

**Fair.com?:  
An Examination of the Allegations of Systemic Unfairness in  
the ICANN UDRP**

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## **PART ONE - INTRODUCTION**

“There should be a general parity between the appeal rights of complainants and domain name holders.”

-- ICANN Board Resolution 99.83<sup>1</sup>

In less than two years, the Internet Corporation for Assigned Names and Numbers' Uniform Domain Name Dispute Resolution Policy, better known as the UDRP,<sup>2</sup> has resolved over 3000 disputes involving more than 6000 domain names.<sup>3</sup> With its global reach, fast turnaround, and inexpensive fees, the UDRP is touted as a shining example of the potential of online alternative dispute resolution with supporters suggesting that it can be used as a model for other e-commerce legal disputes.<sup>4</sup>

Despite its substantial caseload and some positive reviews, the UDRP also has its share of critics. There are some who suggest that the system does not go far enough to protect trademark holders.<sup>5</sup> The South African government, for example, has argued that the

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<sup>1</sup> ICANN Board Resolution 99.83, August 26/99 Minutes (online at: <http://www.icann.org/minutes/minutes-26august99.htm>) (last visited: 11 August 2001).

<sup>2</sup> ICANN Uniform Domain Name Dispute Resolution Policy, (online at <http://www.icann.org/udrp/udrp-policy-24oct99.htm>) (last visited: August 16, 2001) [hereinafter *ICANN Policy*].

<sup>3</sup> ICANN reports that as of August 9, 2001, there were 3376 case dispositions involving 6095 domain names. The total number of proceedings totaled 4206 cases involving 7369 domain names. Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy as of August 9, 2001, (online at <http://www.icann.org/udrp/proceedings-stat.htm>) (last visited: 12 August 2001).

<sup>4</sup> For example, Masanobu Katoh, Chair of the Internet Law & Policy Forum and an ICANN board member, remarked at an ILPF conference in September 2000 that:

“I have extensive experience with both Japanese and U.S. court systems, as well as Alternative Dispute Resolution Proceedings. Never, and I mean never, have I seen a dispute resolution mechanism work so well. In less than a year, over 1,000 arbitrations have been initiated under the UDRP.

In more than two third of those cases, there already have a disposition. These cases have been handled quickly, inexpensively, and most important of all, fairly. Without question, the UDRP is an important model for Dispute Resolution in other e-Commerce areas.”

Internet Law and Policy Forum 2000 Annual Conference, September 11, 2000 transcript (online at: <http://www.ilpf.org/events/jurisdiction2/conf00d1.pdf>) (last visited: 12 August 2001).

<sup>5</sup> Some critics have bemoaned the absence of a discovery process and the increasing sophistication of cybersquatters. M.J. Mitchell & M. Boudett, *Domain Name Disputes: Cases Illustrate Limitations of ICANN Policy*, 45 Apr. B.B.J. 4 (March/April 2001). Others have lamented complainants' inability to obtain damages. M.E. Searing, *What's In a Domain Name? A Critical Analysis of the National and International Impact on Domain Name Cybersquatting*, 40 Washburn L.J. 110 (2000).

policy should better protect country names and has urged the World Intellectual Property Organization (WIPO) to formulate amendments that might be incorporated into a revised version of the UDRP.<sup>6</sup> WIPO is, in fact, currently conducting a public consultation on a series of potential amendments that would expand the scope of the UDRP to explicitly include personal names, geographic designations, and trade names.<sup>7</sup>

Another vocal group of UDRP critics has also emerged, concerned that the system promotes forum shopping and is systemically biased in favor of trademark holders, who are invariably the complainants in domain name disputes.<sup>8</sup> These concerns, which were expressed during the initial drafting of the UDRP,<sup>9</sup> have grown louder as the policy has been put into practice and data begins to emerge.<sup>10</sup>

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<sup>6</sup> Submission By Republic Of South Africa In Response To WIPO2 RFC-2, (online at <http://wipo2.wipo.int/process2/rfc/rfc2-comments/2000/msg00059/wipo2-submission.doc>) (last visited: 12 August 2001).

<sup>7</sup> Interim Report of the Second WIPO Internet Domain Name Process, April 12, 2001 (online at <http://wipo2.wipo.int/process2/rfc/rfc3/index.html>) (last visited: 12 August 2001).

<sup>8</sup> M. Mueller, *Rough Justice: An Analysis of ICANN's Uniform Dispute Resolution Policy*, November 2000 (online at <http://dcc.syr.edu/roughjustice.htm>) (last visited: 12 August 2001)[hereinafter *Rough Justice*]; M. Geist, *WIPO Wipes Out Domain Name Rights*, *Globe and Mail*, 24 August 2000 (online at: <http://www.globetechnology.com/servlet/GAMArticleHTMLTemplate?tf=globetechnology/TGAM/EBusinessFullStory.html&cf=globetechnology/tech-config-neutral&slug=TWGEIS&date=20000824>) (last visited: 12 August 2001).

<sup>9</sup> A. M. Froomkin, *A Commentary on WIPO's The Management of Internet Names and Addresses: Intellectual Property Issues*, 19 May 1999 (online at: <http://personal.law.miami.edu/~amfme>)

The right of complainants to pick which arbitration provider handles their dispute has been the target of particularly vociferous criticism.<sup>11</sup> Although ICANN initially accredited three arbitration providers in order to foster a competitive environment, many commentators anticipated that complainants would engage in forum shopping by rationally selecting arbitration providers who tended to rule in their favor. Those fears were realized almost immediately. The two ICANN-accredited providers with the most favorable outcomes for complainants (WIPO and the National Arbitration Forum (NAF)) quickly captured the lion's share of the caseload at the expense of eResolution, the least complainant-friendly of the major ICANN-accredited providers.<sup>12</sup> Furthermore, forum shopping has continued to increase over time. In February 2001, for example, only three new cases were launched with eResolution, compared with 183 cases with WIPO and 96 cases with the NAF.<sup>13</sup>

Although the existence of forum shopping has become common knowledge among those involved with the UDRP, a critical question remains unanswered. While there is clearly an incentive for arbitration providers to curry favor with potential complainants in order to attract future cases, how, if at all, do they do so?

The more obvious sources of provider differentiation have only occurred on a fairly small scale. For example, price competition, one clear method of distinguishing providers, has thus far been rather limited. Among the three main providers,<sup>14</sup> the cost for a single domain, single panelist case starts from a low of US\$950 (NAF) to a high of US\$1500

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<sup>11</sup> *Ibid.*

<sup>12</sup> *Rough Justice, supra.* Louis Touton, ICANN's general counsel has also expressed concern over forum shopping, noting that "Forum shopping is clearly a problem and if it is occurring it suggests that justice is being bought and sold." Oscar S. Cisneros, *What to do with Domain Disputes?*, WIRED News, 13 November 2000 (online at <http://www.wired.com/news/print/0,1294,39992,00.html>) (last visited: 12 August 2001).

<sup>13</sup> List of Proceedings Under Uniform Domain Name Dispute Resolution Policy (online at <http://www.icann.org/udrp/proceedings-list.htm>) (last visited: 12 August 2001).

<sup>14</sup> The CPR Institute for Dispute Resolution, which received accreditation as an ICANN dispute resolution provider in May 2000, has thus far been a non-factor in the UDRP. As of July 7, 2001, the provider had only been involved in a total of 22 cases. Given the small number, the CPR data is excluded from most analysis in this report.

(WIPO).<sup>15</sup> When the legal costs associated with a UDRP action are factored into the equation, the difference in filing fees is relatively unimportant.

Other differences, such as panelist rosters and language capabilities, are even less pronounced. Although initially there were considerable differences in panelist roster composition, the rosters of the three providers now look increasingly alike. WIPO's roster was once characterized primarily as being comprised of a global group of trademark attorneys and law professors,<sup>16</sup> while NAF's roster was described as retired U.S. judges,<sup>17</sup> and eResolution's roster was perceived as international law professors.<sup>18</sup> Today, as a growing number of panelists are cross-listed with multiple providers, it is more difficult to distinguish between provider panelist rosters. Moreover, NAF and eResolution have increased the international component of their panelist rosters, narrowing the gap with WIPO and improving their ability to address cases in foreign languages and with non-U.S. parties.

Marketing techniques clearly illustrate one area of differentiation between providers, with the NAF adopting a far more aggressive approach than the other providers in the marketing of its services. Unlike both WIPO and eResolution, the NAF regularly distributes press releases heralding recent decisions. The releases have taken on a distinctly pro-complainant tone in recent months. The author, who is on the NAF's media distribution list, received eleven press releases from May through August 2001, ten of which promoted a complainant win. Featuring headlines such as "Arbitrator Delivers Internet Order for Fingerhut" and "May the Registrant of magiceightball.com Keep the

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<sup>15</sup> Three member panel, single domain cases are even closer in cost. Fees start at a low of US\$2500 with the NAF and increase to a high of US\$3000 with the WIPO. WIPO fee data at <http://arbiter.wipo.int/domains/fees/index.html>; NAF fee data at <http://www.arbforum.com/domains/domain-fees.asp>; eResolution fee data at <http://www.eresolution.ca/services/dnd/schedule.htm>.

<sup>16</sup> S.H. King, *The "Law That It Deems Applicable": ICANN, Dispute Resolution, and the Problem of Cybersquatting*, 22 *Hastings Comm/Ent. L.J.* 453, 477 (2000) [hereinafter *King*].

<sup>17</sup> T. Loomis, *Domain Name Disputes Resolved Quickly*, *New York Law Journal*, 27 July 2000 (online at <http://www6.law.com/ny/stories/00/07/072700a2.htm>) (last visited: 12 August 2001).

<sup>18</sup> King, *supra* at 479.

Domain...Not Likely”, the releases do little to engender confidence in the neutrality of the NAF.<sup>19</sup>

The providers’ supplemental rules also provide a point of difference. For example, each provider takes a slightly different approach to respondents’ response rights. WIPO does not provide any supplemental rules on responses. It relies instead on the ICANN rules that outline that responses must be filed within twenty days<sup>20</sup> and that extensions may be granted either in exceptional cases or if the parties mutually agree to an extension.<sup>21</sup> EResolution similarly relies on the ICANN rules for respondent submissions, but includes an additional provision that grants respondents five calendar days to correct any deficiencies in their submission once so notified by the provider.<sup>22</sup> The NAF, meanwhile, contains the most detailed and onerous requirements for an extension. Supplemental Rule 6(a) states that:

Paragraph 5(d) of the Rules provides that the Respondent may request additional time to submit a Response, or may be given additional time if the parties stipulate to an extension and the Forum approves. Any request by the Respondent for an extension or any joint request by the parties for an extension shall:

- (i) be submitted after the parties have first conferred with each other to see if they could reach an agreement concerning the requested extension;
- (ii) be submitted in writing to the Forum and the parties within the time for the Response to be submitted;
- (iii) state the exceptional circumstances warranting the request for an extension;
- (iv) state the length of the extension being requested (no more than twenty (20) additional days); and
- (v) be accompanied by an extension fee of \$100.<sup>23</sup>

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<sup>19</sup> Other headlines include “Kevin Spacey Prevails Against Usual Suspect in Domain Name Case”, “Holder of Beatles Domain Names Must ‘Get Back’”, and “Skateboard Magazine Thrashes Spanish Double”. Press releases on file with the author.

<sup>20</sup> Section 5(a), ICANN Rules for Uniform Domain Name Dispute Resolution Policy, (online at <http://www.icann.org/udrp/udrp-rules-24oct99.htm>) (last visited: 12 August 2001) [hereinafter *ICANN Rules*].

<sup>21</sup> Id. Section 5(d).

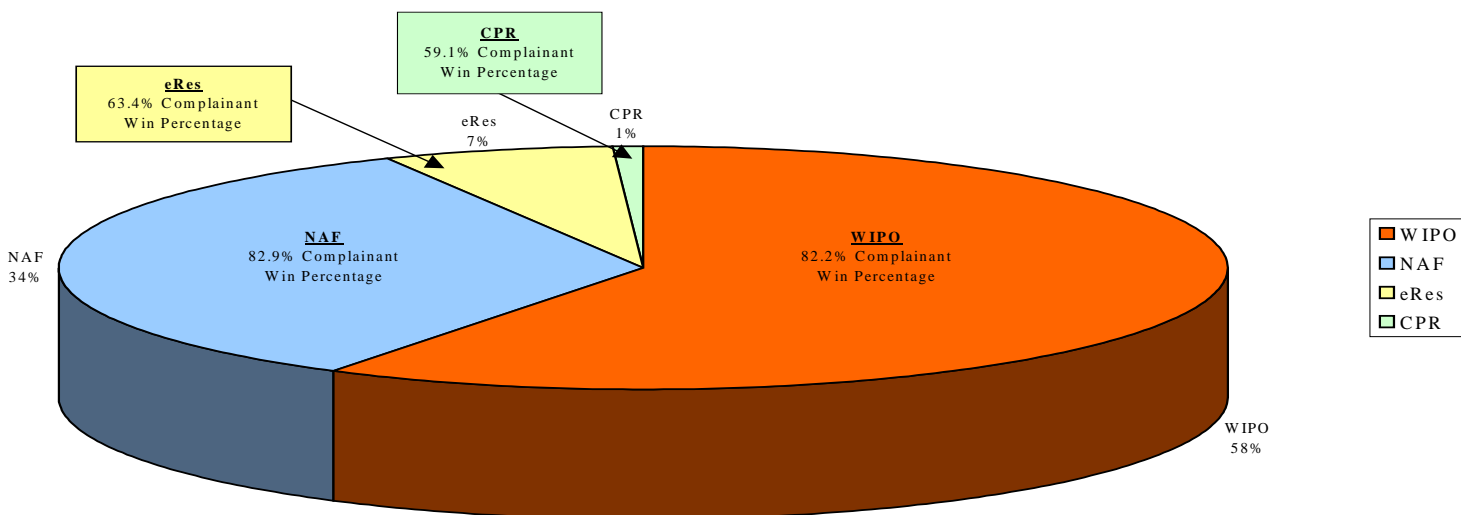
<sup>22</sup> Section 2(7)(c)(ii)(2), eResolution Supplemental Rules (online at [http://www.eresolution.ca/services/dnd/p\\_r/supprules.htm](http://www.eresolution.ca/services/dnd/p_r/supprules.htm)) (last visited: 12 August 2001).

<sup>23</sup> Section 6(a), National Arbitration Forum Supplemental Rules (online at <http://www.arbforum.com/domains/domain-rules020101.asp>) (last visited: 12 August 2001).

The NAF’s supplemental rule, which was added in May 2000, clearly places an additional burden on a respondent seeking an extension and has been characterized by some commentators as “worrisome” and “extremely biased.”<sup>24</sup> At a minimum, the supplemental rule distinguishes NAF from its competitors.

Since most of the differentiating factors are somewhat benign, the most prominent difference between providers remains case outcome. Simply put, complainants win more frequently with WIPO and the NAF than with eResolution. The statistical data, which has remained consistent since the introduction of the UDRP, shows that complainants win 82.2% of the time with the WIPO, 82.9% of the time with the NAF, but only 63.4% of the time with eResolution.<sup>25</sup> Since outcome is what matters most to complainants, they have rewarded WIPO and the NAF with an overwhelming share of the UDRP caseload. Despite the highest fees, neutral rules, and low-key marketing, WIPO commands 58% of the UDRP caseload, compared with 34% for the NAF and a paltry 7% for eResolution.

**FORUM SHOPPING: Provider Percentage of Overall Caseload and Provider Complainant Win Percentage (As of July 7<sup>th</sup>, 2001)**



<sup>24</sup> King, *supra*, at 498.

<sup>25</sup> Unless otherwise noted, all UDRP statistical data has been compiled by the author and reflect all decisions released by July 7, 2001.

With the statistical evidence leaving little doubt that forum shopping is part of the UDRP, this study takes the next step by determining whether bias may exist within the system and, if so, how it manifests itself.

With differences such as fees, marketing, and supplemental rules between providers transparent to all, the starting point for a deeper analysis into case outcomes must be to focus on aspects of the UDRP that are not transparent. The primary focus of the study is therefore on panelist allocation.

Although the ICANN rules and provider supplemental rules indicate how panelists are selected,<sup>26</sup> little is known about how providers determine precisely which panelists serve on what cases. Panelist allocation has become particularly important as the providers' panelist rosters have converged. As noted above, each provider's roster now features an impressive contingent of international panelists capable of addressing disputes between litigants in different languages and legal systems. Moreover, a growing number of panelists are cross-listed – that is, they are featured on the roster of more than one provider.<sup>27</sup> The multi-provider phenomenon is particularly common with WIPO and eResolution, where despite markedly different case outcomes, 28 of the panelists are featured on both rosters.

The existence of multi-provider panelists complicates the bias question considerably. If each of the providers' panel rosters were distinctly different, differences in case outcomes could be attributed to the varying composition of provider panels. In such a scenario, one might expect differences in case outcomes since providers could staff their panelist rosters with the panelists most likely to deliver the desired outcomes. Since many of the same panelists decide cases for multiple providers, however, it seems unlikely that the composition of a provider's panelist roster alone would explain differences in case outcomes.

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<sup>26</sup> *ICANN Rules*, supra, section 6(b) (e).

<sup>27</sup> As of July 31, 2001, 63 panelists were listed on the roster of at least two providers. See Annex A for a complete list of cross-listed panelists.



Accordingly, if many of the same panelists are deciding cases for multiple providers, how is that complainants win over 82 percent of the time with WIPO and the NAF and only 63 percent of the time with eResolution?

Following a review of over 3000 cases, the answer becomes clear. The critical issue does not rest with the roster of panelists per se, but rather with how the roster is deployed. Analysis of all UDRP cases decided through July 7, 2001 reveal several striking trends that provide new insight into how the UDRP decision-making process functions in practice. The study finds that influence over panel composition is likely the most important controlling factor in determining case outcomes.<sup>28</sup> The data shows that when providers control who decides a case – which they do for all single panel cases -- complainants win just over 83 percent of the time. When provider influence over panelists diminishes – which occurs in three-member panel cases since in these cases both the complainant and respondent choose one of the panelists as well as exercise some influence over the choice of the third member of the panel -- the complainant winning percentage drops to 60 percent.

In addition to the dramatic difference in outcome between single and three-member panels, the study finds that case allocation appears to be heavily biased toward ensuring that a majority of cases are steered toward complainant-friendly panelists. Most troubling is data which suggests that, despite claims of impartial random case allocation as well as a large roster of 131 panelists,<sup>29</sup> the majority of NAF single panel cases are actually assigned to little more than a handful of panelists. As of July 7, 2001, an astonishing 53% of all NAF single panel cases – 512 of 966 – were decided by only six people. The complainant winning percentage in those cases was an astounding 94%. Although respondents failed to respond in some of those cases, the skewed caseload is

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<sup>28</sup> This should not be taken to suggest that the merits of the case are unimportant. The strength of the bad faith claim and complainant rights in the domain are, of course, crucial. The data suggests, however, that panelist allocation is a significant determinant of case outcome, particularly for those cases that are not clear-cut cases of cybersquatting or do not fall squarely within a strict interpretation of the UDRP.

<sup>29</sup> Email from Tim Cole, Assistant Director of Arbitration, NAF (on file with the author) [hereinafter *Cole*].

unique to the NAF with neither WIPO nor eResolution presenting a similar caseload imbalance.<sup>30</sup>

The NAF is not alone on the issue of caseload allocation bias as WIPO's track record also raises concerns. A review of all WIPO panelists that have decided five or more single panel cases (and thus have a track record) finds that there are 104 such panelists, all of whom have a complainant win percentage that is higher than at least two respondent-friendly WIPO panelists who have never been selected for sole panelist duty. In fact, of the 104 panelists, only one has a complainant winning percentage that is under 50%.

Following a brief historical review of the development of the UDRP and an introduction to its rules in part two of this study, part three examines these numbers in greater detail. The study concludes in part four with recommendations for changes to the UDRP designed to instill greater fairness and confidence in the process.

## **PART TWO - THE DEVELOPMENT OF THE UDRP**

The Internet Assigned Numbers Authority (IANA), headed by the late Jon Postel, initially managed the Domain Name System (DNS).<sup>31</sup> Growing demand from businesses and individuals, however, together with the increasing administrative burden of maintaining the system resulted in changes to the system in 1992.<sup>32</sup> That year, the U.S. government granted Network Solutions, Inc. (NSI) the exclusive right to register three generic top-level domain names (gTLDs) -- dot-com, dot-net, and dot-org. As part of the registration right, which was initially scheduled to last for five years, NSI was charged with managerial responsibility for the maintenance of the DNS.<sup>33</sup>

With the first agreement set to expire in 1997, the U.S. Department of Commerce granted

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<sup>30</sup> The six busiest WIPO panelists constitute 17.2% of that provider's single panel caseload; the six busiest eResolution panelists constitute 17.3% of that provider's single panel caseload.

<sup>31</sup> *King, supra* at 459-460.

<sup>32</sup> *Ibid.* at 460.

<sup>33</sup> Kevin Eng, *Breaking Through The Looking Glass: An Analysis of Trademark Rights in Domain Names Across Top Level Domains*, 6 B.U. J. Sci. & Tech. L. 7, 2 (June 1, 2000), available at <http://www.bu.edu/law/scitech/volume6/Eng.htm> [hereinafter *Eng*].

NSI a two-year extension. In return, NSI agreed to create a Shared Registry System that would allow competing companies to register dot-com, dot-org, and dot-net domains.<sup>34</sup> Moreover, once a competitive registrar system was established, NSI agreed to apply for accreditation through the same process as other registrars, thereby relinquishing its competitive advantage over the domain name registry market.<sup>35</sup>

NSI did not have a formal dispute resolution mechanism to address domain name disputes when it took over the registry responsibilities from IANA.<sup>36</sup> As disputes began to mount, NSI recognized the need for a dispute resolution policy. Early efforts, however, became a source of frustration for trademark owners and domain name registrants alike since the dispute policies focused primarily on protecting NSI from liability.<sup>37</sup>

Prior to 1995, NSI maintained that domain name registrants bore the responsibility for ensuring that their domain name did not infringe upon any trademark rights but, otherwise, did not provide a formal dispute resolution policy.<sup>38</sup> NSI released its first formal domain name dispute policy in July 1995.<sup>39</sup> It allowed trademark owners to challenge the registration of a domain name by presenting NSI with evidence that the domain name infringed upon their trademark rights. The policy required the trademark holder to present evidence that their trademark was identical to the registered domain name. The domain name registrant could successfully defend their right to the domain by presenting a valid trademark of its own.<sup>40</sup> If they were unable to produce evidence of a registered trademark, NSI would allow the domain name registrant to retain the domain for 90 days as part of a transition process. If the domain name registrant refused to

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<sup>34</sup> Luke A. Walker, *Icann's Uniform Domain Name Dispute Resolution Policy*, 15 Berkeley Tech. L.J. 289, 293-4 (2000) [hereinafter *Walker*].

<sup>35</sup> *Ibid.* at 294.

<sup>36</sup> *Ibid.* at 295.

<sup>37</sup> *Eng, supra* at 8-9.

<sup>38</sup> *Walker, supra* at 295.

<sup>39</sup> G. Peter Albert, *Eminent Domain Names: The Struggle to Gain Control of the Internet Domain Name System*, 16 J. Marshall J. Computer & Info. L. 781, 787 (1998).

<sup>40</sup> *Ibid.*

accept an alternative domain, NSI would place the domain “on hold” so that neither party could use it.<sup>41</sup>

NSI issued its first amendment to the policy in November 1995. The revised policy addressed situations where the domain name registration pre-dated the issuance of a trademark. In those situations, the domain name registrant was entitled to keep the domain, provided that it agreed post a bond to indemnify NSI from any liability.<sup>42</sup>

NSI revised its dispute resolution policy yet again in September 1996. The new policy required trademark owners to notify domain name registrants of their legal claim before commencing a dispute resolution action. Moreover, the policy established limitations on the domain name registrants’ defense of a competing trademark by requiring that the trademark be issued prior to the commencement of the dispute resolution action.<sup>43</sup> This latter change was needed after domain name registrants began obtaining quick trademark registrations from Tunisia.<sup>44</sup>

NSI revised its dispute resolution policy for the final time in February 1998. That revision allowed trademark owners to immediately place domain names "on hold" pending the resolution of the dispute.<sup>45</sup> The domain name registrant, if challenged, could prevent the domain name from being placed on hold by submitting evidence which established that (1) the domain name was registered before the complainant's trademark or (2) the domain name holder owned a competing trademark in the domain name.<sup>46</sup>

Predictably, neither domain name registrants nor trademark holders were satisfied with the NSI policies. Domain name registrants argued that the policy was too broad, placing them at an unfair disadvantage because trademark owners could invoke the dispute resolution policy and place a domain name on hold even if the domain name registration

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<sup>41</sup> *Ibid* at 788.

<sup>42</sup> *Ibid* at 789.

<sup>43</sup> *Ibid* at 790.

<sup>44</sup> *Ibid*.

<sup>45</sup> *Walker, supra* at 295.

<sup>46</sup> *Ibid*.

was for products or services bearing no similarity to the trademark use. Trademark owners, meanwhile, found the policy lacking because it could only be invoked where a domain name was identical to a registered trademark and because placing the domain on hold was not an effective remedy where a domain name transfer was desired.<sup>47</sup>

As the number of domain name lawsuits mushroomed and concerns over the stability of the DNS increased, the National Telecommunications and Information Administration (NTIA), an agency of the U.S. Department of Commerce, issued a draft discussion paper in February 1998 titled "A Proposal to Improve Technical Management of Internet Names and Addresses", better known as the "Green Paper."<sup>48</sup> The paper's stated goals were privatization and international participation in the DNS as well as increased competition in registry services.<sup>49</sup>

Following the Green Paper consultation, a final report entitled "Management of Internet Names and Addresses" or the "White Paper" was published by the NTIA in June 1998.<sup>50</sup> A key concern expressed during the Green Paper public consultations was the fear that the U.S. would seek to impose U.S. trademark law on the Internet for the resolution of domain name disputes.<sup>51</sup>

In an attempt to alleviate this concern, the White Paper committed to a WIPO-led, international process to develop recommendations for a uniform approach to resolving trademark and domain name disputes.<sup>52</sup> A balanced process that included both trademark holders and members of the Internet community was envisioned. The White Paper was also careful to establish limitations on the new dispute resolution mechanism by specifying that it was only to address cybersquatting and/or cyberpiracy disputes. Other

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<sup>47</sup> *Ibid.* at 296.

<sup>48</sup> *Improvement of Technical Management of Internet Names and Addresses*, 63 Fed. Reg. 8826 (proposed Feb. 20, 1998) (to be codified at 15 C.F.R. pt. 23).

<sup>49</sup> *Ibid.* at 8826.

<sup>50</sup> Nat'l Telecomm. and Info. Admin., Dep't of Commerce, 63 Fed. Reg. 31,741 (proposed June 10, 1998).

<sup>51</sup> *Ibid.* at 31,746-747.

<sup>52</sup> *Ibid.* at 31,747.

domain name disputes, such as competing trademark interests, were left to be settled by the courts.<sup>53</sup>

Pursuant to a White Paper recommendation, the U.S. government approved the creation of ICANN, granting the new non-profit corporation the responsibility for centralizing the management of the DNS.<sup>54</sup> Meanwhile, in consultation with WIPO, the beginning of a new dispute resolution policy began to emerge. WIPO published its first Request for Comments (RFC-1) in July 1998,<sup>55</sup> followed soon after by two further Requests (RFC-2<sup>56</sup> and RFC-3<sup>57</sup>) calling for public consultation. Public comments raised numerous criticisms including the perception that the proposed policy was unfairly biased in favor of trademark holders, the policy's broad scope, the mandatory nature of the dispute resolution proceedings, the policy's impact on freedom of expression, the expense of the process, the impact of the proceedings on subsequent litigation, choice of law issues, treatment of famous marks, procedural concerns, and the possibility that future technological change might render the proposed policy obsolete. WIPO released its final report in April 1999, addressing some, though not all, of the concerns.<sup>58</sup>

Using the WIPO final report and the White paper as its guide, ICANN moved quickly to draft a policy to address cybersquatting and related issues.<sup>59</sup> Only months after the

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<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid* at 31,749.

<sup>55</sup> Request for Comments on Terms of Reference, Procedures and Timetable for the WIPO Internet Domain Name Process, WIPO RFC-1 (July 8, 1998): online <<http://wipo2.wipo.int/process1/rfc/1/index.html>> (last visited: 17 August 2001).

<sup>56</sup> Request for Comments on Issues Addressed in the WIPO Internet Domain Name Process, WIPO RFC-2 (July 8, 1998) online: <<http://wipo2.wipo.int/process1/rfc/2/index.htm>> (last visited: 17 August 2001).

<sup>57</sup> Interim Report of the WIPO Internet Domain Name Process, WIPO RFC-3 (December 23, 1998) online: <<http://wipo2.wipo.int/process1/rfc/3/index.htm>> (last visited: 16 August 2001).

<sup>58</sup> The Management of Internet Names and Addresses: Intellectual Property Issues, WIPO <<http://wipo2.wipo.int/process1/report/index.html>> (last visited: 17 August 2001). For a summary of the recommendations found in the Final Report see *King, supra* at 464-467.

<sup>59</sup> *King, supra* at 468.

completion of the WIPO consultation, the ICANN Board of Directors approved the UDRP and its accompanying rules on October 24, 1999.<sup>60</sup>

The UDRP differs from the NSI dispute resolution policy in three material respects: (1) trademark owners are no longer able to place a hold on domain names during the dispute-resolution process; (2) trademark owners can only invoke a UDRP proceedings if the domain name was registered and is being used in bad faith; and (3) the administrative dispute resolution proceeding is mandatory for all domain name registrants.<sup>61</sup>

Registrants are required to submit to a mandatory administrative proceeding conducted by a dispute-resolution service provider approved by ICANN where a complainant asserts that:

- (1) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (2) the registrant has no rights or legitimate interests in respect of the domain name; and
- (3) the domain name has been registered and is being used in bad faith.

To succeed, the complainant must prove that all three elements are present.<sup>62</sup>

The policy provides some guidance as to what constitutes evidence of bad faith registration and use of a domain name.<sup>63</sup> They include:

- (1) circumstances indicating that the registrant has acquired the domain name primarily for the purpose of selling, renting or otherwise transferring it to the complainant who is the owner of the trademark or service mark, or to a competitor of the complainant, for valuable consideration in excess of "out-of-pocket" costs directly related to the domain name;<sup>64</sup> or

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<sup>60</sup> ICANN Board Resolution 99.81, August 26, 1999 Minutes (online at: <http://www.icann.org/minutes-26august99.htm>) (last visited: 17 August 2001).

<sup>61</sup> *Walker, supra* at 299-300.

<sup>62</sup> *ICANN Policy*, section 4(a)(i)(ii) and (iii).

<sup>63</sup> *Ibid.* section 4(b).

<sup>64</sup> *Ibid.* section 4 (b)(i).

- (2) the registrant has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that a pattern of such conduct is evidenced;<sup>65</sup> or
- (3) the domain name has been registered primarily for the purpose of disrupting the business of a competitor;<sup>66</sup> or
- (4) the domain name has been registered primarily for commercial gain through creating a likelihood of confusion.<sup>67</sup>

A respondent can demonstrate rights or a legitimate interest in a domain name by presenting evidence that:

- (1) before any notice to the respondent of the dispute, the respondent used or prepared to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services;
- (2) the respondent has been commonly known by the domain name, even if no trademark or service mark rights have been acquired;
- (3) legitimate non-commercial or fair use of the domain name, without intent to divert consumers or tarnish the trademark or service mark for commercial gain, is being made.<sup>68</sup>

A proceeding commences when the complainant submits a complaint to an ICANN approved dispute resolution service provider of their choosing. The complainant must specify whether the dispute is to be decided by a single-member or three-member panel. The fee for a single-member panel is paid entirely by the complainant.<sup>69</sup> In the event that a three-member panel is requested, the complainant must submit names and contacts of three candidates from a roster of any ICANN-approved provider to serve as one of the panelists.<sup>70</sup>

Following a compliance review, the provider forwards the complaint to the respondent.<sup>71</sup>

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<sup>65</sup> *Ibid.* section 4 (b)(ii).

<sup>66</sup> *Ibid.* section 4 (b) (iii).

<sup>67</sup> *Ibid.* section 4 (b) (iv).

<sup>68</sup> *Ibid.* section 4 (c) (i) - (iii).

<sup>69</sup> *Ibid.* section 6 (b).

<sup>70</sup> *Ibid.* section 4 (b) (iv).

<sup>71</sup> *Ibid.* section 4 (a).



The respondent must submit a response to the provider within 20 days of commencement of the proceeding.<sup>72</sup> If no response is submitted, the panel decides the case based solely upon the evidence furnished by the complainant.<sup>73</sup>

Even if the complainant has requested a single member panel, the respondent has the right to have the dispute decided by a three-member panel instead.<sup>74</sup> If either the complainant or respondent requests a three-member panel, the respondent must provide the names and contact details of three candidates to serve as one of the panelists, which can also be drawn from any ICANN-approved provider's roster.<sup>75</sup> Where the complainant has elected to have the dispute decided by a single-member panel and the respondent requests a three-member panel, the respondent is required to pay one-half of the applicable fee for a three-member panel.<sup>76</sup>

If the complainant requests a single-member panel and the respondent does not object, the provider alone assigns a single panelist from its roster to the case. If a three-member panel is selected, one panelist is selected from the list of candidates provided by each of the complainant and the respondent.<sup>77</sup> The third panelist is appointed by the provider from a list of five candidates submitted by the provider to the parties, the selection from among the five being "made in a manner that reasonably balances the preferences of both Parties".<sup>78</sup> The typical approach is to allow each party to strike out up to two names from the list of five.<sup>79</sup>

ICANN Policy provides that panelists should be "impartial and independent" and must disclose any circumstances that may give rise to justifiable doubt as to the panelist's

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<sup>72</sup> *Ibid.* section 5 (a).

<sup>73</sup> *Ibid.* section 5 (e).

<sup>74</sup> *Ibid.* section 5 (iv).

<sup>75</sup> *Ibid.* section 5 (b)(v).

<sup>76</sup> *Ibid.* section 5 (c).

<sup>77</sup> *Ibid.* section 6 (e).

<sup>78</sup> *Ibid.*

<sup>79</sup> Cole, *supra*.

impartiality or independence. Parties must be treated with equality by the panel, with each party accorded a fair opportunity to present its case.<sup>80</sup>

## **PART THREE - THE STUDY**

### **I. Methodology and Basic Findings**

Designed to analyze all UDRP decisions through early July 2001, the study commenced in early May 2001 with a case-by-case review of each decision. Each case was reviewed for contested domain name, proceeding number, panelist, arbitration provider, commencement date, panel type (single or three-member panel), and outcome. Since the current search functionality supported by ICANN and the arbitration providers is limited to identifying particular cases, the data was culled directly from the cases themselves, which are posted on each providers' Web site.<sup>81</sup> Data was collected on all decided cases as of July 7, 2001.

The data was entered into a Microsoft Excel spreadsheet and grouped by panelist. Data analysis was conducted on a range of issues including overall provider and panelist outcomes, single versus three-member panel outcomes, panelist caseload, multi-provider panelist outcomes, and data on panelists serving only on three-member panels.

Basic information on the collected data includes:

- 3094 cases were examined, of which 1825 were WIPO cases, 1045 NAF cases, 202 eResolution cases, and 22 CPR cases.
- 2802 (90.5%) of the cases were single panel cases; 292 (9.5%) featured three-member panels.

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<sup>80</sup> *ICANN Rules*, section 10 (b).

<sup>81</sup> WIPO decisions can be found online at <http://arbiter.wipo.int/domains/cases/index.html> (last visited: 16 August 2001); NAF decisions can be found online at <http://www.arbforum.com/domains/domain-decisions.asp> (last visited: 16 August 2001); eResolution decisions can be found online at <http://www.eresolution.ca/services/dnd/decisions.htm> (last visited: 16 August 2001).

- 3059 (99%) of the cases were rendered in English. The remaining decisions were rendered in French (8 cases) and Spanish (27 cases). Complainants won all but two of the non-English language cases.
- 309 panelists were involved in the 3094 cases.
- 27 panelists participated exclusively in three-member panels. These panelists were involved in 62 cases, of which the complainant won 34 (55%) and the respondent won 28 (45%).
- 32 dissents were issued in three-member panel cases. Of these, 15 were in cases won by the complainant, 15 were in cases won by the respondent, and two were split decisions.
- 25 panelists rendered decisions for two or more providers. These multi-provider panelists were involved in 489 cases (16% of all UDRP decisions), of which complainants won 381 (78%).

## **II. Key Findings**

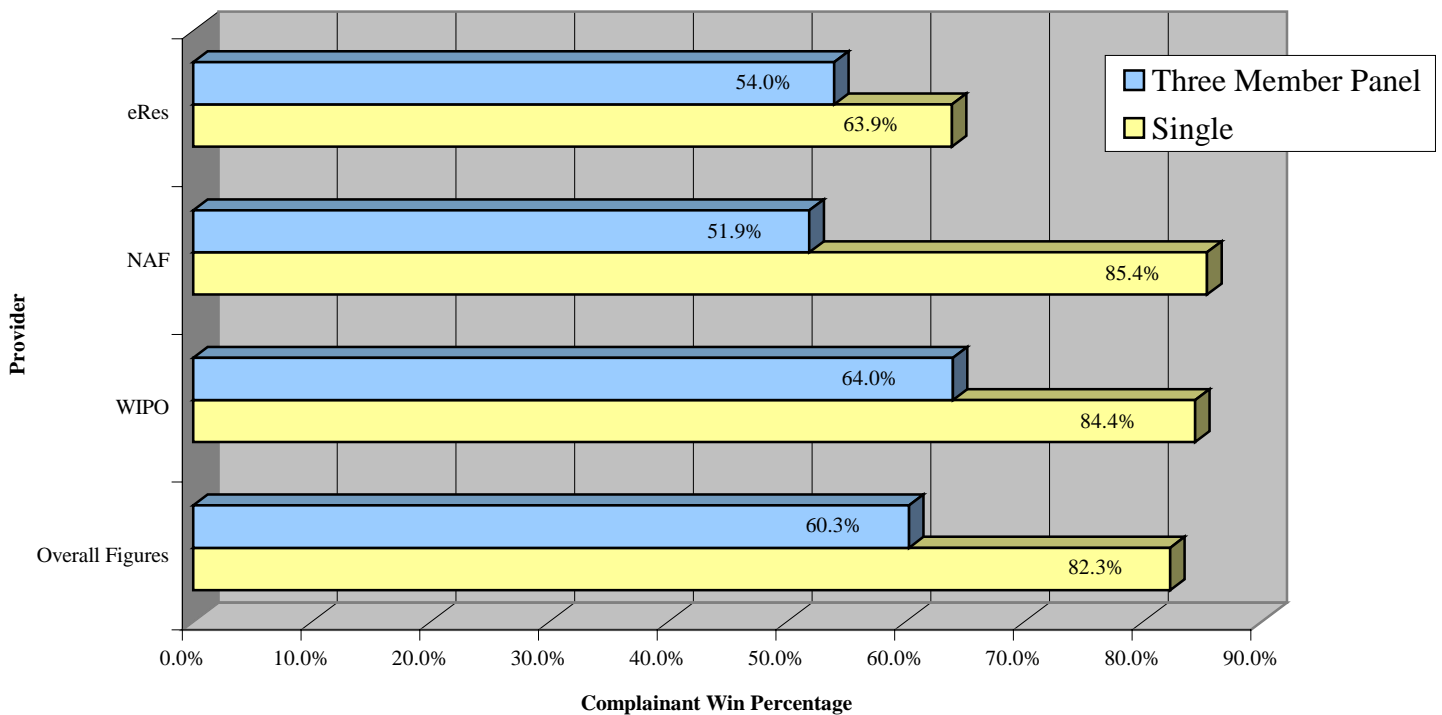
### **i. The Dramatic Effect of Three-Member Panels**

Although little attention was accorded to the possible differences between single and three-member panels during the public discussion of the UDRP, by far the most important finding of this study is the dramatic difference in case outcomes in single versus three-member panel cases. Single panel cases constitute just over 90% of the total UDRP caseload, while three-member panels comprise the remaining ten percent with 292 such cases decided through July 7, 2001. Across all providers, complainants win 83% of the time where only a single panelist determines the outcome, compared with 60% when a three-member panel is responsible for the decision.

Three-member panel complainant win percentages remains roughly consistent across all providers. The NAF has the largest differential (33.4%) between single and three-member panels -- complainants win 85.4% of the time in single panel cases but only 52% of the time in three-member panel cases. The WIPO differential is somewhat smaller at 20.4% (complainant single panel win percentage of 84.4%; three-member panel win

percentage of 64%), while eResolution, unsurprisingly, has the smallest differential of 9.3% (complainant single panel win percentage of 63.8%; three-member panel win percentage of 54.5%).

### COMPLAINANT WIN PERCENTAGE: Single vs. Three Member Panels (As of July 7<sup>th</sup>, 2001)



One might expect that the difference between single and three-member panel is attributable to substantively stronger respondent cases in three-member panel cases. That theory would posit that respondents are willing to incur the additional expense involved in a three-member panel in order to protect their domain name when they have a particularly strong argument. Moreover, unlike single panel cases, where respondents sometimes fail to submit a response and thus further decrease their chances of retaining

their domain name, one might expect that three-member panel cases would rarely involve a non-response or “default”.<sup>82</sup>

However, the data conclusively finds otherwise. Contrary to expectations, complainants actually request three-member panels more frequently than do respondents. Although the data is somewhat incomplete since some decisions do not disclose which party requested the three-member panel, the author was able to ascertain this information for 238 of the 292 three-member panel cases.<sup>83</sup> In that sample, complainants requested the three-member panel 62% of the time (148 of 238 cases).

Furthermore, three-member panel cases actually do include a significant number of defaults. Of the 292 three-member panel cases, the respondent failed to provide a response 24% of the time (70 of 292). Complainants, as would be expected, won all but one of those cases. In fact, when default cases are excluded from the three-member panel case outcomes, complainants win only 45% of the time.

This data begs several questions. First, if strength of respondent case is not the reason behind the single versus three-member panel outcome differential, why the dramatic difference? Second, what motivates complainants to select the three-panel option, when the data suggests that single panels rule overwhelmingly in their favor?

A partial answer to both questions may well be the number of inconsistent, wrongly-decided, and poorly reasoned UDRP decisions. While every adjudicative system will have its share of bad decisions, the UDRP has come under heavy criticism for inconsistent decisions,<sup>84</sup>

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<sup>82</sup> In fact, the NAF Supplemental Rules explicitly encourage avoiding three-member panel default cases by providing complainants with the option of switching to a single panelist where the respondent fails to submit a response. NAF provides the complainant with a refund of the difference in panel cost. NAF Supplemental Rule, Article 9 (c).

<sup>83</sup> Data obtain from the cases where available. Where unavailable, panelists were asked directly if they could recall which party requested the three-member panel. The author thanks the many panelists who responded to the request.

<sup>84</sup> Compare *Guerlain S.A. v. HI Investments* (Case No. D2000-0494), a July 2000 dispute over the buyguerlain.com domain (<http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0494.html>) with *Sporoptic Pouilloux S.A. v. William H. Wilson* (Case No. D2000-0265), a June 2000 dispute

decisions lacking in virtually any reasoning,<sup>85</sup> and decisions that have clearly misinterpreted the UDRP.<sup>86</sup> Inconsistent and poorly reasoned decisions diminish both respondent and complainant confidence in the system. Respondents are concerned by the 83% complainant success rate and may see the entire system as biased and unfair. Complainants, while unquestionably pleased with an 83% likelihood of winning, may still be unhappy, particularly if they have strong case since they may fear that the single panelist assigned to their case may be the one that misinterprets the policy. The UDRP is therefore perceived by some complainants to be a gamble with very good odds. While that may be fine for some complainants, for those with cases that they believe are unquestionably instances of bad faith cybersquatting, it may be a gamble they are unwilling to take. Both respondents and complainants therefore turn to the three-member panel as a method of hedging against bias and bad decisions.

At least three factors contribute to the greater confidence in the three-person panel. First, this panel configuration eliminates the possibility that a single panelist may simply misinterpret the UDRP and render the wrong decision. Second, the three-person panel forces panelists to more carefully consider their decision by justifying it before their counterparts on the panel. For example, at least one well-known panelist, who has participated in several three-member panel cases, advised the author that they successfully persuaded their fellow panelists to change their vote on more than one occasion.

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over the [buyvuarnetsunglasses.com](http://www.buyvuarnetsunglasses.com) domain (<http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0265.html>). Although WIPO panelists decided both cases with similar facts, the outcomes were markedly different as [buyguerlain.com](http://www.buyguerlain.com) was transferred to the complainant, while the registrant retained the rights to [buyvuarnetsunglasses.com](http://www.buyvuarnetsunglasses.com).

<sup>85</sup> For example, *Rockport Boat Line vs. Gananoque Boat Line* (Case No. FA0004000094653) (<http://www.arbforum.com/domains/decisions/94653.htm>), was a May 2000 dispute over the [rockportboatline.com](http://www.rockportboatline.com) domain. Rockport brought the action against Gananoque Boat Line, the domain name registrant and its competitor across the river. In a peculiar decision, not only did the panelist rule in favor of the registrant and refuse to transfer the domain, but did so without providing much analytical reasoning.

<sup>86</sup> For example, in *Reg Vardy Plc v. David Wilkinson* (Case No. D2001-0593) (<http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0593.html>) a July 2001 dispute over the [reg-varDY.com](http://www.reg-varDY.com) domain, the WIPO panelist openly admitted that the case did not meet with the requirements needed for transfer, yet proceeded to transfer to the domain notwithstanding that admission.

Third, and most importantly, the three-member panel completely alters the panelist selection process. In a single panel case, the arbitration provider is exclusively responsible for allocating the case to a panelist. Conversely, in a three-member panel case, the arbitration provider wields comparatively little influence over the selection process. Both the complainant and respondent are typically allowed to select one of the three panel members by submitting a list of three or five acceptable candidates of which the provider will select one. The provider selects the third member of the panel, but only after it has provided both the complainant and respondent with the opportunity to indicate which panelist they prefer.

Furthermore, the roster of available panelists changes dramatically in a three-member panel. Unlike a single panel case, in which the provider selects a single panelist from amongst its roster, the complainant and respondent are under no such limitation in a three-member panel case. In those cases, the ICANN rules allow parties to nominate any panelist from any ICANN-accredited provider's roster.<sup>87</sup> This rule more than doubles the number of available panelists and ensures that both parties can seek out panelists they view as favorable to their case without regard to the provider.

Although the benefit of broadening the panelist field was apparent to many, the importance of removing much of the provider's responsibility for case allocation was less apparent since all providers maintain that case allocation occurs on a random basis. If that were the case, panelist selection would not be a matter for concern. A close examination of the data suggests, however, that single panelist selection may be anything but random.

## **ii. Suggestions of Bias within UDRP Caseload Allocation**

As noted above, the UDRP Rules refer only briefly to the issue of single panel panelist selection. Article 6 (b) specifies that providers shall select a panelist from their roster

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<sup>87</sup> ICANN Policy, Article 6 (d).

with the cost to be paid entirely by the complainant.<sup>88</sup> The providers' supplemental rules similarly include scant information on the issue, with most focused on the three-member panel selection process. Both WIPO and the NAF do not provide any additional rules on single panelist selections. Alone among the three major providers, eResolution's Supplemental Rules provide that "When appointing a Panelist, the Clerk's office shall take into account the Panelist's nationality, place of residence and any links he or she may have with the Parties' countries of origin."<sup>89</sup> In correspondence with the author, an eResolution representative confirmed that where the complainant and respondent reside in different jurisdictions, eResolution endeavors to assign a panelist from a neutral third country.<sup>90</sup>

Examining information that can be easily extracted from UDRP case search facilities maintained by ICANN and the providers are also of little help in shedding light into panelist allocation. The current search functionality is very limited, with the database searchable primarily by case name. Moreover, culling information directly from the cases is time-consuming since UDRP decisions are not consistently reported.

The lack of transparency on issues such as panelist allocation is particularly worrisome since the data suggests that there is a significant difference in outcome when panelists are allocated exclusively by the provider in a single panelist case and when both parties influence the composition of the panel, as in a three-member panelist case. Furthermore, with a growing number of panelists cross-listed on two or more provider rosters, differences in outcomes between providers cannot be easily attributed to the different composition of the provider rosters.

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<sup>88</sup> ICANN Rules, Article 6 (b).

<sup>89</sup> eResolution Supplemental Rules, Article 8 (i).

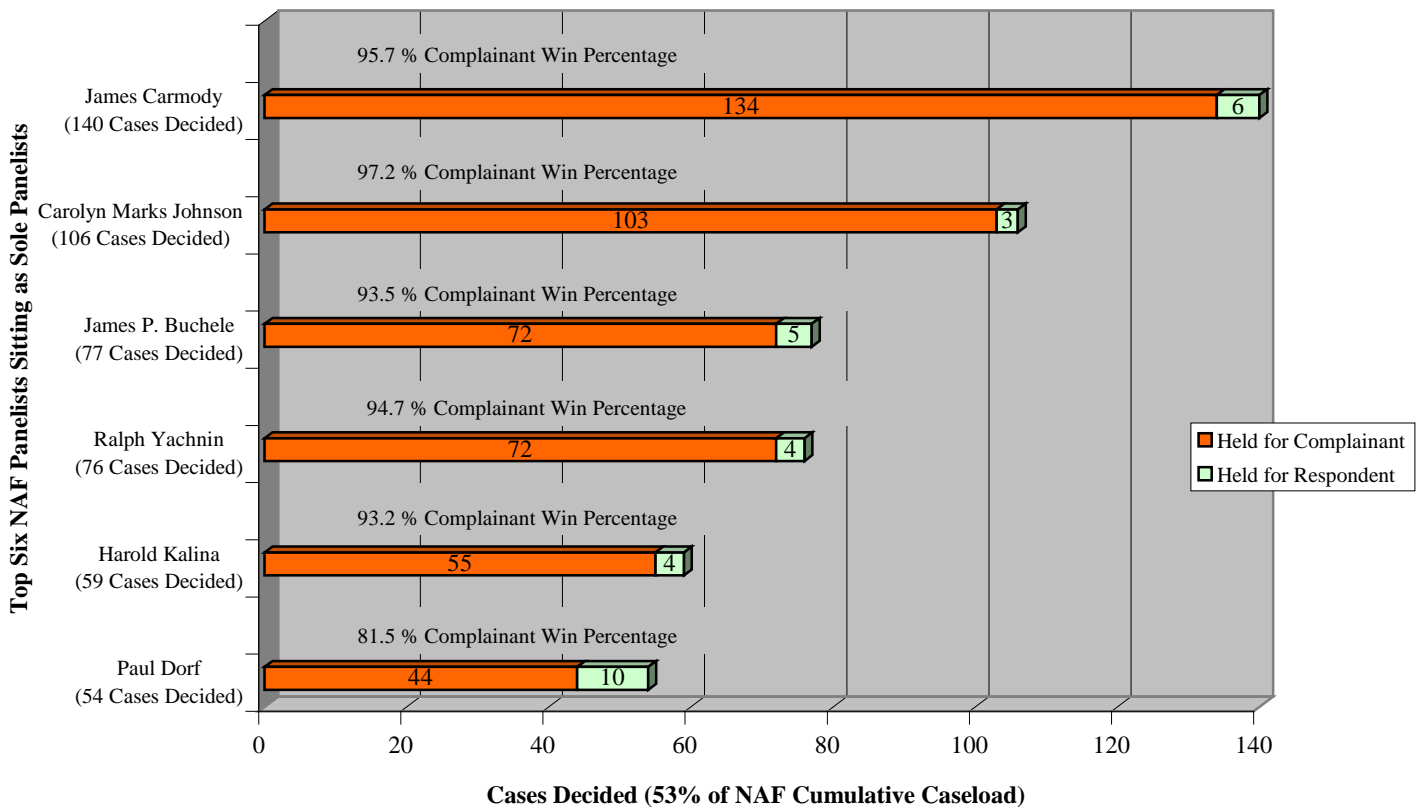
<sup>90</sup> A review of eResolution's case allocation confirms that this is the typical practice. Through July 7, 2001, there were 60 eResolution single panel cases involving parties from different jurisdictions. In 55 of those cases, the single panelist was a resident of neither the complainant's nor the respondent's jurisdiction.

Although not explicitly provided in its rules, it would appear that a similar policy is followed by WIPO. A review of its caseload of single panel cases involving parties from different jurisdictions yielded 784 cases of which 736 involved a single panelist who was not resident of either the complainant's nor the respondent's jurisdiction.



A review of the 2802 single panel cases through July 7, 2001, indicates that single panel cases may not be allocated in an entirely random manner. Most disturbing are the case allocation trends at the NAF. Of the NAF's 966 single panel cases, only six panelists decided an astonishing 53% (512 of 966) of the cases.<sup>91</sup> The sheer number of cases assigned to only six people alone is surprising. The 512 cases represent 18% of the entire UDRP single panelist caseload.

**NAF CASELOAD DATA: Decisions of Top Six Panelists Sitting as Sole Panelists  
(As of July 7<sup>th</sup>, 2001)**



The NAF caseload allocation data is particularly noteworthy since it stands in stark contrast to the other providers, whose numbers are nearly identical. The six busiest

<sup>91</sup> The six panelists, in order of caseload, are: James A. Carmody, Carolyn Marks Johnson, James P. Buchele, Ralph Yachnin, Harold Kalina, and Paul Dorf.

single panelists at WIPO account for 17.2% of the WIPO single panelist caseload, while the six busiest single panel panelists at eResolution account for 17.3% of their total caseload.<sup>92</sup> Although WIPO's overall caseload is considerably larger than the NAF's, the raw numbers still indicate a significant difference. The 17.2% caseload at WIPO represents a total of 280 cases, just over half of the NAF total of 512.<sup>93</sup>

More troubling than the NAF caseload data alone, is the fact that complainants have won an astounding 94% of those cases. This figure is remarkably higher virtually any other point of comparison, including overall complainant winning percentage or complainant winning percentage by provider. Moreover, when contrasted with 52% complainant win rate in NAF three-member panel cases, the impact of provider panelist selection becomes glaringly apparent.

The large number of default cases decided by NAF's six busiest panelists might admittedly be partially responsible for skewing the complainant win percentage upward. Default cases, do not, however, explain the failure to randomly allocate caseload because the vast majority of NAF panelists hear default cases. Of the 49 NAF panelists who have sat as a single panelist on at least one case, 76% (37 of 49) have decided at least one default case. Since the majority of NAF panelists are willing to decide default cases, random case allocation would suggest that the caseloads should be distributed in much more even manner. Moreover, the percentage of default cases across even the six busiest panelists varies considerably. While James Carmody has decided 114 default cases (77% of his single panel cases), Paul Dorf has heard only 10 default cases or 19% of his total.

The NAF caseload data is not the only example of UDRP panel selection bias. A second source of data is a review of which panelists have never been selected for single panel duty. There are 27 such panelists, who have participated in at least one UDRP case, but never as a single panelist. Two-thirds of the panelists (18 of 27) have only participated in

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<sup>92</sup> Annex 2 features a comparison chart of the six busiest panelists (single and three-member panel cases) for each provider.

<sup>93</sup> With its smaller caseload, the comparable eResolution total is only 33 cases.

one UDRP case and therefore have no track record. WIPO's panelist roster contains two panelists who stand out, however.

G. Gervaise Davis III, a California attorney, and Professor Milton Mueller of Syracuse University, the author of the UDRP study *Rough Justice*, have together participated in a total of 20 cases, yet neither has ever participated as a sole panelist.<sup>94</sup> That Davis and Mueller would be popular among respondents seeking a panelist for a three-member panel comes as little surprise. The complainant has won only 5 of the 13 cases in which Davis has appeared as a panelist and Davis has dissented in three of those decisions. Similarly, the complainant has won only two of the seven cases in which Mueller has appeared as a panelist and Mueller dissented in one of those two cases.<sup>95</sup>

Given their records, it seems unlikely that a complainant would select either panelist if given a choice. Assuming random caseload allocation, however, it also seems unlikely that among the 1629 WIPO single panel cases decided through July 7, 2001, neither Davis nor Mueller's name would surface even once. In fact, a review of all WIPO panelists that have decided five or more single panel cases (and thus have a track record) provides further evidence that this omission is not mere happenstance. There have been 104 panelists selected by WIPO five or more times to decide single panel cases – all 104 panelists have a complainant win percentage that is higher than that of Davis or Mueller. Indeed only one panelist of the 104 has a complainant winning percentage that is under 50%.<sup>96</sup>

## **PART FOUR – UDRP REFORM RECOMMENDATIONS**

### **i. Mandatory Three-Member Panels**

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<sup>94</sup> Professor A. Michael Froomkin, a well-known ICANN critic, has also participated in seven UDRP cases, though never as a single panelist. Professor Froomkin is featured on the eResolution panelist roster.

<sup>95</sup> Professor Mueller also dissented in one respondent win.

<sup>96</sup> Jordan Weinstein, a Virginia attorney, has ruled in favor of the complainant in four of nine cases.

Calls for reform to the UDRP have been voiced since its inception. Concerns regarding forum shopping have cast doubt on the fairness of the process. A plethora of inconsistent and clearly incorrect decisions have left both trademark holders and domain name registrants alike uncomfortable with the uncertainty of the process. To these concerns must now be added the suggestion of provider bias in the determination of who decides what case.

Professor Mueller raised several possibilities for reform in *Rough Justice: An Analysis of ICANN's Dispute Resolution Policy*, including random selection of panelists, the development of an appellate process, and a greater tie between provider and registrar.<sup>97</sup> Random selection was seen as problematic since it might eliminate a competitive provider environment and leave ICANN with a much larger dispute resolution regulatory function than is presently the case. Although appellate process might reduce the number of bad decisions, Professor Mueller points out that it is also likely to delay the resolution of domain name disputes and render the process more like global law than a form of alternative dispute resolution.<sup>98</sup>

Professor Mueller ultimately favored a registrar selection process, in which registrars would contract with one or more accredited dispute resolution provider to handle all the disputes raised by their registrations. Under this system, the complainant would no longer select the provider, yet a competitive provider system would remain in place.<sup>99</sup>

Alternative suggestions have included a new ICANN accreditation scheme that would accredit panelists rather than providers,<sup>100</sup> the use of juries to resolve disputes,<sup>101</sup> and respondent selection of provider.<sup>102</sup>

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<sup>97</sup> *Rough Justice, supra*, at 19.

<sup>98</sup> *Ibid.*

<sup>99</sup> *Ibid.* at 19-20.

<sup>100</sup> J. Berryhill, *The UDRP Provides Disputable Resolution Incentives*, 4 April 2000 (online at: [http://www.icannwatch.org/archive/udrp\\_and\\_incentives.htm](http://www.icannwatch.org/archive/udrp_and_incentives.htm)) (last visited: 26 July 2001).

<sup>101</sup> D. G. Post, *Juries and the UDRP*, 6 September 2000 (online at: [http://www.icannwatch.org/archive/juries\\_and\\_the\\_udrp.htm](http://www.icannwatch.org/archive/juries_and_the_udrp.htm)) (last visited: 26 July 2001).

<sup>102</sup> Rose Communications, *Domain Name Dispute Procedure And Related Issues*, May 2001 (online at: <http://www.rose.es/udrpenglish.htm>) (last visited: 17 August 2001).

This study suggests that although each of these proposals for reform may have a positive effect on the problematic aspects of the UDRP, they ultimately will not address the root of the problem. Rather than focusing on provider selection as a means of solving the forum shopping issue, ICANN must turn its attention to panelist selection. If providers continue to maintain exclusive and unchecked authority over the selection of panelists in 90% of all UDRP cases, no reforms to the rules nor to how a provider is selected will remove the potential for bias in panelist allocation.

It is submitted that the solution to the forum shopping issue, and with it the concerns about bias and inconsistency within the UDRP, is surprisingly simple -- all contested UDRP actions should involve three-member panels. Establishing the three-member panel as the default would remove most provider influence over panelist selection and ensure better quality decisions by forcing panelists to justify their reasoning to their colleagues on the panel. As with the current system, both parties would play a role in selecting one panelist, who may be part of any ICANN-accredited providers' roster, while the provider would select the third panelist from among a list that both parties have reviewed and accepted.

The dramatic difference in single versus three-member panel outcomes should not be viewed as shifting the balance toward domain name registrants, but rather as shifting the balance toward greater fairness. Although analysts have argued over what the "right" complainant win percentage ought to be, the 60% complainant win rate in three-member panels indicates that the best considered decisions place the percentage much lower than current overall rate of 82%.

Unlike the current system, the complainant would be required to cover the full cost of the three-member panel. Although this requirement will double the cost of a UDRP action for many complainants, the cost will remain low in comparison with traditional litigation. Moreover, the fact that complainants already select a three-member panel more frequently than do respondents indicates that concern over the quality of decisions is

currently an issue of concern for both trademark holders and domain name registrants. Provider caseloads also indicate that complainants are relatively cost-insensitive since WIPO, the most expensive of the three main providers, enjoys a commanding 58% share of all UDRP cases.

One further method of reducing complainant costs would be to combine the mandatory three-member panel rule for contested cases with the NAF's supplemental rule on respondent defaults.<sup>103</sup> That rule allows a complainant to move from a three-member panel to a single panelist where the respondent fails to provide a response. In doing so, the complainant is refunded the difference in cost between a single and three-member panel. Adopting that supplemental rule would allow complainants to reduce their costs during default cases, while maintaining the benefits of three-member panels for contested cases.

Forcing complainants to shoulder the full cost of a three-member panel should not be regarded as providing respondents with a free ride. The costs inherent in launching or defending a UDRP action extend well beyond the provider fees – legal and administrative costs can be several times as much as the provider fee and the current rules do not contain any provision for costs. Accordingly, defending a UDRP action remains an expensive proposition for all registrants even if the requirement to contribute to the cost of a three-member panel is eliminated.

## **ii. Caseload Minimums and Maximums**

Several additional smaller reforms may prove effective in conjunction with the adoption of the three-member panel as the standard approach. The establishment of caseload minimums and maximums would help ensure that this study's findings – huge caseloads assigned to a small number of panelists as well as the failure to select some panelists for dispute resolution duty – are eliminated.

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<sup>103</sup> NAF Supplemental Rule, Article 9 (c).

If all contested UDRP cases featured three-member panels chosen by and large by the complainant and respondent, providers would be unable to ensure that panelists met either caseload minimums or maximums. However, providers will still play a role in naming the panel's third panelist as well as in respondent default cases that revert to a single panelist. Accordingly, it would be beneficial to create new limits that ensure that all panelists are afforded the opportunity to preside over roughly equivalent number of cases and that no panelist gets "too many" cases. The minimum cases would likely be expressed by a raw number, perhaps no less than three cases per year. The maximum caseload would likely be expressed as a percentage, perhaps no more than three percent of a provider's total caseload.

Establishing these caseload minimums and maximums would reduce provider influence over panelist selection, increase the assurance of random case allocation, and enhance the public perception of the UDRP's fairness.

### **iii. New Quality Control Mechanisms**

Although eResolution does not publicize the fact on its Web site, that arbitration provider engages in an annual quality control review of its panelists.<sup>104</sup> Last year, ten panelists were removed from its roster due to quality control problems such as unreasonable delays in the release of decisions or failures to abide by the ICANN Rules.<sup>105</sup>

Similar quality control mechanisms should become standard at all ICANN-accredited providers. Complainants and respondents alike will agree that the quality of individual panelists varies greatly. While this is not unexpected, all providers should play an active role in seeking to ensure that only the best panelists participate in the UDRP. The annual reviews should be conducted in public, with solicitations of comments from the public and the public release of those persons removed from each provider's roster.

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<sup>104</sup> Email with eResolution representative, on file with the author.

<sup>105</sup> *Ibid.*

#### **iv. Greater Transparency**

One of the greatest challenges in conducting this study was the lack of readily available data. Although all UDRP cases are posted and freely available, case reports vary in quality since there is no standard approach. Moreover, the current search functionality on both the ICANN and provider sites lack the functionality necessary to search by panelist and panel type, two critical considerations.

As a result of this shortcoming, the author intends to post the data collected during this study on a publicly-available Web site (<http://www.udrpinfo.com>). In addition, the UDRP Publishing Protocol Project, hosted by the Cornell Law School, plans to support the development of greater reporting standards.<sup>106</sup> ICANN, in conjunction with the providers should make the availability of greater and more useful UDRP data a priority. Increased transparency in the entire process, from panelist selection to decision-making process, will only enhance public confidence in the system.

#### **CONCLUSIONS**

The Domain Name Supporting Organization (DNSO) Names Council is scheduled to conduct a review of the UDRP during the Fall 2001 with the results to be presented at the ICANN board meeting in November 2001.<sup>107</sup> Part two of this study, which reviewed the development of a domain name dispute resolution policy dating back to the initial NSI policies in the mid-1990s, illustrates that policies have changed with surprising regularity as practical experience identifies the need for reform.

ICANN must not shy away from reforming the domain name dispute resolution policy yet again.

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<sup>106</sup> <http://udrp.law.cornell.edu/udrp/>

<sup>107</sup> *UDRP Review and Evaluation, Terms of Reference*, Amended with the NC motion voted on 11 August 2001 (online at: <http://www.dnsso.org/dnsso/notes/2001.NC-tor-UDRP-Review-Evaluation.html>) (last visited: 18 August 2001).



This study provides compelling evidence that forum shopping has become an integral part of the UDRP and that the system may indeed be biased in favor of trademark holders. Both WIPO and the NAF, the two dominant ICANN-accredited arbitration providers, feature case allocation data that suggests that the panelist selection process is not random. Rather, it appears to be heavily biased toward ensuring that a majority of cases are steered toward complainant-friendly panelists.

Moreover, the data shows that there is a correlation between provider panelist selection and case outcome. When providers control who decides a case, as they do for all single panel cases, complainants win just over 83 percent of the time. As provider influence over panelists diminishes, as occurs in three-member panel cases, the complainant winning percentage drops to 60 percent.

The solution to the forum shopping and bias issues may be relatively simple – the adoption of the three-member panel as the default approach. When combined with protective measures such as caseload minimums and maximums, transparent quality control mechanisms, and greater accountability through standardized disclosure, the reforms would succeed in instilling greater confidence and fairness in the UDRP.

**ANNEX ONE**

**PANELISTS LISTED WITH MORE THAN ONE PROVIDER  
(As of July 31st, 2001)**

	<b>PANELIST</b>	<b>NAF</b>	<b>eRes</b>	<b>CPR</b>	<b>WIPO</b>
1.	Bansal, Ashwanie Kumar	Yes	-	-	Yes
2.	Bernstein, David H.	Yes	-	Yes	Yes
3.	Bianchi, Roberto A.	Yes	-	-	Yes
4.	Bridgeman, James Jude	Yes	Yes	-	Yes
5.	Carson, Ross	-	Yes	-	Yes
6.	Chiasson, Edward C.	Yes	Yes	Yes	Yes
7.	Christie, Andrew	-	Yes	-	Yes
8.	Creel, Thomas L.	-	-	Yes	Yes
9.	DeCicco, Paul Michael	Yes	Yes	-	Yes
10.	Diaz, Hon. Nelson A.	Yes	-	Yes	-
11.	Doi, Teruo	-	Yes	-	Yes
12.	Donahay, M. Scott	Yes	Yes	Yes	Yes
13.	Elliott, Clive Lincoln	Yes	-	-	Yes
14.	Fashler, Robert A.	Yes	Yes	-	Yes
15.	Gabay, Mayer	Yes	-	-	Yes
16.	Gulliksson, Jonas	Yes	-	-	Yes
17.	Haviland, Dana	-	Yes	-	Yes
18.	Hill, Richard	Yes	Yes	-	Yes
19.	Hudis, Jonathan	Yes	-	-	Yes
20.	Introvigne, Dr. Massimo	Yes	-	-	Yes
21.	Iteanu, Olivier	Yes	-	-	Yes
22.	Jayaram, Hariram	Yes	-	-	Yes
23.	Kaufman, Jeffrey H.	Yes	-	-	Yes
24.	Kim, Young	Yes	-	-	Yes
25.	Knopf, Howard P.	-	Yes	-	Yes
26.	Kyle, Rodney C.	Yes	Yes	-	-
27.	Lametti, David	-	Yes	-	Yes
28.	Le Stanc, Christian	Yes	-	-	Yes
29.	Lee, Moon Sung	Yes	-	-	Yes
30.	Leger, Jacques A.	Yes	Yes	-	Yes
31.	Leonardos, Gabriel Francisco	Yes	Yes	-	Yes
32.	Li, Yong	Yes	Yes	-	Yes

	<b>PANELIST</b>	<b>NAF</b>	<b>eRes</b>	<b>CPR</b>	<b>WIPO</b>
33.	Limbury, Alan Lawrence	Yes	Yes	-	Yes
34.	Lisman, Natasha C.	-	Yes	-	Yes
35.	Lowry, Houston Putnam	Yes	Yes	-	-
36.	Machado, Eduardo Magalhaes	Yes	-	-	Yes
37.	Mason, Paul E.	-	Yes	-	Yes
38.	Methvin, Gaynell C.	-	-	Yes	Yes
39.	Michaelson, Peter L.	Yes	Yes	Yes	Yes
40.	Mille, Antonio	-	Yes	-	Yes
41.	Ophir, Michael	Yes	-	-	Yes
42.	Osborne, Dawn	Yes	Yes	-	Yes
43.	Perritt, Henry	-	Yes	-	Yes
44.	Pimenta, Luiz Edgard Montauray	Yes	-	-	Yes
45.	Plant, David	-	-	Yes	Yes
46.	Richard, Hugues G.	Yes	Yes	-	Yes
47.	Samuels, Jeffrey M.	Yes	-	-	Yes
48.	Schanda, Reinhard	Yes	-	-	Yes
49.	Sellers, Sandra A.	-	Yes	Yes	-
50.	Semuyaba, Justine	Yes	Yes	-	Yes
51.	Singh, Maninder	Yes	-	-	Yes
52.	Sol Muntanola, Mario A.	Yes	-	-	Yes
53.	Swinson, John V.	-	Yes	-	Yes
54.	Szamosi, Dr. Katalin	Yes	-	-	Yes
55.	Thompson, Roderick M.	-	-	Yes	Yes
56.	Triana, Fernando	Yes	-	-	Yes
57.	Turner, Jonathan DC	-	Yes	-	Yes
58.	Ulmer, Nicolas Courtland	Yes	-	-	Yes
59.	Upchurch, Hon. John J.	Yes	-	Yes	-
60.	Wallace, Anne M.	Yes	Yes	-	-
61.	Wallberg, Knud	Yes	-	-	Yes
62.	Weinstein, Jordan	-	Yes	-	Yes
63.	Woo, Jisuk	-	Yes	-	Yes

**ANNEX TWO**

**BUSIEST PANELISTS BY PROVIDER  
(Sitting as Sole Panelists or as the Presiding Panelist on Three Member Panels)**

(As of July 7<sup>th</sup>, 2001)

<b>The National Arbitration Forum (NAF)</b>		
<b>Panelist Name</b>	<b>Number of Cases</b>	<b>% of NAF Caseload</b>
James A. Carmody	148	14.16%
Carolyn Marks Johnson	111	10.62%
James P. Buchele	80	7.66%
Ralph Yachnin	77	7.37%
Harold Kalina	60	5.74%
Paul A. Dorf	54	5.17%
<b>Combined Percentage of NAF Caseload</b>		<b>50.72%</b>

<b>World Intellectual Property Organization (WIPO)</b>		
<b>Panelist Name</b>	<b>Number of Cases</b>	<b>% of WIPO Caseload</b>
Sir Ian Barker	64	3.51%
Frederick M. Abbott	58	3.18%
M. Scott Donahey	54	2.96%
Jeffrey M. Samuels	53	2.90%
Richard W. Page	53	2.90%
Dennis A. Foster	52	2.85%
<b>Combined Percentage of WIPO Caseload</b>		<b>18.30%</b>

<b>eResolution (eRes)</b>		
<b>Panelist Name</b>	<b>Number of Cases</b>	<b>% of eRes Caseload</b>
Richard Hill	9	4.46%
Giovanni Ziccardi	7	3.47%
Sandra A. Sellers	7	3.47%
Alan L. Limbury	6	2.97%
David Lametti	6	2.97%
Richard D. Faulkner	6	2.97%
<b>Combined Percentage of eRes Caseload</b>		<b>20.3%</b>