbing_arret.pdf) (court held that the registration of a domain name by a third party, thereby preventing the owner of the trade name from registering its corresponding domain name, constituted an act of unfair competition).

See also International Association for the Protection of Industrial Property, Group Reports Q143: Internet Domain Names, Trademarks and Trade Names, XXXVIIth Congress, Rio de Janeiro, 1998 (Yearbook 1998/VI).

¹³⁶ See Comment of Government of Sweden, National Post and Telecom Agency (November 6, 1998 – RFC 2); Comment of Mr. Nils Montan of Warner Bros. (San Francisco Consultation).

¹³⁷ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of the International Trademark Association (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3).

¹³⁸ See Comment of Government of Australia (March 30, 1999 – RFC-3); Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Government of the Republic of Korea, Korean Industrial Property Office (March 11, 1999 – RFC-3); see also *Conseil d'Etat, Section du rapport et des études, Internet et les Réseaux Numériques*, study adopted by *l'Assemblée Générale du Conseil d'Etat* on July 2, 1998, page 11, para. 2.4, in which the French Conseil d'État suggested that a decision-maker should have the power to impose a solution that might make use of such measures.

¹³⁹ Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3); Comment of Government of Hungary, Hungarian Patent Office (March 4, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3).

¹⁴⁰ It is a standard feature in the rules of international dispute-resolution service providers that the decision-maker is vested with discretion to apportion costs between the parties in the light of the circumstances and the outcome of the dispute.

¹⁴¹ See Comment of Porsche Cars (Washington Consultation – 1998).

¹⁴² See Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation); Comment of International Intellectual Property Alliance (November 6, 1998 - RFC-2); Comment of Ms. Shelley Hebert of Stanford University (San Francisco Consultation); Comment of Ms. Sarah Deutsch of Bell Atlantic (Washington Consultation – 1998); Comment of Mr. Amadeu Abril I. Abril of the Council of Registrars (CORE) (Brussels Consultation – 1998); Comment of Ms. Ellen Rony (San Francisco Consultation).

¹⁴³ See Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of America Online (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of British Telecommunications (March 19, 1999 – RFC-3); MCI WorldCom (March 19, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3).

¹⁴⁴ See Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Ms. Sarah Deutsch of Bell Atlantic (Washington Consultation – 1998); Comment of Mr. Neil Smith of Limbach & Limbach (San Francisco Consultation).

¹⁴⁵ See Comment of Motion Picture Association of America (November 6, 1998 - RFC-2); Comment of Viacom (October 1, 1998 - RFC-2).

¹⁴⁶ See Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 – RFC-3); Comment of International Trademark Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of KPMG (March 23, 1999 – RFC-3); Comment of Ms. Sarah Deutsch of Bell Atlantic (Washington Consultation – 1998); Comment of Mr. Neil Smith of Limbach & Limbach (San Francisco Consultation).

¹⁴⁷ See Comment of International Intellectual Property Alliance (March 12, 1999 – RFC-3).

¹⁴⁸ See Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3).

¹⁴⁹ See, e.g., Comment of Government of Switzerland, Swiss Federal Institute of Intellectual Property (November 4, 1998 - RFC-2); Comment of European Community and its Member States (March 19, 1999 – RFC-3); Comment of the International Trademark Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of Motion Pictures Association of America (March 18, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3); Comment of Ford Motor Company (March 20, 1999 – RFC-3); Comment of *Fédération Internationale des Conseils en Propriété Industrielle* (November 9, 1998 - RFC-2); Comment of Institute of Trade Mark Agents (November 3, 1998 - RFC-2); Comment of Mr. Pavan Duggal of the Cyberlaw Association (Hyderabad Consultation). In the United States White Paper (Section 8), it was also noted that most commentators in that process “favored creation of an on-line dispute resolution mechanism to provide inexpensive and efficient alternatives to litigation for resolving disputes between trademark owners and domain name registrants.”

¹⁵⁰ See Comment of Singapore Network Information Center (February 25, 1999 – RFC-3); Comment of Government of Hungary, Hungarian Patent Office (March 4, 1999 – RFC-3); Comment of MARQUES (March 11, 1999 – RFC-3).

¹⁵¹ Comment of British Telecommunications (March 19, 1999 – RFC-3); Comment of International Chamber of Commerce (March 18, 1999 – RFC-3); Comment of AT&T (March 4 and 17, 1999 – RFC-3); Comment of Time Warner (March 13, 1999 – RFC-3); Comment of Bell Atlantic (February 26, 1999 – RFC-3).

¹⁵² See, e.g., Comment of Institute of Trade Mark Agents (November 3, 1998 - RFC-2).

¹⁵³ ICANN Statement of Registrar Accreditation Policy, Art. III.k, at http://www.icann.org/policy_statement.html.

¹⁵⁴ Comment of Deutsche Telekom (March 5, 1999 – RFC-3); Comment of Brazilian Steering Committee (March 10, 1999 – RFC-3); Comment of Council of Hungarian Internet Providers (March 12, 1999 – RFC-3).

¹⁵⁵ See Comment of American Intellectual Property Law Association (November 6, 1998 - RFC-2); Comment of Mr. Gregory Phillips of Johnson & Hatch for Porsche (San Francisco Consultation).

¹⁵⁶ See the following for several comments in favor of an appeal mechanism: Comment of Government of the Republic of Korea, Korean Industrial Property Office (March 11, 1999 – RFC-3); Comment of Government of Australia (March 30, 1999 – RFC-3); Comment of European Internet Service Providers Association (March 12, 1999 – RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 – RFC-3); Comment of MCI WorldCom (March 19, 1999 – RFC-3).

¹⁵⁷ See Comment of Government of Switzerland, Swiss Federal Institute of Intellectual Property (November 4, 1998 – RFC-2); Comment of American Intellectual Property Law Association (Washington

Consultation – 1998); Comment of the New Zealand Internet Registry (Domainz) (November 18, 1998 – RFC-2).

¹⁵⁸ See Comment of *Fédération Internationale des Conseils en Propriété Industrielle* (November 9, 1998 – RFC-2); Comment of Mr. Pavan Duggal of the Cyberlaw Association (Hyderabad Consultation).

¹⁵⁹ See, e.g., Comment of Ms. Susan Anthony of MCI Worldcom (Washington Consultation – 1998).

4. THE PROBLEM OF NOTORIETY: FAMOUS AND WELL-KNOWN MARKS

245. Fame brings with it attention in many forms, amongst them imitation, by those who wish to benefit from its perceived advantages; association, on the part of those who wish to share in its perceived benefits; and criticism, by those who wish to question the status given to the one who enjoys fame. Not surprisingly, therefore, on the open and efficient medium of communication that the Internet is, fame attracts attention and provokes various forms of reactions.

246. In the commercial area, fame is most often manifested in reputation, and reputation is most often attached to the expression of identity of the enterprise: its trademarks. Famous and well-known marks have been the special target of a variety of predatory and parasitical practices on the Internet. The consultations held throughout the WIPO Process and the submissions made in them have confirmed the singular nature of these predatory and parasitical practices with respect to famous and well-known marks.¹⁶⁰

247. Because of the special attention that fame attracts, famous and well-known marks have for a long time been considered in intellectual property laws to warrant special protection, over and above that accorded to other, ordinary marks. That special protection is well established in widely accepted international agreements on the multilateral level.

248. In the WIPO Interim Report, it was recommended that the international norms for the protection of famous and well-known marks should be given expression in the DNS through a mechanism whereby the owner of a famous or well-known mark could obtain an exclusion prohibiting any third party from registering the mark as a domain name.

249. The proposed mechanism for exclusions was widely supported in the commercial and intellectual property sectors as an appropriate means of reflecting established international principles in the DNS. Many commentators from these sectors viewed exclusions as an indispensable safeguard in relation to the expansion of the DNS through the addition of new gTLDs. They feared the repetition of the experience of the last five years, in which the owners of famous and well-known marks have had to invest large amounts of human and financial resources in defending their marks against abusive domain name registrations.¹⁶¹

250. On the other hand, a number of commentators opposed having any mechanism for exclusions. They regarded exclusions as extending the protection accorded to famous and well-known marks and feared the erosion of the DNS through the removal of large numbers of names from its ambit. They considered that the owners of famous and well-known marks had sufficient resources to defend their interests without a systemic mechanism for that purpose.¹⁶²

251. In this Final Report, WIPO maintains the essence of the recommendations contained in the Interim Report, namely, that a mechanism for granting exclusions to famous and

well-known marks should be established. The basis for the final recommendations and their details are set out in the remainder of this Chapter.

INTERNATIONAL PROTECTION OF FAMOUS AND WELL-KNOWN MARKS

252. The international protection of famous and well-known marks is recognized in two multilateral treaties: the Paris Convention for the Protection of Industrial Property (the Paris Convention), to which 154 States are party,¹⁶³ and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), by which 134 States are bound.¹⁶⁴

253. The protection of famous and well-known marks in the Paris Convention is provided for in Article *6bis*, section (1) of which provides as follows:

“The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.”¹⁶⁵

254. Four features of the protection provided for in Article *6bis* of the Paris Convention may be noted:

(i) The protection accorded to famous and well-known marks is a protection against the registration and use of a trademark that constitutes a reproduction, imitation or translation, liable to create confusion, of a well-known or famous mark or an essential part of such a mark.

(ii) The protection in Article *6bis* extends only to trademarks, that is marks that are used in respect of goods, and does not extend to service marks which are used in respect of services. By virtue of the Trademark Law Treaty (TLT), however, the provisions of the Paris Convention relating to trademarks are extended to service marks.¹⁶⁶ The TLT was concluded only in 1994 and, while an increasing number of States are manifesting their interest in becoming party to the TLT,¹⁶⁷ at the present date only 22 States are party to it.

(iii) The protection extends to registration or use in respect of identical or similar goods. This feature is usually known as the “principle of specialty,” a principle of trademark law under which protection for a trademark extends only to the same or similar goods as are covered by the registration or use of the trademark.

(iv) Article *6bis* is silent on what constitutes a well-known mark. The appreciation of whether a mark is well known is left to the “competent authority” of the country where the illegitimate registration or use occurs.

255. The provisions of Article *6bis* of the Paris Convention are confirmed and extended by the TRIPS Agreement. Article 16.2 and 16.3 contain the following provisions:

“2. Article *6bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

“3. Article *6bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.”

256. Three features of Article 16.2 and 16.3 of the TRIPS Agreement may be noted:

(i) Article 16.2 builds on the work of the TLT in extending the protection of Article *6bis* of the Paris Convention to famous and well-known service marks.

(ii) Article 16.2 of the TRIPS Agreement provides a non-exhaustive guide to the competent authorities of countries in appreciating whether a mark is well known. In this respect it provides that, in “determining whether a trademark is well known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.”

(iii) Article 16.3 of the TRIPS Agreement provides for protection that extends beyond the normal protection under the principle of specialty. It provides for the protection under Article *6bis* of the Paris Convention to apply to goods and services which are not similar to those in respect of which a trademark is registered on two conditions: first, that the use of the allegedly infringing mark in relation to those other goods or services would indicate a connection between those other goods or services and the owner of the famous mark, and, secondly, that the interests of the owner of the famous mark are likely to be damaged by such use. This extended protection reflects a distinction that is made in many national laws between, on the one hand, famous marks, which represent that class of well-known marks that are so famous that they require protection against infringing use in respect of any goods or services, and, on the other hand, well-known marks, which require protection against

infringing registration or use in respect of the same or similar goods or services for which the well-known mark is registered or used. The terminology and practice relating to this distinction differ somewhat around the world.¹⁶⁸ For this reason, in this Chapter, except where a distinction is deliberately made, the collective term “famous and well-known marks” is used, since it is in any case agreed that well-known marks are the subject of a special form of international protection.

THE IMPLEMENTATION OF PROTECTION FOR FAMOUS AND WELL-KNOWN MARKS IN CYBERSPACE

257. In considering how the international protection for famous and well-known marks can be given expression in respect of domain names, there are four areas of conceptual difficulty that need to be borne in mind.

258. First, it is to be noted that the provisions of the Paris Conventions and the TRIPS Agreement are directed at the protection of famous and well-known marks against the registration or use of other infringing marks. Domain names, of course, are not the same thing as marks and are used for many purposes other than the identification of a producer or seller of goods or services. They are, however, also used as a means of identifying goods and services with the producer or seller of those goods and services.

259. Secondly, the protection of famous and well-known marks under the Paris Convention and the TRIPS Agreement extends to those countries where the competent authority considers that the mark is famous or well-known. Where is where in a gTLD?

260. Thirdly, while there is an international obligation to accord protection to famous and well-known marks, there is not an established treaty definition of what constitutes such a mark. It is left to the appreciation of the competent authority in the country where protection is asserted. As noted, however, Article 16.2 of the TRIPS Agreement provides some guidance as to the criteria that such a competent authority must take into account in forming its appreciation. In addition, such criteria have been developed in national case law and regulatory practices and decisions around the world.

261. Fourthly, while the protection of famous marks has increasingly been implemented at the national level by laws directed at prohibiting any use of famous marks by third parties that dilutes the integrity and reputation of such marks, the protection of well-known marks exists often only in respect of the registration or use of a confusingly similar mark in relation to the same goods or services as those for which the well-known mark is registered or used. At the present time, the gTLDs are largely undifferentiated. Insofar as some differentiation does exist, there is no enforcement mechanism to ensure that those who have registered domain names in open gTLDs confine their use of the domain name to the broad purposes of the gTLD.¹⁶⁹ Thus, one can have a domain name registered in .com without undertaking any commercial activity, or a domain name registered in .net while undertaking commercial

activity that is completely unrelated to the provision of Internet or network services. There is a lack of connection between the **underlying** theoretical foundations of differentiation in the registration and use of trademarks and differentiation in the registration and use of domain names, since differentiation is intended to serve a different purpose in each case.

262. We consider that the administrative procedure in respect of bad faith, abusive registrations of domain names, which was discussed in the previous chapter, should provide an efficient means for suppressing many of the predatory and parasitical practices to which famous and well-known marks are subject. The administrative procedure is, however, rightly available to all and does not give expression to the separate international protection that already exists for famous and well-known marks. The ensuing part of this Chapter addresses two mechanisms designed for this purpose, which seek to take into account the conceptual problems in implementing protection for famous and well-known marks discussed above and the comments received throughout the WIPO Process. The two mechanisms are:

(i) a mechanism for obtaining and enforcing an exclusion of the use of a famous or well-known mark; and

(ii) an evidentiary device for ensuring that the protection afforded by an exclusion can be extended to misleadingly similar, as well as the same, domain name registrations.

MECHANISM FOR EXCLUSION OF FAMOUS AND WELL-KNOWN MARKS IN OPEN gTLDs

263. The main thrust of the two bodies of opposing views on the establishment of an exclusive mechanism is summarized above. The preponderance of views favored the establishment of the mechanism and, both for this reason and because it seems correct in principle that famous and well-known marks are recognized in international law as being subject to special protection, the recommendation in favor of the mechanism is being maintained. We also consider that it could be highly economically wasteful, in view of the experience in the existing open gTLDs over the past five years, to add new open gTLDs without any safeguard against the grabbing or the squatting of famous and well-known marks by unauthorized parties in those new open gTLDs. Nevertheless, there were two comments or criticisms that were frequently voiced by the opponents of an exclusion mechanism that, in the interests of transparency and fairness in the Process, need to be articulated and addressed.

264. The first such comment stems from the fear of the erosion of the domain name space.¹⁷⁰ Here, some commentators expressed anxiety about the lowering of standards for obtaining an exclusion over time, with the result that exclusions would be granted for less than famous or well-known marks and that the total number of exclusions would be in the tens of thousands. These commentators pressed for quantitative limitations on exclusions in order to give assurances against the erosion of the domain name space. Two such quantitative limitations were, in particular, suggested.

265. The first was a suggested quantitative threshold number of trademark registrations around the world which would need to be shown in order to qualify for the right to request an exclusion. For example, an applicant could be required to show 50 trademark registrations in order to be able to proceed with an application for an exclusion.

266. While we sympathize with the desire to ensure that standards for assessing whether a mark is famous or well-known are not lowered, we consider a quantitative entry criterion in terms of numbers of registrations to be wrong in principle. A mark is famous or well-known because of its notoriety or reputation, not because of the number of countries in which it is registered. It is for this reason that both the Paris Convention and the TRIPS Agreement establish protection for well-known marks whether or not they are registered in the country in which the protection is asserted. A mark may be famous or well-known even if not registered in numerous countries. A mark may also not be famous or well-known even if registered in over 100 countries of the world.

267. Criteria for the assessment of whether a mark is famous or well-known are given below. One of those criteria is the “duration and geographical area of any registrations, and/or applications for registration, of the mark, to the extent that they reflect use or recognition of the mark.” It is considered that this criterion (in conjunction with the other criteria) deal appropriately with the role of numbers of registrations: they are one of the indications to be taken into account in assessing notoriety and reputation, not a fixed standard.

268. The second quantitative limitation suggested was in the form of a quota of exclusions that could be granted. For example, the quota might be established at 2,000 and no more than that number of exclusions could be granted. The quota might be reviewed from time to time in light of experience.

269. We appreciate that the absence of a single list of famous and well-known marks causes apprehension as to the number of such marks. But we consider that a quota could operate in an entirely arbitrary manner. The selection of the level of the quota would, for a start, be arbitrary. The level could work arbitrarily against marks which become suddenly famous, whose owners might be prejudiced by the previous filling of the quota. Such marks do exist. If the mention of a so-called “lifestyle” drug which received great publicity in the last two years, or the mention of a very popular website associated with the sale of books, brings a name automatically to the mind of the reader, these might be examples. Furthermore, rather than control the standard for assessing famous or well-known marks, we think that a quota may have the opposite effect: it might cause a rush on the part of all and sundry to obtain an exclusion rapidly before the quota is filled and prompt a deluge of applications.

270. The second comment frequently voiced by opponents of exclusions was that exclusions extended the existing protection available for famous and well-known marks; that, in other words, they created new law.¹⁷¹ The main basis for this argument seems to be that the “protection” afforded by an exclusion extends across an undifferentiated space. As mentioned above, our view is not that exclusions extend such protection, but that they give expression to it in the DNS.

271. Protection for well-known marks, however, affixes, in the first place, to infringing marks that are used in respect of the same goods or services as those for which the well-known mark is registered or used. By virtue of Article 16.3 of the TRIPS Agreement, and corresponding provisions in national laws, it extends beyond similar goods or services to other goods or services provided that the use of the infringing mark in relation to those other goods or services would indicate a connection between those goods or services and the owner of the famous mark, and provided that the interests of the owner of the famous mark are likely to be damaged by such use. An exclusion for a famous or well-known mark would constitute a form of protection that applies more broadly than simply protection for the goods or services in relation to which a well-known mark is registered or used. This consequence seems unavoidable while the open gTLDs are undifferentiated as to activity, or, at least, for as long as any differentiation is not practically enforced.

272. A further basis for the criticism that exclusions would extend existing protection might be that the gTLDs are not geographically specific and that an exclusion thus operates across an undifferentiated physical space, whereas protection for famous and well-known marks exists only in those jurisdictions in which they are famous or well-known. On the other hand, a domain name registration gives global access, including in all those places where a mark is famous or well-known.

273. These are difficult questions. If they were to be resolved on a case-by-case basis, the assessment of the activities, if any, performed on a website would give an answer to the questions whether a domain name registration of a famous or well-known mark indicates a connection between goods or services dealt with on the website and the owner of the mark, whether the interests of the owner are thereby damaged, and whether the integrity or reputation of the mark is thereby adversely affected. An exclusion assumes an answer to those questions or, at least, suggests that the potential for action created by a domain name registration is too dangerous, in the light of experience of the use of that potential, to allow.

274. We consider that the best safeguards against the fears of the opponents of exclusions are twofold. First, discipline and rigor in relation to the criteria for assessment of entitlement to an exclusion, which are discussed below, are required on the part of all and, particularly, the panels which will be responsible for that assessment and the owners of marks. It must be understood that not any mark will qualify. Secondly, in view of the undifferentiated geographical space of the gTLDs, it is considered that, in order to qualify for an exclusion, a mark should be famous or well-known across a widespread geographical area and across different classes of goods and services. The policy that may ultimately be adopted in relation to the structure of any new gTLDs may require a review of the last point. To take one example, if 500 new gTLDs were created (and it is not suggested that this is a possibility), the degree of differentiation and the means, if any, of enforcing compliance with domain descriptions (such as “com” or “net”) may warrant that exclusions be granted also to marks that are only well-known for goods or services corresponding to those domain descriptions. This is not the case at the moment, however.

275. It is recommended that a mechanism be established before the introduction of any new

open gTLDs whereby exclusions can be obtained and enforced for marks that are famous or well-known across a widespread geographical area and across different classes of goods and services.

Brief Description of the Mechanism for Exclusions

276. It is suggested that the mechanism should function by way of administrative panels of experts, appointed from time to time, in response to applications from the owners of allegedly famous or well-known marks, to make determinations on whether an exclusion should be granted in respect of a particular mark in some or all open gTLDs. As indicated below, it is suggested that the administration of the panels be centralized. An internationally representative list of persons who would serve on the panels should be drawn up and the names and qualifications of those persons should be published. In response to a particular application, an ad hoc panel of three persons from the list would be appointed to make the determination. The costs of the procedure, in both instances, would be borne by the applicant for the exclusion, since it is the applicant that stands to gain the benefit of an exclusion and, thus, the expression in the domain name space of the special protection afforded to the applicant's famous or well-known mark. An exclusion would be granted in respect of either some or all open gTLDs and would be granted indefinitely. However, third parties would be free to apply to have an exclusion cancelled in respect of any of the gTLDs for which it was granted (for example, if an exclusion were granted for all open gTLDs, it is conceivable that a third party might prove a legitimate interest in being able to register a domain name, as an exception to the general exclusion, in one particular gTLD). In the case of applications brought by third parties to cancel an exclusion, it is suggested that the costs of the procedure be borne by that third party. The exclusion would be granted only in relation to a string that is identical to the famous or well-known mark. Furthermore, the exclusion mechanism would apply only to new open gTLDs. Finally, exclusions that are granted under the mechanism would not have any retroactive effect, i.e., if a party had registered a string as a domain name in relation to which an exclusion is later granted to another party, the first party's domain name would remain unaffected by the exclusion (but the other party could seek to obtain its cancellation through the administrative dispute-resolution procedure). These proposed features have received wide support among the commentators favoring the establishment of an exclusion mechanism.

Implementation of the Mechanism

277. In order to implement the mechanism for obtaining and enforcing exclusions, it would be necessary for a policy to be adopted by ICANN allowing for such exclusions and providing, through the chain of contractual authorities from ICANN to registration authorities, for the direct enforcement by registration authorities of any exclusion granted under the mechanism.

278. *It is recommended that:*

(i) ICANN adopt a policy providing for a mechanism for obtaining and enforcing exclusions in open gTLDs for famous and well-known marks; and

(ii) Registration authorities agree, in the chain of contractual authorities from ICANN, to implement determinations made for exclusions of famous and well-known marks in gTLDs.

Procedural Considerations

279. The mechanism for obtaining and enforcing exclusions for famous and well-known marks should have the same characteristics as the administrative procedure insofar as the procedure should be expeditious, conducted, as far as possible, on-line and lead to determinations that are directly enforced within the DNS. There are, however, three differences from the administrative procedure that should be adopted with respect to the mechanism for obtaining and enforcing exclusion for famous and well-known marks:

(i) Since the potential result of the mechanism (an exclusion), as opposed to the result of the administrative procedure, affects third parties (indeed, all users of the domain name space would be prevented from registering a domain name corresponding to the exclusion), it is considered that notice of an application for an exclusion and the determination should be made publicly available by being posted on a website.

(ii) Again, since the potential result of the mechanism affects all users of the domain name space, provision should be made in the mechanism for the participation of any third party with a legitimate interest (for example, a competing interest in the use of the name) in the proceedings. Such participation could take the form of allowing an interested third party to file a submission in favor of or against the granting of an exclusion.

(iii) In contrast to the recommendation concerning competition in dispute-resolution service providers for the administrative procedure, it is considered that there are distinct advantages in centralization of the administration of the mechanism for obtaining and enforcing exclusions for eligible famous and well-known marks. It would be of advantage to interested users of the domain name space to be able to access one website where information about all actions concerning applications for exclusions and all information on exclusions granted or refused is available. Consistency in decision making will be of paramount importance and, in this respect, there seems to be an advantage in the maintenance of a published, centralized list of well-qualified decision-makers, as opposed to allowing different lists of decision-makers to determine whether exclusions should be granted. WIPO would,

consistently with its mandate, be available to provide the centralized administration of the mechanism.

280. *It is recommended that the mechanism for obtaining and enforcing exclusions provide for:*

(i) *publication of any application for an exclusion and all determinations on a centralized website;*

(ii) *the maintenance of a published list of well-qualified decision-makers and the appointment of ad hoc panels of three persons from that list to make determinations in respect of any particular application;*

(iii) *the participation of interested third parties in proceedings on an application for an exclusion; and*

(iv) *the centralized administration of the procedure.*

Relationship of Determinations to the Status of Marks Outside Cyberspace

281. In the WIPO Interim Report, it was recommended that determinations on granting or refusing exclusions of famous and well-known marks should be made only for the purposes of the efficient administration of the DNS. Any determination to grant or refuse an application for an exclusion, therefore, should carry no implication for the status of the mark that is the subject of the application as a famous or well-known mark more generally. Determinations would thus not be binding either on national or regional industrial property offices or on national courts. This recommendation received wide support among commentators.¹⁷²

282. *It is recommended that determinations on applications for exclusions for famous or well-known marks should have no binding effect on national or regional industrial property offices or national courts in their implementation of international norms for the protection of famous and well-known marks.*

Criteria for Making Determinations

283. As mentioned above, international norms provide for the protection of famous and well-known marks, but leave the appreciation of what constitutes such a mark to the competent national authority. The TRIPS Agreement, in Article 16.2, advances this situation by requiring competent national authorities that are bound by the TRIPS Agreement to take into account, in the assessment of whether a mark is well-known, “the knowledge of the trademark in the relevant sector of the public, including knowledge in the [country] concerned which has been obtained as a result of the promotion of the trademark.”

284. Work on the determination of a list of factors that should be taken into account in determining whether a mark is well-known has been undertaken under the auspices of WIPO over the past several years in a Committee of Experts on Well-Known Marks and, more recently, in the successor to that body, the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (the WIPO SCT). At its last meeting, in March 1999, the WIPO SCT adopted the following list of factors as the recommended non-exhaustive criteria to be considered in determining whether a mark is well known:¹⁷³

“(a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

“(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

- “1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
- “2. the duration, extent and geographical area of any use of the mark;¹⁷⁴
- “3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;¹⁷⁵
- “4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
- “5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by courts or other competent authorities; and
- “6. the value associated with the mark.”

285. The list of non-exhaustive factors in paragraph (b) in the preceding text was drawn up with reference to well-known marks in general and without particular reference to problems encountered through domain name registrations. In order to accommodate the specificities of the protection of famous and well-known marks in relation to domain names, it is suggested that a further factor be added to the list given in the preceding paragraph:

“7. evidence of the mark being the subject of attempts by non-authorized third parties to register the same or misleadingly similar names as domain names.”

286. The foregoing list of factors were recommended, in the WIPO Interim Report, as the basis on which decisions on applications for exclusions of famous or well-known marks should be taken. This recommendation was well received by those commentators who favored a mechanism for exclusions.¹⁷⁶ Certain of them, however, considered that they were too judicial in nature and that simpler, quantitative measures capable of easy administrative application would be preferable.¹⁷⁷ We consider, however, that careful consideration needs to be given to determinations on exclusions, which will have effect indefinitely, even if this means that the processing time for applications for exclusions is slowed as a consequence.

287. It is recommended that decisions on applications for exclusions of famous or well-known marks in open TLDs be taken on the basis of all the circumstances of the application and, in particular, the non-exhaustive list of factors set out in paragraph 284, above, together with the further factor set out in paragraph 285 above.

EVIDENTIARY PRESUMPTION RESULTING FROM AN EXCLUSION

288. As a means of giving expression to the protection of famous and well-known marks, exclusions suffer from an important limitation. They provide protection only for the exact name of the famous or well-known mark. They are thus not effective against close phonetic and spelling variations of the famous or well-known mark that are registered as domain names in bad faith in an endeavor to benefit from the reputation of the famous or well-known mark.¹⁷⁸ In respect of such close variations, the owner of the famous or well-known mark would be obliged, even after obtaining an exclusion, to resort to either litigation or the administrative procedure in order to seek to cancel or otherwise remedy the damage being done by the close variation that is registered as a domain name.

289. In order to reduce the impact of this limitation, the WIPO Interim Report recommended that consideration be given to the introduction of an evidentiary presumption resulting from the granting of an exclusion which would operate in claims brought under the administrative procedure by the holder of the exclusion against the holders of domain names that were allegedly identical or misleadingly similar. The presumption would work in the following way. The holder of an exclusion for a famous or well-known mark would be required, in any

administrative dispute-resolution procedure initiated by it, to show: (i) that a domain name was identical or misleadingly similar to the mark that is the subject of the exclusion; and (ii) that the domain name was being used in a way that was likely to damage the interests of the owner of the mark that was the subject of the exclusion. Upon such a showing, the burden of proof in the procedure would shift to the domain name registrant to justify that its registration of the domain name was in good faith and to show why that registration should not be cancelled. If the domain name registrant were unable to make such a showing, the registration would be cancelled. The evidentiary presumption would be available in respect of any gTLD in which an exclusion had been obtained.

290. Commentators who were in favor of the exclusion mechanism supported this recommendation. Those who opposed exclusions viewed the proposal as an illustration of the way in which the rights of trademark owners would be extended to the detriment of other Internet users, for example, those exercising rights of free speech. Since it is now proposed that the scope of the administrative procedure be limited to cases of abusive registration, we consider that the interests of those exercising recognized rights of free speech are not likely to be affected in any way adversely by the evidentiary presumption. It is recalled that the definition of abusive registration of a domain name, which it is recommended, above, be applied in the administrative procedure, requires that the holder of a domain name have “no rights or legitimate interests” in respect of the domain name before the registration of the domain can be considered abusive.

291. It is recommended that the granting of an exclusion give rise to an evidentiary presumption, in favor of the holder of an exclusion, in the administrative procedure in such a way that, upon showing that the respondent held a domain name that was the same as, or misleadingly similar to, the mark that was the subject of an exclusion and that the use of the domain name was likely to damage the interests of the holder of the exclusion, the respondent would have the burden of justifying the registration of the domain name.

OTHER FORMS OF EXCLUSIONS

292. Two comments were submitted on the WIPO Interim Report by intergovernmental organizations, which are specialized agencies of the United Nations, that request that certain classes of names and abbreviations be assimilated to famous and well-known marks and eligible for exclusions in the open gTLDs.

293. The first comment was submitted by the International Telecommunication Union (ITU), which pointed out that the names and acronyms of a number of intergovernmental

organizations had been registered as domain names by speculators. Numerous variations of “United Nations” have, for example, been registered by third parties, and the domain names *itu.com* and *wipo.com* had also been registered and were being offered to sale by the same party.

294. The need for protection of the names and acronyms of international intergovernmental organizations from unauthorized commercial exploitation is recognized internationally in Article 6*ter* of the Paris Convention for the Protection of Industrial Property and through the TRIPS Agreement. Article 6*ter* of the Paris Convention requires the 154 countries party to that Convention “to refuse or to invalidate the registration, and to prohibit by appropriate measures the use, without the authorization by the competent authorities, either as trademarks or as elements of trademarks,” of the abbreviations and names of international intergovernmental organizations, where these have been communicated to WIPO.

295. The second comment was submitted by the World Health Organization (WHO), which has the constitutional mandate to develop, establish and promote international standards with respect to biological, pharmaceutical and similar products. Pursuant to WHO resolution 3.11 on Nonproprietary Names for Pharmaceutical Substances (adopted in May 1950 by the Third World Health Assembly), the Organization collaborates closely with national nomenclature committees to select a single, nonproprietary name of worldwide acceptability for each active substance used in pharmaceutical preparations. In this regard, WHO has been made responsible for selecting and promoting the protection of International Nonproprietary Names (INN) for Pharmaceutical Substances, in coordination with national authorities worldwide.

296. The underlying reason for ensuring that no party can claim any proprietary rights in INNs is to protect the safety of patients by allowing them to identify a specific pharmaceutical substance under one single, globally available name. After their selection, INNs are adopted by the national authorities of WHO Member States, which means that such INNs may not, in principle, be registered as trademarks. INNs are published in the following official languages: English, French, Latin, Russian and Spanish.

297. Although – as opposed to trademarks – INNs are in the public domain, WHO considers it important that their free availability is used exclusively for its intended purpose in the public interest, i.e., for the identification of a specific pharmaceutical substance. The Organization is therefore concerned to learn that – like trademarks – INNs have been registered as domain names.

298. The predatory or parasitical use of the names or acronyms of international intergovernmental organizations as domain names is clearly offensive to the States that have established those organizations. Where the domain name is used as an identifier for commercial purposes, it offends the policy upon which Article 6*ter* of the Paris Convention is based, which is to prohibit the use of those organizations’ names or acronyms as trademarks or elements of trademarks.

299. The predatory or parasitical use of INNs as domain names offends a carefully established public health and safety policy by attributing to the domain name holders rights

that are increasingly akin to proprietary rights, since the registrations of domain names are effectively bought and sold through transfer agreements.

300. We consider that there are two ways of dealing with the problem. The first way would be through the extension of the exclusion mechanism. In the case of the names and acronyms of international intergovernmental organizations, the exclusion mechanism would seem appropriate, especially since litigation in the courts of one particular member country is not, in general, considered appropriate as a means of enforcing a treaty-established status. In order to avoid the attribution of any form of proprietary rights to INNs, the exclusion mechanism could also be appropriate for INNs.

301. The second way of dealing with the problem would be through the extension of the definition of abusive domain name registration to include abuse of the names and acronyms of international intergovernmental organizations and of INNs.

302. We consider that both possible solutions warrant very serious consideration. It is recognized that it is outside the scope of the present WIPO Process to recommend an immediate solution, since the terms of reference of that Process, in their relevant part, were directed at dispute resolution for intellectual property violations and a mechanism for protecting famous and well-known marks. We believe that the questions should, however, be the subject of further reflection and consultation by ICANN with a view to achieving a suitable solution, especially before the introduction of any new gTLDs which would be likely to compound existing problems.

303. It is recommended that ICANN initiate a process designed to address the problem of the abusive registration of the names and acronyms of international intergovernmental organizations and of International Nonproprietary Names (INNs) before the introduction of any new gTLDs.

¹⁶⁰ See discussion in paragraphs 318 to 320 of Chapter 5.

¹⁶¹ See Comment of Bell Atlantic (February 26, 1999 - RFC-3); Comment of Government of Japan, Ministry of International Trade and Industry of Japan and Japanese Patent Office (March 3, 1999 - RFC-3); Comment of International Trademark Association (March 12, 1999 - RFC-3); Comment of America Online (March 12, 1999 - RFC-3); Comment of United Parcel Service of America (March 12, 1999 - RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 - RFC-3); Comment of Time Warner (March 13, 1999 - RFC-3); Comment of AT&T (March 4 and 17, 1999 - RFC-3); Comment of International Chamber of Commerce (March 18, 1999 - RFC-3); Comment of Motion Picture Association of America (March 18, 1999 - RFC-3); Comment of European Community and its Member States (March 19, 1999 - RFC-3); Comment of British Telecommunications (March 19, 1999 - RFC-3); Comment of MCI WordCom (March 19, 1999 - RFC-3); Comment of Ford Motor Company (March 20, 1999 - RFC-3); Comment of KPMG (March 23, 1999). However, see also Comment of Government of Sweden, Swedish Patent and Registration Office (February 23, 1999 - RFC-3); Comment of Government of Hungary, Hungarian Patent Office

(March 4, 1999 - RFC-3); Comment of Markenverband (March 4, 1999 - RFC-3); Comment of MARQUES (March 11, 1999 - RFC-3); Comments of Patent and Trademark Institute of Canada (April 2, 1999 - RFC-3); Comment of Government of Australia (March 30, 1999 - RFC-3).

¹⁶² See Comment of Singapore Network Information Center (February 25, 1999 - RFC-3); Comment of Mr. Milton Mueller (March 6, 1999 - RFC-3); Comment of Ms. Ellen Rony (March 8, 1999 - RFC-3); Comment of Italian Naming Authority (March 8, 1999 - RFC-3); Comment of Ms. Jessica Litman (March 8, 1999 - RFC-3); Comment of CommerceNet (March 12, 1999 - RFC-3); Comment of Mr. Jonathan Weinberg (March 12, 1999 - RFC-3); Comment of Government of Sweden, National Post and Telecom Agency (March 12, 1999 - RFC-3); Comment of Domain Name Rights Coalition (March 10 and 20, 1999 - RFC-3).

¹⁶³ The list of States party to the Paris Convention is given in Annex X.

¹⁶⁴ The list of States bound by the TRIPS Agreement is given in Annex XI.

¹⁶⁵ Article *6bis* also contains the following two provisions:

“(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.”

¹⁶⁶ See Article 16.

¹⁶⁷ In 1998, ten States became party to the TLT.

¹⁶⁸ See Frederick W. Mostert, *Famous and Well-Known Marks* (Butterworths, 1997), pages 19 to 21 and the authorities cited therein.

¹⁶⁹ See Network Solutions, Inc. Frequently Asked Questions: “Who can register a .com, .NET, .ORG domain name?” at <http://www.internic.net/faq/tlds.html>.

¹⁷⁰ See, for example, Comment of Ms. Ellen Rony (March 8, 1999 - RFC-3) and Comment of Mr. Jonathan Weinberg (March 12, 1999 - RFC-3).

¹⁷¹ See Comment of Mr. Milton Mueller (March 6, 1999 - RFC-3); Comment of Ms. Ellen Rony (March 8, 1999 - RFC-3); Comment of Ms. Jessica Litman (March 8, 1999 - RFC-3); Comment of Mr. Jonathan Weinberg (March 12, 1999); Comment of Domain Name Rights Coalition (March 10 and 20, 1999 - RFC-3).

¹⁷² See Comment of Bell Atlantic (February 26, 1999 - RFC-3); Comment of International Trademark Association (March 12, 1999 - RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 - RFC-3); Comment of Time Warner (March 13, 1999 - RFC-3); Comment of AT&T (March 4 and 17, 1999 - RFC-3); Comment of International Chamber of Commerce (March 18, 1999 - RFC-3); Comment of European Community and its Member States (March 19, 1999 - RFC-3); Comment of British Telecommunications (March 19, 1999 - RFC-3); Comment of MCI WorldCom (March 19, 1999 - RFC-3); Comment of KPMG (March 23, 1999 - RFC-3).

¹⁷³ See Article 2(1) in document SCT/2/3 (February 12, 1999). Notes on the definition are also available in the document.

¹⁷⁴ According to the WIPO SCT, the term “use” should cover use of a mark on the Internet; see Note 2.6 of SCT/2/3 (February 12, 1999).

¹⁷⁵ According to the WIPO SCT, this includes advertising on the Internet; see Note 2.7 of SCT/2/3 (February 12, 1999).

¹⁷⁶ See Comment of International Trademark Association (March 12, 1999 - RFC-3); Comment of America Online (March 12, 1999 - RFC-3); Comment of American Intellectual Property Law Association (March 12, 1999 - RFC-3); Comment of Time Warner (March 13, 1999 - RFC-3); Comment of AT&T (March 4 and 17, 1999 - RFC-3); Comment of European Community and its Member States (March 19, 1999 - RFC-3); Comment of MCI WorldCom (March 19, 1999 - RFC-3); Comment of KPMG (March 23, 1999 - RFC-3).

¹⁷⁷ See Comment of International Chamber of Commerce (March 18, 1999 - RFC-3); Comment of British Telecommunications (March 19, 1999 - RFC-3).

¹⁷⁸ See Comment of International Intellectual Property Alliance (November 6, 1998 - RFC-2); Comment of Motion Picture Association of America (November 6, 1998 - RFC-2); Comment of Ms. Shelley Hebert of Stanford University (San Francisco Consultation); Comment of Ms. Marilyn Cade of AT&T (Washington Consultation – 1998); Comment of The Chanel Company (November 4, 1998 - RFC-2); Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation); Comment of United Parcel Service of America (March 12, 1999 - RFC-3); Comment of Time Warner (March 13, 1999).

5. NEW GENERIC TOP-LEVEL DOMAINS: SOME CONSIDERATIONS FROM THE PERSPECTIVE OF INTELLECTUAL PROPERTY

304. The final term of reference of the WIPO Internet Domain Name Process is to evaluate the effects of adding new gTLDs and related dispute-resolution procedures on trademark and intellectual property holders, such evaluation being informed also by studies conducted by independent organizations.¹⁷⁹

305. The recent history of the question of adding new gTLDs goes back to May 1996, when Dr. Jon Postel proposed in an Internet-Draft the creation of up to 50 domain name registries, each of which would have the exclusive right to register domain names in up to three new top-level domains, for a total of 150 potential new top-level domains.¹⁸⁰ A revised draft in June 1996¹⁸¹ received the approval of the Internet Society's (ISOC) Board of Trustees, and the work in this area was soon thereafter taken up by the International Ad Hoc Committee (IAHC). The IAHC, which was organized at the initiative of ISOC and IANA, issued a final report, as noted earlier, on February 4, 1997, calling for the creation of seven new top-level domains.¹⁸²

306. In January 1998, in its Green Paper,¹⁸³ the United States Government, through the Department of Commerce and the National Telecommunications and Information Administration (NTIA), sought, in cooperation with IANA, to scale down expectations to five new gTLDs, which would be introduced during the transition period for privatizing the management of Internet names and addresses. Comments on the Green Paper from the international community ultimately led the United States Government to conclude in its White Paper that it would not recommend the immediate implementation of new gTLDs, but that this decision should be left to the new, globally representative corporation to be based on international input.¹⁸⁴

THE DIVERSITY OF VIEWS AND PERSPECTIVES

307. It is not a secret that the questions of whether, how and when new gTLDs should be added have attracted a diversity of views, if not sharply divided views. At one end of the spectrum, certain Internet constituencies have maintained that the Internet should be an open system and that, at least in principle, any person should be able to introduce a new top-level domain, leaving the market to be the ultimate arbiter of its success. At the other end of the spectrum, some stakeholders have expressed strongly the view that no new gTLDs should be added, at least at this stage. Among the reasons in support of this latter position is a belief that there is currently no demonstrated need for additional name space and that adding new gTLDs will aggravate intellectual property problems and create consumer confusion. Proponents of this position also maintain that the availability of approximately 250 under-utilized country code domains should in any event provide the necessary space for additional

growth, and that it may be more constructive to adopt measures to encourage use of these country code domains, rather than to dwell upon the need for new gTLDs.

308. Still others have taken a position that falls between the two described in the preceding paragraph. They observe that the Internet has experienced enormous growth precisely because few restrictions have been imposed on new initiatives, and that it would be misguided to ignore this when considering the introduction of new gTLDs. At the same time, those tending to this view recognize that the Internet has now developed into the central medium for electronic commerce, while at the same time being a diversified global medium supporting instantaneous communications and a wide range of other applications. They believe that it would be imprudent to expand suddenly and drastically the name space, as it would be impossible to foresee the consequences of such action. Instead, they suggest that the need for reliability and stability requires that the generic name space be expanded at a controlled pace, which allows the opportunity to observe the effects of such expansion and to draw appropriate conclusions that will serve to guide long-term policy.

309. One of the explanations for the diversity of views held in relation to the question of the creation of new gTLDs is the diversity of issues involved in developing a coordinated policy on that question and, consequently, the diversity of perspectives that may be brought to bear on it. The differentiation of the generic name space can be an instrument for many policy objectives.

310. In addition to the intellectual property perspective, there are technical, commercial, marketing and other legal ways of viewing the question:

(i) The technical perspective is apparent in the critical need for the DNS to continue to work with operational accuracy, stability, robustness and efficiency. A number of commenters in the on-going discussions have reflected this point as a first principle: do no harm.¹⁸⁵ While some in the Internet engineering community believe that the DNS can support an unlimited number of top-level domains without encountering problems, others have noted that an immediate large increase in the number of gTLDs may lead into technically unknown territory.¹⁸⁶ In this general context, the recently announced participation of five companies to act as registrars in the initial testbed phase of the new competitive Shared Registry System (SRS) for the .com, .net and .org domains represents an effort to assess, under controlled conditions, the reliability and robustness of the SRS technology used to allow multiple registrars to accept registrations in the existing open gTLDs.

(ii) The commercial perspective has focused on questions of competition and other commercial considerations. The move to introduce new gTLDs was, at least in part, motivated by the desire to increase competition in gTLD registration activities. The situation in which one entity acted on an exclusive basis as the registration authority for the most commercially successful gTLDs was viewed as requiring attention in this regard.¹⁸⁷ Others, however, have urged that creating new business opportunities for a new set of registration authorities is not a sufficient reason for creating top-level domains. In any event, competition is now being introduced, as mentioned above, through the participation of competing registrars in the existing open gTLDs.

(iii) The marketing perspective has focused on the role of top-level domains in sending signals to the Internet user (e.g., .com denotes the premier international commercial space). This perspective is not limited to the gTLDs. Certain ccTLDs, owing to their associated ISO 3166 country code, are being marketed and used very much like de facto gTLDs.¹⁸⁸ This trend merits careful monitoring. The ability of certain TLDs to transmit signals effectively to Internet users is a characteristic that distinguishes the functionality of a top-level domain from the classifications used in traditional trademark systems. While trademark classes are administrative devices which, as such, are not used as marketing tools, top-level domains play a more active role for the intellectual property owner and the Internet user. Any policy on the introduction of new gTLDs must take this into account and appropriately consider that certain top-level domains may be deemed more valuable than others, in line with their respective market-signaling power.

(iv) A variety of legal perspectives, in addition to intellectual property, have also entered into the picture, for example, competition law, consumer protection law, privacy law and the protection of minors. It has, for example, been suggested that differentiation in the generic name space might be used as a means of controlling activities considered harmful to minors.

311. As the WIPO Interim Report noted, in view of the variety of issues and perspectives involved in the formation of a policy on the creation of new gTLDs, it goes without saying that the intellectual property perspective is not the only one to be taken into account. In considering the formulation of recommendations concerning the addition of new gTLDs, therefore, the approach has been adopted of assessing what the past experience of intellectual property owners has been in relation to problems encountered in the current gTLDs, and using that experience as a basis for recommending how the particular interests of intellectual property owners can be accommodated within an overall policy on the creation of new gTLDs.

ILLUSTRATIONS OF PROBLEMS ENCOUNTERED BY HOLDERS OF INTELLECTUAL PROPERTY RIGHTS IN EXISTING gTLDs

312. Numerous comments and extensive testimony were provided at the regional consultations throughout the WIPO Process on the nature and extent of the problems encountered by intellectual property owners in respect of domain names. A number of illustrations of such problems are provided in this section. It is recognized that much of the evidence presented was anecdotal in nature and that few comprehensive analyses supported by empirical evidence are available.¹⁸⁹ Nonetheless, the widely held view in the trademark community, based on the many experiences of those who have participated in the WIPO Process, is that the problems encountered are extensive, particularly for the owners of famous and well-known marks, and that these problems have been growing, in part because of increased activity in the country code domains.¹⁹⁰ A summary of those experiences is given in the next paragraphs.

Lack of Visibility of the Full Extent of Problems

313. A significant number of disputes apparently never rise to the level of being reported. A large proportion may remain unresolved, or may be resolved informally pursuant to a settlement between the parties. A study commissioned by MARQUES, the Association of European Trade Mark Owners, for the purposes of the WIPO Process, found that 85 percent of those participating had experienced infringement on the Internet of their own or their clients' intellectual property. Moreover, 60 percent of those responding had negotiated for the purchase of their domain name through informal means. The same study concluded that a large number of cases simply remain unresolved. An additional comprehensive study was undertaken by the International Association for the Protection of Industrial Property (AIPPI). Published in May 1998, the study contains reports from the numerous national groups of the AIPPI that have focused, in particular, on the problems of the confusion that has arisen as a result of the interface between domain names and trademarks, and on how domain names can, when used in particular ways, infringe the rights of mark owners.¹⁹¹

314. This latter point was also emphasized by speakers at WIPO's regional consultations. One commenter indicated that "for each reported case, Panavision, Spice Girls, Burger King, British Telecom, there are a myriad of others that have to be resolved outside the court room, but at significant cost to the companies and to the consumers who buy their brand of products."¹⁹² As to the informal means by which the problems are often resolved, another speaker stated that:

"There is a fair market in cyberpirated marks. When I was in private practice, representing a client with many well-known famous trademarks for consumer products that you and I use everyday, the client was approached by a cyberpirate who said 'I will sell this to you for 4000 dollars.' The client's marketing department wanted that name and they wanted it now and they said 'OK, I can have it now for 4000 dollars or I can have it way later for God knows how much you are going to charge me.' So, from a business point of view, it is easier to just engage in the private transaction and pay the 4000 dollars."¹⁹³

Focus on Clear Cases of Abuse

315. It would appear from the comments that the priority concern of the trademark community does not relate to conflicts between parties who claim to have competing legitimate rights in the name (for example, different companies with the same trademark in different product lines or operating in different areas of the world), but focuses on cases of clear abuse, often directed at famous and well-known marks. Owners of such marks have indicated that, in some cases, they are confronted with hundreds of such instances at any given time. A speaker at one regional consultation stated that "in less than a year, we have already had 579 matters in the existing gTLDs."¹⁹⁴ Another alluded to similar experiences:

“We are encountering the same kind of volume that others are encountering and that is cases in the volume of 15 to 20 per month. In one particular case, someone registered ‘ATTT.com,’ which linked to a pornographic site. While this area may seem perhaps obscure to some, it is taken very seriously by those of us who have the brand recognition of the commercial players that are in this room... Among the other examples are the registration of ‘AT-T.com,’ ‘ATTT.net,’ ‘ATTworldnet.net,’ ‘ATTwirelesservices.com,’ ‘ATTcellular.com,’ ‘ATTweb.com,’ ‘ATTonline.com,’ ‘ATTnetwork.net,’ ‘ATTTCI.com, .net, .org,’ it goes on and on. We do think that it is important so, when we talk about volume, we think it is there and increasing...”¹⁹⁵

316. Another speaker representing a large corporation explained that they had been confronted by “several hundred Internet domain names that have been registered throughout the world using Porsche or a variation of Porsche [and that] the variations on domain names using Porsche is virtually endless, and is limited only by one’s imagination.” Some of the domain names in question were registered under the registrant name “Misspellers Rescue Company.”¹⁹⁶

317. Emphasizing the gamesmanship that is sometimes involved, still another speaker stated: “I probably have to send claim letters out and pursue people on a majority of the motion picture titles that we are coming out with and we have recently confirmed that there are growing numbers of people who watch the MPAA [Motion Picture Association of America], so that they can register domain name sites as soon as the MPAA registers our titles, which is months and months before those movies appear.”¹⁹⁷

Predatory and Parasitical Practices

318. One clear source of the problems has been those persons who register domain names that are identical or similar to trademarks, with a view to selling them at a profit to the trademark owner. As a variation of this practice, one speaker explained: “One of the more interesting twists on speculation however was an offer within the past year...to purchase domain names containing well-known trademarks of our direct competitors. We were not interested, of course, but passed on the information to our competitors...”¹⁹⁸ Other persons have registered domain names that are identical or similar to trademarks in order to create the false impression that the owner of the mark in some way endorses the goods or services the third party offers:

“In this instance the direct competitor has registered as domain names a slight, de minimis, non-substantive variation of several of our well-known and heavily advertised trademarks. These domain names are connected to the competitor’s website advertising directly competitive services. A consumer viewing the competitor’s website has no way of knowing that the services offered at that site are not our services.”¹⁹⁹

319. Another speaker similarly testified that “[she has] received innumerable calls from such users, who are just confused on how they are to use the Internet to find our sites because they are misdirected so regularly.”²⁰⁰

320. Still others have registered domain names not to cause any confusion regarding the source or origin of the goods or services offered, but in an effort to attract increased traffic to their own websites to tarnish the reputation of a mark. Certain persons have also made it a practice to register domain names corresponding to trademarks in order to hoard them, thus intentionally frustrating the trademark owner's desire to reflect its mark in a domain name. The following example was presented at a regional consultation as an egregious example of the actual problems encountered:

“In this particular instance I am referring to use of a second-level domain name for a porn[ographic] site where the domain name is made up of another's trademark, usually a well-known one, sometimes with an extremely minor variation on, or a misspelling of, the well-known mark... The current examples I have brought today are three domain names that currently are active. They are the www.intle.com domain name; as you can see the l and the e are transposed, the www.pentium2.com domain name and the pentium3.com domain name... The third one is...not only a porn site but a cybersquatter. You come to the first page of pentium3.com and you are instructed to click here ‘to see some fine ass nude celeb photos.’ If you do click there, it takes you to those photos. The other place that you can click on the front page indicates that the domain is for sale, ‘please click here for details,’ at which point you get to a page that...says ‘hello, you seem to have an intuitive mind like me. Just imagine how many hits this page will have when Pentium ships their new P III chips sometime next year. I am already getting 30 hits with no promotion at all. I am getting offers left and right for this site, so right now I am going to the highest bidder format. Current highest bid is \$9,350...’ So, he is basically soliciting bids for the site on a theory that, when Intel ships Pentium III next year, this would become a very valuable site to Intel.”²⁰¹

Need for Improvement in Registration Practices

321. Domain name registration practices in the gTLDs appear to have caused the occurrence of some of these problems. The relative ease with which the activity in question can occur, the frequent inability to identify the party at its source, the volume of abusive practices, the ubiquitous nature and the increasing globalization of Internet use together are claimed to challenge the ability of trademark owners to effectively police and enforce their rights. As explained by one speaker:

“In my opinion, in the past several years, there has really been an inordinate amount of time, energy and money spent by my company keeping the domain name register clear of names registered by others incorporating our famous trademarks... I know, for example, that in my legal budget in 1998 I am spending more money on Internet-related issues than I am on consumer products piracy in the United States, and that really is unbalanced in my view.”²⁰²

322. The lack of reliable contact details often is highlighted as a major obstacle in the resolution of the problem:

“As a trademark owner, [we have] the responsibility to track down domain name registrants one by one to assert [our] trademark rights. And here I would add...that we often do find that the registrant's information that is provided on Whois through Internic is completely unreliable. In many cases when I, personally, called those telephone numbers they don't get answered, they are inactive, they are out of service, etc. E-mail addresses are likewise very hit-and-miss on that activity. And that is the source of information that we have to rely on. So, if that information is inaccurate, then our next step would have to be to hire a private investigator to go and actually seek out that individual or that entity and try to find them. Once we have done that, the next step is to file individual challenges with Internic with the results and timing of those challenges being very uncertain. And again, we have to do this one by one by one. The proliferation of these registrations, which are now averaging several per week, mean that staff time and legal costs required to pursue these infringements are growing exponentially while the array of activities engaged in by infringers increases almost daily.”²⁰³

Resort to Defensive Practices

323. While numerous instances have been brought to WIPO's attention where trademark holders, particularly owners of famous and well-known marks, have been the victim of domain name abuse, a number of other commentators have observed that trademark holders have resorted to defensive practices that those commentators find undesirable. This may occur in situations where a trademark holder, relying on its trademark registrations, seeks to interfere with the rights of a domain name holder who obtained the domain name under legitimate circumstances and does not use it in a way that would justify a claim of trademark infringement or dilution.²⁰⁴ It has been argued that the potential for consumer confusion has been ostensibly absent in some cases because of sectoral or geographical differences between the operations under a domain name and those under the trademark. Several commentators have stated that these sorts of practices, which have come to be called “reverse domain name hijacking,” have detrimental effects on individuals and small business.

324. Some of the instances in which such domain name hijacking is alleged to have occurred include challenges to the following domain names: epix.com, cds.com, ajax.com, dci.com, ty.com, earth.com, juno.com, and, involving non-commercial domain name holders, pokey.org and veronica.org.²⁰⁵ In one case, *Roadrunner v. Network Solutions*, the holder of the domain name “roadrunner.com,” a small Internet-based business, resorted to legal action to defend its right to use the domain name after it was challenged by the owners of the registered trademark “Road Runner.”²⁰⁶ Commentators have emphasized the need for the domain name system to accommodate the diverse nature of the Internet's users—who may register domain names for commercial, as well as political and social purposes²⁰⁷—and to ensure individuals' freedom of communication.²⁰⁸ These conflicts may be seen as a consequence of the global reach of the Internet, where the rights of a trademark holder in one territory must coexist with the legitimate rights of other trademark holders or Internet users, employing the same or similar names, in different jurisdictions and for different uses.²⁰⁹

325. Commentators have also emphasized that the suspension, transfer or cancellation of a domain name held by a small business owner could irrevocably damage its commercial interests.²¹⁰ In this connection, evidence was put forward of the growing reliance of small businesses on the commercial advantages of the Internet.²¹¹ Testimony was also given regarding alleged unfair business practices involving demands upon domain names.²¹² A number of commentators emphasized the need to ensure that any recommended administrative dispute-resolution procedure would not allow potential reverse domain name hijackers to expose small businesses to unjustified threats of proceedings²¹³ that might impose such high costs or risks of drastic remedies that they are coerced into relinquishing their domain names:

“One dispute was recently brought to my attention. A small Internet provider has received a domain name challenge from another company that is located on the other side of the United States and it is in a completely different business. They have already spent \$40,000 to defend themselves and the case hasn't even gone to trial yet. I am talking about a company with six employees. Now, if my company, when I had six employees and had about 1,000 customers, struggling to keep up the growth, having to decide daily between paying our employees and buying new equipment, had then to face such a challenge, we would probably just have gone under.”²¹⁴

326. Concerns about the inadvertent impact on small businesses and individuals are one of the factors that has been considered in revising the recommendation in the WIPO Interim Report so as to restrict the scope of the administrative procedure to cases of bad faith, abusive domain name registrations. However, one outcome of this limitation is that domain name holders may continue to be threatened by court proceedings and will be unable to use the efficient and inexpensive administrative procedure to protect their domain names against such alleged reverse domain name hijackers.

327. Some of the same commentators also disapprove of the practice by certain trademark holders of registering their marks in all top-level domains, thereby frustrating any third party's legitimate desire to use the same name in one of the domains for unrelated or non-commercial purposes. A speaker at a regional consultation gave the following example:

“...if we take [name].com, '[name]' is for some unknown reason registered in all ccTLDs. Now, if one is wanting to contact the [company], you will use the domain [name].com. I see no benefit in [the company] effectively registering in all ccTLDs. Because what they are doing effectively is blocking out potentially other legitimate companies who have a right to trade under the name...from their national TLDs and possibly the new gTLDs.”²¹⁵

International Scope of Problems

328. The problems encountered are not confined to the United States of America, but occur also in other regions and are likely to increase with the expanding use of the Internet around

the world. A speaker at the regional consultation in India stated that “[In India], cases have been reported where domain names similar to prominent trademarks or names of famous personalities, like Amitabh Bachan, Sunil Gavaskar and so on, are usurped by Internet users as domain names.”²¹⁶ Another speaker at the same consultation further stated:

“[E]ven in a country like India, which has just begun its journey on the information superhighway, we have already begun to encounter things like ‘Internet Property Auction.’ Names sites have already been picked up and resold to the original owners, including BJP, which is the ruling party in India today, Srivansan, Times of India, VHP, ABCL, Tata, ONGC,... ITC Hotels Ltd, Welcome Net Ltd, ...State Bank of India and a host of other corporates, which reads like a Who's Who. The minimum auction bid here is stated as US\$1500, ...and the time of closing of the bid is five days thereafter—it is May 12, 12.00hrs GMT.”²¹⁷

Dissatisfaction with Current gTLD Dispute-Resolution Policies

329. Network Solutions Inc. (NSI) has a Domain Name Dispute Policy²¹⁸ to be applied to disputes between domain name registrants and third parties. While some commentators have expressed satisfaction with the NSI Policy as a means of providing swift and effective relief for trademark owners, others believe it is flawed in several important respects.

330. One of the major difficulties alluded to by commentators results from what is perceived as the Policy’s overly “mechanical” approach to the resolution of disputes. The Policy relies heavily on the ability of the parties to produce certain trademark certificates in support of their respective positions, without any review of the use of the domain name and alleged infringement. As such, it is stated that the Policy does not sufficiently allow for the consideration of all legitimate rights and interests of the parties (which are not necessarily reflected in a trademark certificate).²¹⁹ This concern has been emphasized, in particular, by those who are not trademark owners and who believe that the Policy represents an unwarranted extension of trademark rights, as it may grant a complainant the effect of a preliminary injunction without requiring it to show a likelihood of success on the merits.

331. NSI understandably wishes to avoid situations where it would have to decide upon disputes by weighing all the relevant facts and circumstances, thereby assuming the role of a de facto arbiter or judge. This underscores the need for courts or independent neutrals to resolve disputes instead of the registration authorities themselves, and illustrates well the limits of any active involvement that such authorities should have in the resolution of domain name disputes.

332. Another problem raised concerning the NSI Policy is the requirement that a complainant must produce a trademark registration that is identical to the second-level domain name subject to the dispute. This has resulted in what has been described by commentators as frustrating situations where the NSI Policy could not be relied upon to obtain relief for trademarks that are virtually, but not perfectly, identical to the domain name. For instance, the owner of the trademark consisting of the word “CHANEL BOUTIQUE”

accompanied by the CC monogram could not apply the NSI Policy against a person who had registered the string chanel-boutique.com.²²⁰ Similarly, the owner of the mark “PLAYSTATION” faced the same problem in connection with the domain name playstations.com.²²¹

333. Even when the NSI Policy applies, the result that it offers is to place the domain name on “hold.” Consequently, a trademark owner who has obtained relief under the Policy is still required to resort to court or arbitration to obtain the cancellation or transfer of the domain name. This two-tiered approach adds a further level of complexity to the dispute resolution process and, by insisting on a court decision or arbitral award for the final disposition of the case, requires a complainant to expend significant resources to resolve what are often simple cases of manifest abuse.

REGISTRATION PRACTICES AND PROCEDURES IN COUNTRY CODE TOP-LEVEL DOMAINS

334. In addition to continuing efforts to identify problems in the existing gTLDs, the WIPO Interim Report suggested that it would be useful to attempt to identify how practices in the ccTLDs are influencing the protection of intellectual property rights. In December 1997, a point was reached where more domain names were registered by organizations or individuals based in countries other than the United States of America than by the same entities located in that country.²²² This internationalization of the Internet is also reflected in the increasing number of domain name registrations in the country domains. While the public in the United States of America has made only limited use of “.us” and, instead, has universally favored the gTLDs, users in other countries have availed themselves to a much larger degree of the opportunities offered by the ccTLDs.²²³ At the time of publication of the Interim Report, out of a total of more than 4,800,000 domains registered worldwide, over 1,400,000 were registered in the ccTLDs, with “.de” (Germany), “.uk” (United Kingdom) and “.dk” (Denmark) containing the largest numbers.²²⁴ Now, just four months later, there are approximately 1,860,000 registrations in the ccTLDs,²²⁵ and it is expected that the pace of registrations in these domains will continue to increase.

335. The differing approaches taken with regard to the management of the name space in the ccTLDs, and the related experience gained by the registration authorities, their clients and third parties, constitute a valuable source of information. With this in mind, WIPO has supplemented its consultations with a questionnaire directed to the administering authorities for 35 representative ccTLDs, which were selected on the basis of the number of their domain name registrations (both large and small) and their geographic representation. The questionnaire, which was sent out in January 1999, was intended to review the impact on intellectual property of the practices and procedures adopted by ccTLD registration authorities, and their experiences with any domain name disputes. The results obtained from responses to the questionnaire are set out in Annex IX and summarized in the ensuing paragraphs.

336. The survey revealed great diversity in the registration and operating practices of the participating ccTLDs. The responses also indicated that ccTLD administrators have had to develop practices on their own and that this has sometimes been a burden, particularly for the smaller ccTLDs and those in developing countries. In this respect, a number of registration authorities indicated they had expended considerable time and resources (e.g., the cost of legal services) to devise registration rules and procedures to address problems they had encountered.

337. Although virtually all of the participating ccTLDs (88 percent) indicated that they register names on a first-come, first-served basis, most (71 percent) also indicated that they operate “restricted” domains which impose limitations—such as the requirement of domicile, no transfer of a domain name registration, limiting the number of domains which any one applicant may register, or requiring official certification from a national authority—that, in effect, mitigate the potential problems arising from a first-come, first-served system. It was felt that these restrictions, as well as some of the procedural steps used, have created a regulated domain space that limits the potential number of registrations. Thus, some ccTLD administrators operating under such restrictions indicated that they are now in the process of revising their practices to establish a more open system, which might also lead to an increase in the occurrence of problems and disputes.

338. Other measures, such as using a formalized registration agreement, representing the accuracy of the information in the registration agreement and that the registration of the domain name does not infringe the intellectual property rights of a third party, were widely implemented by the administrators surveyed. It is notable that only 12 percent of the ccTLDs required payment of a fee before activation of a domain name registration, a practice that would go a long way towards preventing abuses. It is also notable that a majority of the ccTLDs (54 percent) indicated that they take steps, such as testing e-mail addresses on-line or requiring companies to present certifications of registration from the national authorities, to verify an applicant’s identity or that the contact details are correct. In addition, most of the ccTLDs (71 percent) require that such contact details must be kept up-to-date. Although 83 percent of the ccTLDs will make the contact details of registrants available in some circumstances, 46 percent of ccTLDs take some steps to protect confidentiality (such as contractual use undertakings). The use of indemnity statements and contractual undertakings by applicants is seen as an important underpinning for future action by registration authorities to rectify the register.

339. The questionnaire revealed that there is no coherent approach to dispute resolution among ccTLD administrators, although an informal conciliation role is often assumed in an effort to prevent disputes from escalating into litigation. The registration authorities indicated they are wary of becoming involved in dispute resolution and unaware of the full extent of the problems in their domains. At the same time, the implementation of remedies, such as cancellation or transfer, was viewed as an effective measure in almost all domains (with the notable exception of those domains (for example, .jp) where transfer is prohibited). Finally, it was observed that a number of ccTLDs operate an informal system of exclusions for famous marks within the ccTLD.

CONCLUSIONS, SUGGESTIONS AND REFLECTIONS

340. On the basis of the evidence presented so far in the WIPO Process, it may be concluded that intellectual property owners have experienced very considerable difficulties in ensuring the protection of their intellectual property rights in the existing gTLDs.

341. It is considered that the problems encountered by intellectual property owners in the existing gTLDs would be greatly ameliorated, without adverse impact upon legitimate practices, if:

- the recommendations made in Chapter 2 in relation to domain name registration procedures were adopted;
- an administrative procedure concerning abusive registrations of domain names, as recommended in Chapter 3, were adopted; and
- the measures recommended in Chapter 4 for the protection of famous and well-known marks were implemented.

342. We confirm the provisional recommendation in the WIPO Interim Report that, with these improved practices and procedures, not only would problems in the existing gTLDs be reduced significantly, but also it would be possible to contemplate the introduction of new gTLDs from an intellectual property perspective. However, such new gTLDs would need to be introduced in a slow and controlled manner in such a way that experience with the proposed improved practices and procedures can be monitored.²²⁶ That experience will be the arbiter of whether the proposed improved practices and procedures do indeed result in a significant reduction of the problems that have been encountered by intellectual property owners.

343. It is concluded that, on condition that the proposed improved practices for domain name registrations, the proposed administrative dispute-resolution procedure and the proposed measures for the protection of famous and well-known marks and for the suppression of abusive registrations of domain names are all adopted, new gTLDs can be introduced, provided that they are introduced in a slow and controlled manner which takes account of the efficacy of the proposed new practices and procedures in reducing existing problems.

Differentiation

344. In addition to reference to experience as a means of controlling any perceived harmful effects of introducing new gTLDs, as discussed above, consideration could also be given to

differentiation as a means of accommodating both the interests of intellectual property owners and those of other constituencies in the addition of new gTLDs.

345. It is clear that many Internet constituencies highlight the importance of the Internet as a non-commercial communications network, and are therefore concerned that any overzealous implementation of measures proposed for the protection of intellectual property may result in significant limitations on other important rights and interests.

346. The WIPO Interim Report signaled that one approach to bridging the differences in views between those with differing conceptions of the use of the Internet might be to acknowledge the multi-dimensional use of the Internet (and domain names) by introducing a differentiation in the name space between commercial and non-commercial domains.²²⁷ As indicated in Chapter 2 above, it is considered that this approach requires further reflection, elaboration and consultation. We add, at this stage, only that, if any non-commercial domain were introduced, the desirability of extending exclusions for famous and well-known marks to such a domain would also need to be carefully considered.

The Impact of New Navigational Measures

347. Current controversies regarding the DNS and trademarks find their origin in the mnemonic function of domain names. For the general public, easy-to-remember domain names are among the primary navigation tools for the Internet, as they permit direct and convenient access to websites.

348. Recent technological developments, however, may impact on the future relevance of domain names. Keyword systems, which have started to make their appearance, offer the potential to substantially reduce user reliance on domain names as Internet signposts. While various systems are available now, each with its own technical characteristics, they have one feature in common: to access a website, a user no longer needs to enter the site's domain name in the browser location or address field. Instead, a keyword may yield the same navigational result.²²⁸

349. Depending on their market acceptance, degree of use and navigational accuracy, keywords, in addition to domain names, may increasingly be relied upon to perform the function of locating businesses and their brands on the Internet. However, the same landrush mentality that applied to domain names may take hold in this area as well, as commercial and other interests seek to arrogate valuable keywords for themselves. The practices and procedures on the basis of which persons or organizations obtain keywords and the manner in which keyword systems operate may well cause difficulties similar to those now encountered in relation to domain names.

350. While some of the systems allow parties to share the same keyword,²²⁹ other systems do not permit this.²³⁰ The inability to share a keyword, similar to the DNS uniqueness requirement, may lead to conflicts between persons or enterprises coveting common words that form part of marks as keywords. Furthermore, the fact that certain systems allow generic

terms (such as “golf”, “car”, “book”)²³¹ to be employed as keywords may further complicate matters, as it undercuts the keyword’s core functionality, namely, the identification of a website with a reasonable degree of particularity. The grounds and procedures for the attribution of keywords may, if not properly conceived, lead to problems similar to those that have resulted from less than optimal domain name registration practices.²³²

351. Potential concerns are well illustrated by way of the following example. Several businesses, located in various regions of the world, have registered domain names with the common element “telecom” in each. The list includes SymmetriCom, Inc. (www.telecom.com), Telecom UK Ltd. (www.telecom.co.uk), TWX Telecommunications GmbH (www.telecom.de), Telecom s.r.l. (www.telecom.it), Telstra Corporation Ltd. (www.telecom.com.au) and Swisscom (www.telecom.ch). Nonetheless, some of the currently available keyword systems direct a user entering the keyword “telecom” only to the website of SymmetricCom, Inc., without any reference to the other companies.²³³ Depending on how widely these particular systems are used, this may impact on the companies’ visibility on the Internet. Potential concerns in this respect are reinforced by the fact that certain keyword systems are incorporated into and interoperate with the most popular Internet browsers, further leveraging the marketing power of the keywords registered therein.

352. Only the future can tell to what extent the debate may shift from domain names to keywords, and market acceptance of keyword navigation systems will play a determining role in this respect. However, many of the same positions and arguments heard in the domain name controversy may resurface.²³⁴

[Annexes follow]

¹⁷⁹ See WIPO RFC-2, paragraphs 19-23; United States Government White Paper, Section 8; and the recently agreed Memorandum of Understanding between the United States Department of Commerce and ICANN (MoU), in which ICANN agrees to:

“[c]ollaborate on the design, development and testing of a plan for creating a process that will consider the possible expansion of the number of gTLDs. The designed process should consider and take into account the following:

...

“d. Recommendations regarding trademark/domain name policies set forth in the Statement of Policy [White Paper]; recommendations made by the World Intellectual Property Organization (WIPO) concerning: (i) the development of a uniform approach to resolving trademark/domain name disputes involving cyberspiracy; (ii) a process for protecting famous trademarks in the generic top level domains; (iii) the effects of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders; and recommendations made by other independent organizations concerning trademark/domain name issues.” (Article V.C.9.d.).

The MoU provides that the following factors should also be taken into account: the potential impact of new gTLDs on the Internet root server system and Internet stability; the creation and implementation of minimum

criteria for new and existing gTLD registries; and potential consumer benefits/costs associated with establishing a competitive environment for gTLD registries (Article V.C.9.a.-c.).

¹⁸⁰ The Postel Internet-Draft is referenced at <http://www.iiia.org/lists/newdom/1996q2/0259.html> in the Newdom listserver archive.

¹⁸¹ The Revised Internet-Draft is referenced at <http://www.iiia.org/lists/newdom/1996q2/0289.html> in the Newdom listserver archive.

¹⁸² See <http://www.gtld-mou.org/draft-iahc-recommend-oo.html>.

¹⁸³ Proposed Rule for the Improvement of the Technical Management of Internet Names and Addresses, Docket No. 980212036-8036-01 (January 30, 1998) (the Green Paper).

¹⁸⁴ The White Paper (Section 7) provided the following policy guidance on adding new TLDs:

“At least in the short run, a prudent concern for the stability of the system suggests that expansion of gTLDs proceed at a deliberate and controlled pace to allow for evaluation of the impact of the new gTLDs and well-reasoned evolution of the domain space. New top level domains could be created to enhance competition and to enable the new corporation to evaluate the functioning, in the new environment, of the root server system and the software systems that enable shared registration.”

¹⁸⁵ This principle of doing no harm was most recently stated by President Clinton on November 30, 1998, in a speech addressing progress in electronic commerce.

¹⁸⁶ See, the Internet Architecture Board’s Comment on the Green Paper, paragraph 2 (February 23, 1998). For example, the addition of very large numbers of TLDs (for example, allowing arbitrary domains to be established for any and all interested parties) could cause scaling and implementation problems in the current DNS due to the potential flattening of the domain name lookup process.

¹⁸⁷ See, in this respect, Amendment No. 11 to the Cooperation Agreement between NSI and the United States Department of Commerce, which entered into force on October 7, 1998 (NCR-9218742). This agreement provides in relevant part that: “In order to create an environment conducive to the development of robust competition among domain name registrars, NSI will, either directly or by contract, develop a protocol and associated software supporting a system that permits multiple registrars to provide registration services within the gTLDs for which NSI now acts as a registry (Shared Registration System).”

¹⁸⁸ The recent bidding for the top-level domain “.tv,” which is the ISO 3166 two-letter code for Tuvalu, illustrates the commercial potential that some would attribute to such country domains. It was reported that one of the bidders promised US\$ 50 million in advance for the contract to administer the domain. See Andrew Raskin, “Buy This Domain,” *WIRED* (September 9, 1998) (http://www.wired.com/wired/archive/6.09/tuvalu_pr.html).

¹⁸⁹ One analysis was presented as a comment to WIPO RFC-1 by Mr. Milton Mueller, Associate Professor at Syracuse University School of Information Studies (USA). With respect to the incidence of domain name disputes involving intellectual property, the Mueller study concludes that, on the basis of statistical evidence, actual infringement cases constitute a very small number in the gTLDs. A critique of this study was submitted as a comment to WIPO RFC-2 by Mr. Jacob Jacoby, Professor at the Leonard Stern Graduate School of Business, New York University (USA), and Mr. Leon B. Kaplan, President of Princeton Research and Consulting Center Inc. (Princeton, NJ, USA). The Jacoby and Kaplan critique takes issue with the Mueller study on the basis that there is no scientifically defensible basis for the conclusions contained therein.

¹⁹⁰ Network Solutions Inc., the registration authority for the nearly 4,500,000 names registered in the open gTLDs, has indicated that it has received approximately 5,400 trademark-related complaints resulting in the

application of its Dispute Resolution Policy in approximately 2,600 instances. While the number of disputes which have been brought to NSI's attention is low in relation to the total number of domain name registrations in these gTLDs, considered absolutely these numbers nevertheless represent a significant level of conflicts.

¹⁹¹ See *Intellectual Property on the Internet: A Report Commissioned by MARQUES* (the Association of European Trade Mark Owners), was based on a mail survey in which responses from 60 entities were received from 24 countries in Africa, Asia, Europe, Latin America and North America. The majority of respondees were directors, heads of trademark departments or partners of law firms specializing in intellectual property. See also International Association for the Protection of Industrial Property, Group Reports Q143: Internet Domain Names, Trademarks and Trade Names, XXXVIIth Congress, Rio de Janeiro, 1998 (Yearbook 1998/VI).

¹⁹² See Comment of Ms. Sally Abel of International Trademark Association (San Francisco Consultation).

¹⁹³ See Comment of Ms. Susan Anthony of MCI Worldcom (Washington Consultation – 1998).

¹⁹⁴ See Comment of Ms. Sarah Deutsch of Bell Atlantic (Washington Consultation – 1998).

¹⁹⁵ See Comment of Ms. Marilyn Cade of AT&T (Washington Consultation – 1998).

¹⁹⁶ See Comment of Mr. Gregory Phillips of Johnson & Hatch for Porsche (San Francisco Consultation).

¹⁹⁷ See Comment of Ms. Michelena Hallie of Viacom (Washington Consultation – 1998).

¹⁹⁸ See Comment of Ms. Susan Anthony of MCI Worldcom (Washington Consultation – 1998).

¹⁹⁹ *Ibid.*

²⁰⁰ See Comment of Ms. Michelena Hallie of Viacom (Washington Consultation – 1998).

²⁰¹ See Comment of Ms. Anne Gundelfinger of Intel (San Francisco Consultation).

²⁰² See Comment of Mr. Nils Montan of Warner Bros. (San Francisco Consultation).

²⁰³ See Comment of Ms. Shelley Hebert of Stanford University (San Francisco Consultation).

²⁰⁴ See Comment of Electronic Frontier Foundation (November 6, 1998 - RFC-2).

²⁰⁵ Pokey.org and Veronica.org were domain names registered in the names of children, for their non-commercial use, but were identical to an existing trademark and therefore apparently frustrated the trademark owners' desire to register the coinciding domain name. See Comment of Ms. Ellen Rony (Washington Consultation - 1999).

²⁰⁶ In that case, Roadrunner Computer Systems, which had used the domain name for two years to market their Internet services, challenged NSI's dispute resolution policy after the trademark owners invoked the policy to assert their right to use the domain name. The suit was dismissed after NSI agreed not to disrupt Roadrunner's use of the domain name in the absence of a court order. See *Roadrunner Computer Systems, Inc. v. Network Solutions, Inc.* No. 96-413-A (E.D. Va. complaint filed March 26, 1996), dismissed (June 21, 1996) (at <http://www.patents.com/nsicpt.sht>).

²⁰⁷ See Comment of Mr. Srikanth Narra (March 26, 1999 - RFC-3); Comment of Ms. Jane Hirsch and Mr. Helmut Hirsch (March 14, 1999 - RFC-3).

²⁰⁸ See Comment of Mr. Kurt Opsahl & Co-Signatories (March 19, 1999 - RFC-3); Comment of Domain Name Rights Coalition (March 20, 1999 - RFC-3).

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- ²⁰⁹ See Comment of Mr. Rocky Cabagnet (March 18, 1999 - RFC-3).
- ²¹⁰ See Comment of Government of United States of America, Office of Advocacy U.S. Small Business Administration (March 19, 1999 - RFC-3); Comment of Mr. Eric Menge (Washington Consultation – 1999); Comment of Mr. Michael Doughney (Washington Consultation – 1999).
- ²¹¹ See Comment of Mr. Eric Menge (Washington Consultation – 1999), who described the reliance of small businesses on the Internet, stating that, as of November 1998, 41 percent of all small and mid-size businesses in the USA have a website, and 22 percent of those businesses use the Internet to sell goods and services (Washington Consultation - 1999).
- ²¹² Comment of Davis & Schroeder that "[n]inety percent of the demands my small clients get from big companies no longer even make a pretense of there being any real trademark issue, they just say 'I went to register my trademark as a domain name and found that you were using it - give it to me!'" See also Comment of gjohnson@season.com (March 19, 1999 - RFC-3); Comment of Mr. Peter Rony (March 15, 1999 - RFC-3).
- ²¹³ See Comment of Government of Australia (March 30, 1999 - RFC-3); Comment of ACM and the Internet Society (March 25, 1999 –RFC-3); Comment of DNRC (March 20, 1999 - RFC-3); Comment of Mr. Kurt Opsahl & Co-Signatories (March 19, 1999 - RFC-3); Comment of Mr. Milton Mueller (Washington Consultation - 1999); Comment of Ms. Shari Steele (Washington Consultation - 1999); Comment of Mr. Michael Doughney (Washington Consultation – 1999).
- ²¹⁴ Comment of Mr. Michael Doughney (Washington Consultation - 1999).
- ²¹⁵ See Comment of Mr. Paul Kane of Internet Computer Bureau (Brussels Consultation – 1998). See also Comment of Electronic Frontier Foundation (November 6, 1998 - RFC-2).
- ²¹⁶ See Comment of the Government of India, Department of Industrial Development: Ministry of Industry, (November 6, 1998 - RFC-2).
- ²¹⁷ See Comment by Mr. Krishna of Andhra Pradesh Technology Services, State Government of Andhra Pradesh (Hyderabad Consultation).
- ²¹⁸ See Network Solutions Domain Name Dispute Policy (Revision 03) (effective February 25, 1998), at <http://www.internic.net/domaininfo/internic-domain-6.html>.
- ²¹⁹ On the other hand, NSI's Policy does require that the third party complainant's notice "clearly state that the complainant believes the registration and use of the disputed domain name violates the trademark rights of the complainant; the notice must also clearly allege the factual and legal bases for the belief." (Section 8(b)).
- ²²⁰ See Comment of The Chanel Company (November, 4 1998 - RFC-2).
- ²²¹ See Comment of International Intellectual Property Alliance (November 6, 1998 - RFC-2).
- ²²² RIPE CENTR Response to the Green Paper, at http://www.ntia.doc.gov/ntiahome/domainname/130dfmail/03_13_98.htm.
- ²²³ For instance, the large majority of European organizations have registered their domain names with one of the ccTLD registries.
- ²²⁴ Statistics referred to in this section were made available by NetNames Ltd. at <http://www.netnames.com>.
- ²²⁵ *Ibid.*

²²⁶ See Comment of European Community and its Member States (November 3, 1998 - RFC-2); Comment of American Intellectual Property Law Association (November 6, 1998 - RFC-2); Comment of European Brands Association (AIM) (November 5, 1998 - RFC-2); Comment of Ms. Marilyn Cade of AT&T (Washington Consultation – 1998); Comment of Ford Global Technologies (November 14, 1998 - RFC-2); Comment of Mr. Roger Cochetti of IBM (Washington Consultation – 1998)

²²⁷ See Comment of MARQUES (November 6, 1998 - RFC-2); Comment of Mr. Neil Smith of Limbach and Limbach (San Francisco Consultation); Comment of Mr. Keith Gymer (Brussels Consultation – 1999); Comment of Mr. Nethri (Hyderabad Consultation); Comment of Mr. Martin Schwimmer (November 11, 1998 - RFC-2).

²²⁸ For instance, the latest releases of Netscape's browser include a feature called "Internet Keywords." A user wishing to access, for example, the website of BankAmerica Corporation would no longer be required to enter "<http://www.bofa.com>" in a browser, but simply "*bank of america*."

²²⁹ The INternet ONE system permits such coexistence, as illustrated by <http://www.lloyds.io>. When a user enters a keyword that is shared by several parties in this system, a screen will appear listing all such parties together with their description, and a link to their respective websites.

²³⁰ Centraal's RealName system requires keywords to be unique; see <http://company.realnames.com/WhatAreRealNames/GeneralFAQ.html>.

²³¹ In Netscape's system, entering the keyword "book" directs the user to the Barnes & Noble on-line book store at <http://www.book.com>. Centraal's RealName system in principle does not accept generic terms, see <http://company.realnames.com/WhatAreRealNames/GeneralFAQ.html>.

²³² Compare, for instance, the policies of Netscape (at <http://home.netscape.com/escapes/keywords/faq.html>), Internet One (at <http://www.io.io/rules.html>), and Centraal (at <http://company.realnames.com/WhatAreRealNames/GeneralFAQ.html>); see also *Estee Lauder, Inc. et al. v. the Fragrance Counter, Inc. et al.* (S.D.N.Y., No. 99 Civil 382) (plaintiffs allege that keywords registered by the Fragrance Counter with Excite infringe their trademarks) (pending).

²³³ Similarly entering the keyword "golf" in the same systems, directs the user to the website of one company located in the United States (www.golf.com), while several other companies exist that have used the word "golf" as a domain name, including one in the United Kingdom (www.golf.co.uk), Germany (www.golf.de), the Netherlands (www.golf.nl), Australia (www.golf.com.au), etc.

²³⁴ See, e.g., C. Oakes, "The Next Net Name Battle," *WIRED* (July 20, 1998) (at <http://www.wired.com/news/news/technology/story/13820.html>), and G. Venditto, "Netscape's Quiet Power Grab," *Internet World* (August 24, 1998) (at <http://www.internetworld.com/print/1998/08/24/opinion/19980824-target.html>).