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COMMENT ON THE TERMS OF REFERENCE AND PROCEDURE FOR THE SECOND WIPO INTERNET DOMAIN NAME PROCESS

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Abstract: Background to WIPO First and Second Domain Name Processes, legitimacy of ICANN and WIPO governance over domain names, impact on intellectual property laws of nation states and proposed conference.

***61** Origins and Objectives of the WIPO Internet Domain Name Process

Network Solution's original policy [FN1] of allocating domain names on a "first-come, first-serve" basis failed to take account of the internet as a commercial infrastructure and the attendant signalling function of domain names as valuable trade marks and business assets. [FN2] As a result, there are numerous cases of blatant speculation in domain names [FN3] that need to be dealt with as quickly and efficiently as possible. In July 1998, in response to a proposal by the United States [FN4] and with the approval of Member States, the World Intellectual Property Organization ("WIPO") instituted the First Internet Domain Name Process with a view to making recommendations to the ***62** Internet Corporation for Assigned Names and Numbers ("ICANN") [FN5] concerning "certain questions arising out of the interface between domain names and intellectual property rights". [FN6] The First Process concluded in April 1999 with the submission of a Final Report to ICANN that "targeted only the most egregious problems caused by the tension between domain names and trademarks". [FN7] It included recommendations that ICANN adopt (1) a number of "best practices" for accredited registrars designed to reduce conflicts between trade marks and domain name registrations; (2) a uniform dispute resolution policy for the mediation of disputes involving the bad faith, abusive registration of domain names that violate the trade mark rights of others; and (3) a mechanism for the exclusion of famous and well-known marks from registration as domain names by anyone other than the trade mark owner. [FN8] While ICANN has yet to adopt a mechanism for excluding famous marks from registration, other recommendations have been implemented, most notably and contentiously, a mandatory administrative Uniform Dispute Resolution Policy ("UDRP") for the settlement of disputes concerning domain names and trade marks. [FN9]

The Second Process

On July 7, 2000, acting on a formal request by 19 Member States, WIPO announced its intention to address certain issues involving the recognition of intellectual property rights and the use of internet domain names "where uncertainty and concern remains" by establishing a Second Internet Domain Name Process ("the Process"). [FN10] According to the proposed terms of reference the Second Process will develop recommendations concerning the bad faith, abusive, misleading or unfair use of personal names; international non-proprietary names for pharmaceutical substances; names of international intergovernmental organisations; geographical indications, geographical terms, or indications of source; and trade names. [FN11]

As a threshold step, on July 10, 2000, WIPO requested public comment on the definition and scope of

the Process, in particular the appropriateness of the proposed terms of reference and procedures for the Second Process. [FN12] Regrettably, despite WIPO's extension of the period for public comment to September 15, public response, including submissions from non-governmental and professional organisations, domain name holders, trade mark holders, legal scholars and practitioners, has been relatively low. [FN13] The paucity of comments indicates the need to raise public awareness about the significance of domain names in relation to intellectual property by promoting a more conspicuous and wider debate on the scope and constitutional implications of the Second WIPO Domain Name Process. To this end, having taken account of the appropriateness of the terms of reference with respect to the immediate needs of arbitrators, this opinion will consider certain issues relating to internet governance, including the potential impact of the ICANN-WIPO domain name administration on the intellectual property systems of nation states.

The Nature and Scope of the Terms of Reference

The writer submits that ICANN's mandatory arbitration policy [FN14] is an effective means of expediting those cases where the holder has obviously registered the domain name without any intention of legitimate use. In addition, the cases show that speculators in domain names also adopt personal names and trade names that have value as common law trade marks. [FN15] In accordance with this "clean-up" rationale, it is arguable that, in order to deal adequately with cases concerning the use of domain names in bad faith pursuant to paragraph 4 (b) of the Policy, arbitrators need not only to call on general principles of trade mark law concerning registration and infringement but also those relating to the misappropriation of business reputation. In fact, given the antithesis between the territoriality of trade mark protection and the global nature of the internet, Administrative Panel ***63** decisions [FN16] indicate that if the concept of trade mark "use" for the purposes of registration and infringement is not to be irretrievably distorted by its transplantation to the realm of domain name "use in bad faith", arbitrators need recourse to principles of unfair competition.

Issues of Legitimacy and ICANN Policy

According to the proposed terms of reference, it would appear that the ICANN Domain Name Disputed Resolution Policy [FN17] ("the Policy") is set to incorporate general principles of unfair competition law under the rubric "Evidence of Registration and Use in Bad Faith". [FN18] It is submitted that any consideration of the appropriateness of such a proposal must necessarily involve an appraisal of the legitimacy and underlying rationale of the Second WIPO Internet Domain Name Process. As a non-consensual exercise in international law-making, the legitimacy of the Process is open to question. On the one hand, the mandatory provisions of TRIPs, section 2, provide substantively for the registration and protection of trade marks. In addition, since TRIPs section 3 provides protection for geographical indications, geographical terms and indications of source, it is submitted that the Second Domain Name Process might legitimately include these within the proposed terms of reference. On the other hand, while TRIPs, Article 8 (2) and the Paris Convention, Article 10bis, as incorporated by TRIPs, provide generally for unfair competition, they leave the substance to national law. At present WTO Member States provide variously for unfair competition by means of the torts of passing off and misappropriation, and statutory provisions against misleading and deceptive conduct, and trade mark dilution. While it is arguable that TRIPs Article 16 (3) introduces the doctrine of dilution, [FN19] such a doctrine is by no means part of the law in all Member States that share an English common law heritage. In addition, the American tort of misappropriation [FN20] is not generally recognised. In Australia for example, the High Court has resisted attempts to introduce such a tort on the basis that its breadth would involve courts in policy-making decisions that are better left to the legislature. [FN21]

The Second WIPO Process might therefore legitimately include geographical indications, geographical terms, and indications of source in so far as they are the subject of international substantive provisions. Furthermore, notwithstanding the lack of international substantive provisions in respect of the misappropriation of business reputation, in so far as the terms of reference will facilitate the incorporation of internationally recognised principles of unfair competition within the ICANN Domain Name Policy, they might be given

qualified endorsement for the narrowly defined purpose of arbitrating disputes concerning the speculative use of domain names in relation to personal names and trade names that have value as common law trade marks. Moreover, in so far as one is dealing with private disputation, according to private international choice of law principles, the substance of the law is a matter of national reference by the personal connecting factor of domicile. [FN22] Nonetheless, to the extent that the ICANN Domain Name Policy is international in scope and application, it cannot legitimately move beyond the current consensus as represented by the TRIPs Agreement.

The limits of decision-making under the Uniform Dispute Resolution Policy

To permit arbitrators to decide cases concerning the trade mark holder's right to prevent tarnishment and misappropriation beyond instances of blatant speculation risks compromising the procedure by involving them in the kind of decision-making that is better left to courts, albeit transnational tribunals, or legislatures, as policy-wise one moves away from encouraging merchants to produce goodwill to allowing them to maintain and capture its inherent value. Whether this would constitute optimal policy for the promotion of electronic commerce is another question. Nonetheless, questions of due process tend to indicate that one should proceed with caution when analogising domain names to property in trade marks. Issues arising ***64** from conflicts between trade mark owners and those with legitimate non-commercial interests in a domain name, [FN23] interests that may range from nicknames and surnames to criticism and parody, have yet to be adequately accommodated within the Process. This is no less the case in domain name disputes concerning international organisations, which prima facie as entities for governance and administration, should be exempt from the immediate purview of commerce. [FN24] In cases of such conflicts the complainant's burden of proving the respondent's absence of legitimate interests may not offer appropriate recognition of the public's legitimate interest in language usage that is so necessary to the maintenance of vigorous civil rights. [FN25]

Private rulemaking by WIPO-ICANN

Furthermore, the need to address public domain rights is only exacerbated by the lack of representation and accountability within the ICANN-WIPO rule-making process. As it currently exists, this process constitutes an essentially private and closed exercise in policy-making in so far as neither Member States nor NGOs are directly involved in real-time negotiation, and the resulting document is not submitted to national legislatures. [FN26] Instead, the WIPO Secretariat calls for submissions via the internet, arranges open meetings at selected world venues and, having consulted the public as considered appropriate, formulates rules that are then adopted by ICANN. [FN27]

The Conceptual Basis of Internet Governance

Indeed, ICANN-WIPO governance of the internet appears premised on the proposition that it is appropriate to delegate administration to a private non-profit organisation operated exclusively to lessen the burdens of government and promote the global public interest in the operational stability of the internet. As yet there has been little or no inquiry into the conceptual nature of the "internet community", the implications of corporate governance, democratic government as a "burden", or the relationship between the global public interest and the operational stability of the internet. While a perspective in which administrative services are implicitly quantified as a "loss" may serve ICANN's essentially commercial and proprietary constituency, [FN28] it does not admit meaningful consideration of the administration of domain names in relation to the constitutional dimensions of internet governance. In particular, it does not facilitate discussion of issues pertaining to public participation and accountability; the relationship between the merging of public and private law and the allocation of economic goods; or the progressive expansion of intellectual property rights in relation to the medium of the internet. The danger is that such market-driven and technocratic logic can easily become a rationalisation for authoritarian rule. There is no empirical evidence to show that the promotion of electronic commerce will suffer as a result of the gradual harmonisation of trade mark and domain name regimes attendant on a wider public debate. On the contrary, while electronic commerce is in its infancy, a

more measured approach to proprietary rights in business reputation might better facilitate the emergence of new internet business models. [FN29]

Impact on the Legal Systems of Nation States

Moreover, considering the innovative nature of the ICANN-WIPO administration, there appears to be little government awareness of the implications of this experiment for internet governance or indeed its potential impact on intellectual property law at the domestic level. While the internet provides electronic commerce with a global market-place, we have a system of trade marks that is essentially territorial. In cases of honest concurrent use for example, this means that a court is able to limit a trader's use of the mark according to territory. However, as cyberspace knows no physical jurisdiction, cases of honest concurrent use must be resolved in other ways. [FN30] This situation has been exacerbated by the exclusivity of the ".com" TLD. [FN31] Law- and policy-makers are now faced with the task of having to ***65** chart a trade mark law that is territorial and sectoral on a domain space that is global. Outside bad faith use, there need to be criteria for deciding who keeps the mark and who pays the switching costs. Beyond the imposition of technical constraints that would artificially segment the cybermarket, there is little choice but to integrate trade marks within the evolving WIPO-WTO system for the transnational management of intellectual property rights. [FN32] This can only be legitimately accomplished by reference to and with the participation of states who remain the primary actors within global civil society.

Proposed WIPO Internet Domain Name Conference of Member States

It is imperative therefore that WIPO should seek to convene a conference of Member States and stakeholders representing both commercial and consumer interests, in order to consider the nature and scope of proprietary rights in domain names; their legal relationship with trade marks and trade names [FN33]; the co-ordination of registrations for domain names and trade marks; and the optimal means of dispute prevention and settlement. The agenda must necessarily also aim to characterise the legal relationship between ICANN as a private corporate administrative body, and WIPO as a public agency and part of the United Nations system. Key questions to be addressed should include not only the status of ICANN rules and arbitral decisions but also the nature of accountability and representation for the Internet Domain Name Process.

Conclusion

While the writer broadly endorses the Process with respect to the immediate needs of domain name arbitrators, it is submitted that any attempt to go beyond the present international consensus with respect to unfair competition law would not be appropriate for the Process. Analogously with the current controversy over the democratic deficit within WTO law-making, world citizens and non-governmental organisations within global civil society would begin to question the legitimacy of a process in which law-making appears to overreach its recognised constitutional constraints. [FN34]

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FN1. Network Solutions International ("NSI"), the corporation originally contracted by the National Science Foundation to process the registration of domain names for the "generic" TLDs, such as ".com", ".edu", and ".org".

FN2. Although domain names were originally intended to perform the function of facilitating connectivity between networked computers, they developed into business identifiers. Further, see "Request for Comments on Issues Addressed in the WIPO Internet Domain Name Process" (WIPO RFC-2) <http://wipo2/wipo.int>.

FN3. By "speculation in domain names" this opinion refers to (1) "cybersquatting" where the speculator registers a domain name in order to deprive the trade mark owner of it, or in order to sell it or confuse consumers: see for example, Wal-Mart Stores Inc. v. Walsucks (Case no. D2000- 0477) WIPO Arbitration and Mediation Centre, July 20, 2000. Numerous court decisions in the United States indicate an evolving consensus concerning the liability of cybersquatters: see for example, Panavision International LP v. Toeppen, U.S. Court of Appeals for the Ninth Circuit, 141 F. 3d 1316 (9th Cir. 1998). (2) It refers to using another's trade mark as a domain name, including names, etc., in which there are common law trade mark rights. Here also, cases in the United States have established that this activity incurs liability: see for example, Comp Examiner Agency v. Juris Inc. 1996 U.S. Dist. LEXIS 20 (C.D. Cal. April 25, 1996). WIPO's Arbitration Centre has received more than 750 complaints of trade mark abuse and has decided more than 345 cases, since the ICANN dispute resolution policy was implemented in December 1999: (2000) 1/12 World Internet Law Report 32. Further note: to August 2000 there were 258 filed with WIPO: <http://arbiter.wipo.int/domains/statistics/filings.html>.

FN4. Concerning the management of the internet domain name system see the statement of policy on the "Management of Internet Names and Addresses" (Docket no. 980212036-8146-02) issued on June 5, 1998 by the Department of Commerce of the United States.

FN5. ICANN was established with the intention to establish policies and guidelines for the registration of domain names, dispute procedures, and standards for prospective registrants of additional TLDs, while ensuring order and stability as competition for domain names is gradually introduced. See Memorandum of Understanding Between the United States Department of Commerce and Internet Corporation for Assigned Names and Numbers (ICANN) <http://www.ntia.doc.gov/ntiahome/domainname/icann-memorandum.htm>. Note, on November 16, 2000, the ICANN Board selected seven new top-level domains (TLDs) proposals, <http://www.icann.org/>.

FN6. Concerning the First Process see <http:// wipo2.wipo.int/process1/index.html>.

FN7. Report of the WIPO Internet Domain Name Process (Final Report, April 30, 1999), WIPO Publication no. 439(E); see <http:// wipo2.wipo.int/process1/report/index.html>.

FN8. ibid.

FN9. See UDRP at <http://www.icann.org/udrp/udrp.htm>.

FN10. The request was made in a letter from the Minister for Communications, Information Technology and the Arts for the Government of Australia, in which WIPO is requested by the Australian Government on its own behalf and on behalf of 18 other Member States, including Argentina, Canada, United States and the European Union, to initiate the new Process: see <http://wipo2.wipo.int/process2/index.html>.

FN11. See Request for Comments on Terms of Reference, Procedures and Timetable for the Second WIPO Internet Domain Name Process, WIPO/OLOA/EC/RFC1, July 10, 2000: <http://wipo2.wipo.int/process2/index.html>.

FN12. RFC-1 solicits comments "from interested parties on these terms of reference and, in particu-

lar, whether they properly define all questions that should be addressed". Substantive comments with respect to the issues posed by the proposed terms of reference have been deferred until the publication of the proposed second RFC to address the substance of the issues identified in the finalised terms of reference: <http://wipo2.wipo.int/process2/index.html>.

FN13. Several associations have filed their comments, although not as many as WIPO had hoped since the original comment period was extended to September 15, 2000. At September, 27, 2000 there were 206 threaded messages: <http:// wipo2.wipo.int/process2/index.html>.

FN14. n. 9 above, para. 4 (a).

FN15. See for example Jeanette Winterson v. Mark Hogarth (Case no. D2000- 0235): <http://arbiter.wipo.int/domains/cases/all.html>.

FN16. See for example Westfield Corporation Inc. v. Graeme Michael Hobbs (Dynamic Marketing Consultants) Case no. D2000-0227; Yahoo! Inc. v. Eitan Zviely (Case no. D2000-0273): <http://arbiter.wipo.int/domains/cases/all.html>; Lifeplan v. Life Plan (Claim no. FA00005000094826) National Arbitration Forum, July 13, 2000 <http://www.arbforum.com/domains/>; Consorzio per la Tutela del Formaggio Grana Padano v. Colombi Cristiano (Case no. AF-0252) eResolution Administrative Panel, August 14, 2000 <http:// www.eresolution.ca/services/dnd/decisions.htm>.

FN17. Policy adopted: August 26, 1999; Implementation Approved: October 24, 1999, n. 9 above.

FN18. n. 9 above, para. 4 (b).

FN19. G. E. Evans, Lawmaking under the Trade Constitution: A Study in Legislating by the World Trade Organization, Studies in Transnational Economic Law (2000), chap. 5.

FN20. Mayer v. Josiah Wedgwood & Sons Ltd 601 F. Supp. 1523 (S.D.N.Y. 1985); Restatement (Third) of Unfair Competition § 38 (1993).

FN21. Moorgate Tobacco Co. Ltd v. Philip Morris Ltd (1984) 156 C.L.R. 414.

FN22. Rules of Procedure, para. 15 (a) n. 9 above: applied in Nike Inc. v. Farrukh Zia, Case no. D2000-0167: <http:// arbiter.wipo.int/domains/cases/all.html>.

FN23. See for example Hasbro Inc. v. Clue Computing Inc. 66 F. Supp. 2d 117 (D. Mass. 1999); American Civil Liberties Union v. Attorney General of the United States U.S. Court of Appeals for the Third Circuit, no. 99-1324, June 22, 2000 <http://pacer.ca3.uscourts.gov.8080/C:/ InetPub/ftproot/Opinions/991324.TXT>. See generally M. Mueller, "Rough Justice, An Analysis of ICANN's Uniform Dispute Resolution Policy", 2000 <www.digital_ convergence-org>.

FN24. Lifeplan v. Life Plan, n. 16 above; cf. 15 U.S.C. § 1125 (c) which exempts from dilution any non-commercial use of a mark.

FN25. Consorzio per al Tutela del Formaggio Grana Padano v. Colombi Cristiano, n. 16 above.

FN26. See M. Froomkin, "Of Governments and Governance" (1999) 14 Berkeley Technology Law Journal 617.

FN27. See "Policy Modifications", para. 9, n. 9 above. See generally M. J. Radin and P. R. Wagner, "The Myth of Private Ordering: Rediscovering Legal Realism in Cyberspace" (1998) 73 Chicago-Kent Law Review 1295.

FN28. ICANN Bylaws (as revised May 27, 1999) <http://www.icann.org/>.

FN29. See generally M. Lemley, P. Menell, R. Merges and P. Samuelson, Software and Internet Law (2000) pp. 1069 et seq.

FN30. A. Kur, "Identical Marks Belonging to Different Owners in Different Countries--(How) Can They Coexist in Cyberspace?" International Conference on Electronic Commerce and Intellectual Property, Geneva, September 14-16, 1999 WIPO/EC/CONF/99/SPK/17-B.

FN31. Concerning the introduction of new top-level domains see World Internet Law Report, n. 3 above, p. 30.

FN32. See A. Otten, "The Work of the World Trade Organisation", International Conference on Electronic Commerce and Intellectual Property, Geneva, September 14-16, 1999, WIPO/EC/CONF/99/SPK/24; and generally F. Abbott, "Distributed Governance at the WTO-WIPO: An Evolving Model for Open-Architecture Integrated Governance" Journal of International Economic Law (1999); Evans, n. 19 above, chap. 4.

FN33. Note the ongoing work of the World Intellectual Property Organisation Standing Committee on the Law of Trade Marks, Industrial Designs and Geographical Indications, especially SCT/5/, Geneva, September 11-15, 2000, a document that contains revised draft provisions concerning protection of industrial property rights in relation to the use of signs on the internet.

FN34. Evans, n. 19 above, chap 6.

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