

# INTELESCOPE<sup>™</sup>

Intellectual Property, E-Commerce and Entertainment Law



## HANDLING DOMAIN NAME DISPUTES:

The growth of the Internet has fueled a whole genre of legal dispute that did not really exist fifteen years ago: legal battles over Internet domain names. And now that virtually every business has a website, Internet domain name disputes are heating up more than ever.



Since the Internet is a worldwide phenomenon, a system had to be created to adjudicate domain name disputes on an international basis - unlike traditional naming or trademark disputes that are usually decided on a country-by-country basis. Thus was born the Uniform Domain-Name Dispute Resolution Policy ("UDRP") system. Whether they realize it or not, all domain name registrants are required to agree to utilize the UDRP system when they register a domain name. Currently there are two - and only two - organizations in the world that hear all domain name disputes: The World Intellectual Property Organization ("WIPO") in Geneva, Switzerland, and the National Arbitration Forum ("NAF") in Minneapolis, MN.

The UDRP system was designed to be a quicker and less expensive alternative to traditional court-based lawsuits. And for the most part, the UDRP system has achieved that goal: most domain name disputes heard by WIPO and NAF are resolved within about six weeks and at a fraction of the cost of an old-fashioned lawsuit. Although the losing party can file an appeal of a UDRP ruling in court, that rarely happens.

The process begins with the filing of a Petition by the owner of a trademark who believes that a domain name is infringing or usurping the trademark owner's rights by using a domain name that is the same as or too similar to the trademark. Thus the threshold issue in these disputes is whether the person filing the UDRP Petition in fact has some rights in the trademark that is at issue. The filing fee for filing the Petition is roughly \$1,000 - \$1,500, depending on whether the Petitioner wishes to have a one-Arbitrator or three-Arbitrator panel decide the case. In rough terms, after the Petition is filed and served on the domain name holder (a/k/a the "Respondent"), the Respondent is given about three weeks to prepare, file and serve a written Response. Once the Respondent files and serves its Response, the Arbitrator(s) usually make a Ruling in about two to three weeks. Except in the rarest of circumstances, the Petitioner does not have the right to file a reply to the Response and there is no discovery process. Thus the Petitioner has essentially one shot to put its best case forward.

There are three elements to a successful UDRP petition. The Petitioner must prove all three to win; but the Respondent only has to disprove one element to win. The three elements are: (1) Respondent's domain name is the same as or too similar to the Petitioner's trademark; (2) Respondent has no rights or legitimate interests in respect of the domain name; and (3) Respondent's domain name was registered and is being used in bad faith. Again, it is important to note that the Petitioner has the burden of proof on all three elements and that the Respondent can win the UDRP by simply disproving any one of the three elements.

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In one case in which we successfully defended a domain name owner , our client owned the domain name <surfcult.com> for a website related to surfing culture and history. A surf clothing and accessories company in Australia filed a UDRP action with WIPO, claiming that they owned the trademark SURF CULT and had used it long before our client started using its domain name. When the Australian company filed their Petition – knowing that they only had one opportunity to make their case – they literally papered the case with three feet of exhibits and attachments. But sheer tonnage does not necessarily carry the day. We had to assemble the relevant facts, obtain sworn declarations from knowledgeable people in the business and prepare a detailed written Response – all within three weeks.

On the first issue – was the Respondent’s name is the same or too similar to the Petitioner’s trademark? – there was not a lot of room for argument. Although we argued that our client and the Petitioner were in two completely different businesses, the Arbitrator took a very narrow view and looked solely at the words in the trademark and in the domain name. In other words, the Arbitrator ignored the differences in the businesses and found that the Petition had proven that the domain name was essentially the same as the trademark in question.

But when it came to the second issue – did our client have no rights or legitimate interests in respect of the domain name? – the Arbitrator found the Petition did not prove its case. The reason: our client proved by virtue of the evidence we submitted that it did in fact have legitimate business interests in the domain name. Because the Arbitrator found in favor of the Respondent with respect to this element, the Arbitrator decided he did not have to address the third element and he ruled in favor of our client.

When a domain name holder loses a UDRP proceeding, the domain name Registrar will take away the domain name and give it to the Petitioner within about 10 days of the ruling UNLESS the Respondent files a separate appeal in a court of law. Likewise, if the petitioning trademark owner loses, it can also file an appeal in Court.

Most of these cases – about 80% of them – are decided in favor of trademark owners. But all indications are that is because most domain holders do not even bother to respond to URDP’s and let them go by default. The <surfcult.com> case proves that a domain name holder can level the playing field if it takes the time to assemble the facts on its side of the case. It also proves that size doesn’t necessarily matter. Their brief: 10 pounds of paper and 3 feet thick. Our: about a pound and two inches!

Questions about selecting, searching and protecting domain names and trademarks? Please call or write.



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