

## Saint Louis University Public Law Review

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Volume 20  
Number 2 *Intellectual Property: Policy  
Considerations From a Practitioner's  
Perspective (Volume XX, No. 2)*

Article 8

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2001

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#### Recommended Citation

McMurry, Julie J. (2001) "The UDRP v. Traditional Litigation: May the Best Process Win," *Saint Louis University Public Law Review*: Vol. 20 : No. 2 , Article 8.

Available at: <https://scholarship.law.slu.edu/plr/vol20/iss2/8>

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## THE UDRP v. TRADITIONAL LITIGATION: MAY THE BEST PROCESS WIN

JULIE J. McMURRY\*

### I. INTRODUCTION

At the dawn of the 21<sup>st</sup> century, technology has taken a leading role in shaping global society and culture. Never before has the global community been so closely interlinked as it is in the virtual reality of the Internet. With the amazing advances of the Internet, however, have come sharp contrasts between realspace and cyberspace. In particular, the law has been slow to adapt to the unique needs of cyberspace, and as a result, dispute resolution procedures have been lacking. The adoption of a Uniform Domain Name Dispute Resolution Policy by the Internet Corporation for Assigned Names and Numbers a little more than a year ago advanced dispute resolution on the Internet by incorporating alternative dispute resolution (ADR), which is generally more successful than traditional litigation for disputes arising in the context of the Internet community. Despite the Uniform Domain Name Dispute Resolution Policy's relative success in resolving domain name disputes, it has been criticized on a number of fronts,<sup>1</sup> and it continues to conflict with traditional

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1. See, e.g., Brenda Sandburg, *ICANN Needs Fine-Tuning*, NAT'L L.J., Nov. 6, 2000, at B10 (describing conflicting panelist decisions as a major problem with the UDRP); David H. Bernstein, *Domain Name Dispute Resolution: A Model for the Future?*, presented at the Int'l Conference on Dispute Resolution in Electronic Commerce, organized by the World Intellectual Property Organization Arbitration and Mediation Center, Nov. 6-7, 2000, available at <http://arbiter.wipo.int/events/conferences/2000/presentations/bernstein/doc.html> (detailing procedural discrepancies between dispute resolution providers, inconsistency among providers and the lack of respect for precedent among providers); Jeffrey P. Leonard, Comment, *Domain Name Disputes: An Analysis of the UDRP Resolution Process Thus Far*, WAKE FOREST INTELL. PROP. L.J. (2001), available at [www.law.wfu.edu/students/IPLA/sp2001/art04.htm](http://www.law.wfu.edu/students/IPLA/sp2001/art04.htm) (describing aspects of the UDRP that encourage forum shopping, misapplication of the UDRP and its rules,

litigation as a dispute resolution means, particularly in situations where multiple claimants seek rights to the same domain name.

## II. INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS (ICANN)

ICANN is a non-profit corporation that was formed by a coalition of individuals from the business, technical, academic, and Internet user communities to be the global Internet technical governance organization.<sup>2</sup> ICANN's responsibilities include: IP (Internet protocol) address space allocation, protocol parameter assignment, root server system management, and domain name system management.<sup>3</sup> ICANN was formed in October 1998 to centralize the technical coordination of the Internet, which until then had been an informal, piecemeal effort by the United States government and other volunteers.<sup>4</sup> A centralized body was needed in light of the Internet's ever-expanding international and commercial role in the global economic and social structure. Through its nineteen-member volunteer Board of Directors, ICANN oversees the management of specific technical and policy development tasks regarding the assignment and allotment of the Internet's unique name and number identifiers.<sup>5</sup>

## III. EARLY DOMAIN NAME DISPUTE RESOLUTION

Early domain name disputes were handled under a policy of Network Solutions Inc. (NSI).<sup>6</sup> Under the NSI policy, trademark owners with valid trademark registrations could request that NSI place a domain name "on hold" if that domain name exactly matched their trademark, keeping it at that status until the dispute was resolved.<sup>7</sup> Once a domain name was placed on hold, the only way to reactivate it or transfer it to a party other than the registrant was for the parties to settle their dispute themselves, agree to arbitrate the dispute,

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inconsistent UDRP decisions, and lack of protection for domain name registrants under the UDRP).

2. See ICANN, *About ICANN*, at <http://www.icann.org/general/abouticann.htm> (last modified May 19, 2001); *ICANN Fact Sheet*, at <http://www.icann.org/general/fact-sheet.htm> (last modified Feb. 17, 2001).

3. See ICANN, *About ICANN*, *supra* note 2.

4. See ICANN, *ICANN Fact Sheet*, *supra* note 2; see also *ICANN Formation*, at <http://www.cdt.org/dns/icann/formation.html> (last visited June 4, 2001) (detailing the birth of the Internet and the 1997 U.S. government report called The White Paper that established general guidelines for transferring management of the names and numbers on the Internet from the government to a private, non-profit organization).

5. See ICANN, *ICANN Fact Sheet*, *supra* note 2.

6. NSI was the premiere United States domain name registrar before ICANN was created. See Susan L. Crane, *ICANN's New Policy: What it Covers*, 16 No. 9 E-COMMERCE 1 (2000).

7. See *id.*

or file a lawsuit and obtain a court order.<sup>8</sup> The NSI policy neither mandated nor recommended any dispute resolution method, but simply refused to change the “on hold” status of a domain name until the parties presented some documentation of a resolution.<sup>9</sup> This requirement often meant that the disputes continued needlessly over a long and expensive period before a resolution was determined.

#### IV. UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (UDRP)

As part of its efforts to provide domain name system management, ICANN adopted the UDRP in 1999 to improve upon the existing NSI policy.<sup>10</sup> The UDRP carries much weight in the online community, as it applies worldwide to almost all Internet domain names through their respective registrars. To issue generic top-level domain name registrations,<sup>11</sup> independent registrars must be accredited by ICANN.<sup>12</sup> As a condition of their accreditation, the registrars must adopt the UDRP and require their registrants to adhere to it.<sup>13</sup>

Under the UDRP, almost all trademark-related domain name disputes must be resolved in some way<sup>14</sup> before the registrar will cancel, suspend, or transfer

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8. See J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25.74 (4th ed. 1999) (explaining domain name dispute resolution procedures and the differences between NSI’s old policy and ICANN’s UDRP).

9. See *id.*

10. See ICANN, *Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last modified June 4, 2000) [hereinafter *UDRP*]. The UDRP, adopted by ICANN in August 1999, was approved by ICANN along with its implementation documents in October 1999 and became effective on December 1, 1999. See *id.* For more details on the schedule of implementation of the UDRP, see ICANN, *Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy*, at [www.icann.org/udrp/udrp-schedule.htm](http://www.icann.org/udrp/udrp-schedule.htm) (last modified Oct. 17, 2000).

11. Generic top level domain names (gTLDs) currently include .com, .net, and .org. ICANN has recently approved seven new gTLDs, including .biz and .info, and registrations under these two gTLDs will begin by July 2001. See ICANN, *ICANN Accredits New Top-Level Domains— .biz and .info Registration Process To Begin This Summer*, at <http://www.icann.org/announcements/icann-pr15may01.htm> (last visited June 5, 2001). Presumably, the UDRP will apply to these new gTLDs as well.

12. See ICANN, *ICANN-Adopted Policies Applicable to ICANN-Accredited Registrars (.com, .net, and .org)*, at <http://www.icann.org/general/consensus-policies.htm> (last modified Nov. 5, 1999) (listing “consensus policies” which apply to all registrar agreements entered into after the date of the policies).

13. See, e.g., CORE, *Uniform Dispute Resolution Policy*, at <http://corenic.org/dispute-policy> (last visited June 5, 2001) (stating that adherence to the UDRP is required for all ICANN-accredited registrars); DomainRegistry.com, *Uniform Dispute Resolution Policy*, at <http://www.domainregistry.com/disputepolicy> (last visited June 5, 2001); Network Solutions, *Policy*, at <http://www.domainmagistrate.com/policy> (last visited June 5, 2001).

14. The UDRP suggests the following dispute resolution methods: agreement by the parties, court order, arbitration, or other alternative dispute resolution procedures. See *UDRP*, *supra* note 6, at ¶ 5.

a domain name registration.<sup>15</sup> In other words, registrars will take no action with regard to a disputed domain name in the midst of a dispute. Thus, the UDRP acknowledges that domain name registrars are not the proper decision-makers in domain name disputes. Instead, the UDRP encourages, and in some instances mandates, that the parties seek resolution through an administrative proceeding similar to arbitration.<sup>16</sup>

The UDRP's mandatory administrative proceeding applies only to certain disputes, namely domain name registrations alleged to be abusive.<sup>17</sup> In these disputes, complainants must prove three elements in front of an approved dispute resolution provider before the dispute can be resolved.<sup>18</sup> The three elements are: (1) the domain name is identical to or confusingly similar to a trademark or service mark in which the complainant has rights; (2) the party who registered the domain name (the registrant) has no rights or legitimate interests in the domain name; and (3) the registrant's domain name was registered and is being used in bad faith.<sup>19</sup> The UDRP specifies circumstances that exemplify bad faith, including registration of a domain name primarily for the purpose of selling it to the complainant (cybersquatting), registration of a

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15. See ICANN, *Uniform Domain-Name Dispute-Resolution Policy, General Information*, at <http://www.icann.org/udrp/udrp.htm> (last modified June 17, 2000) [hereinafter *General Information*] (describing the types of domain name disputes addressed by the UDRP as those alleged to be abusive registrations and listing the dispute resolution procedures available for all other types of domain name disputes).

16. See *UDRP*, *supra* note 6, at ¶ 4. The administrative proceeding is similar to arbitration, but it is more accurately described as a mediation/arbitration hybrid. The proceeding is conducted by providers who render independent decisions after presentation of the facts by the parties, as in arbitration. See *id.* ¶ 4(d). However, all decisions rendered under the UDRP are published in full over the Internet, except in certain cases where the decision may be partially redacted. See *id.* ¶ 4(j). This is distinct from the privacy characteristic of traditional arbitration procedures. In addition, the administrative proceeding is not binding, as parties are allowed by the UDRP to seek review in court. See *id.* ¶ 4(k); see also *infra* note 18 and accompanying text.

17. See *General Information*, *supra* note 11. "Abusive" domain name registrations include registrations which are initiated for the sole purpose of selling the domain name, interfering with or harming a competitor, or preventing a trademark owner from registering the name.

18. See ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/approved-providers.htm> (last modified Apr. 14, 2001) (listing the four currently approved providers, including the World Intellectual Property Organization (WIPO), The National Arbitration Forum (NAF), eResolution (eRes), and CPR Institute for Dispute Resolution (CPR)).

19. See *UDRP*, *supra* note 6, at ¶ 4(a). According to the UDRP, it is the complainant's burden to prove each of the three elements. See *id.* However, since the second element to be proven is a negative, i.e. that the respondent has no rights to the domain name, the burden of proof for this element actually falls on the respondent to show that it has rights or legitimate interests in the domain name. See *id.* ¶ 4(c). See also Tony Willoughby, *Uniform Domain Name Dispute Resolution Policy, Perspective of a WIPO Panelist (Part 2)*, at [http://www.domainnotes.com/news/article/0,4651\\_577971,00.html](http://www.domainnotes.com/news/article/0,4651_577971,00.html) (Feb. 2, 2001) (discussing ¶ 4(c) of the UDRP and its implications for respondents).

domain name to prevent the trademark owner from registering the same name, registration of a domain name primarily for the purpose of disrupting the business of a competitor, and registration of a domain name with the intent to attract Internet users to a web site for commercial gain by creating a likelihood of confusion with the trademark owner.<sup>20</sup> The UDRP also describes defenses available to registrants.<sup>21</sup>

The remedies available pursuant to a mandatory administrative proceeding under the UDRP are limited to cancellation or transfer of the disputed domain name.<sup>22</sup> The UDRP provides that the parties may also seek resolution in a court of competent jurisdiction after the administrative proceeding has concluded.<sup>23</sup> Therefore, the UDRP merely requires parties to begin their disputes through ADR, but does not restrict them to ADR for final resolution. For domain name disputes that do not involve allegations of abuse, the UDRP simply requires that the parties resolve them through “any court, arbitration or other proceeding that may be available.”<sup>24</sup> While the UDRP generally encourages the use of ADR over traditional litigation, by mandating ADR procedures for only a narrow category of domain name disputes and by not providing for all litigation possibilities, it has missed an opportunity to fully endorse ADR as a quick and successful method of resolving disputes in cyberspace.

In general, the new ICANN UDRP resolves abusive domain name disputes fairly quickly and efficiently. Although not without problems,<sup>25</sup> the UDRP has often exemplified the efficient and economic goals that brought it into being,

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20. See *UDRP*, *supra* note 6, at ¶ 4(b).

21. See *UDRP*, *supra* note 6, at ¶ 4(c). These defenses include: use of the domain name in connection with a bona fide offering of goods or services (before any notice of the dispute), common law rights to the name, and noncommercial or fair use of the domain name without the intent to tarnish the trademark. See *id.*

22. See *UDRP*, *supra* note 6, at ¶ 4(i). While the UDRP approved providers can issue decisions ordering cancellation or transfer of a domain name, they must depend on the individual registrars to implement their decisions. Because the registrars must be accredited by ICANN to issue registrations for gTLDs like .com, .net, and .org, compliance with a UDRP decision is usually not a problem. See *supra* notes 7-8 and accompanying text. Compliance may pose a problem, however, in situations where the registrar turns over custody of a domain name to a court pursuant to the Anticybersquatting Consumer Protection Act (ACPA), 15 U.S.C. § 1125 (d)(2)(D)(i)(I) (2000). For further details on this possibility, see discussion *infra* Section IV.

23. See *UDRP*, *supra* note 6, at ¶ 4(k). This paragraph of the UDRP describes the registrar’s practice of waiting ten (10) business days after receiving notice of a provider’s decision before implementing the decision, to allow for an “appeal” by one of the parties by filing a lawsuit. If the registrar receives official documentation that a lawsuit has been filed, it will take no further action with regard to the domain name until it receives notice that the parties have settled the dispute, the lawsuit has been dismissed, or the court has ordered an action on the domain name. See *id.*

24. *UDRP*, *supra* note 6, at ¶ 5.

25. See *supra* note 1.

starting with the first case brought pursuant to the policy. In the first UDRP decision, the World Wrestling Federation (WWF) challenged the registration of "www.worldwrestlingfederation.com" by a California resident.<sup>26</sup> The resident registered the domain name, then offered to sell it to the WWF three days later, at a price considerably higher than the cost of registration.<sup>27</sup> The WWF filed a complaint with the World Intellectual Property Organization (WIPO), one of ICANN's approved dispute resolution providers, on December 2, 1999.<sup>28</sup> Pursuant to the procedural rules governing the UDRP,<sup>29</sup> WIPO then appointed Arbitration Panelist M. Scott Donahey to resolve the dispute.<sup>30</sup> On January 14, 2000, just six weeks after the WWF filed its complaint, Donahey found that the WWF had proven the three necessary elements required by the UDRP<sup>31</sup> and thereafter ordered that the domain name be transferred to it.<sup>32</sup> The WWF successfully acquired its desired domain name in less than forty-five days after instigating its complaint, all for a reasonable \$1000 fee to WIPO.<sup>33</sup> As illustrated by this first case and by many of the subsequent cases decided over the last year, the UDRP's ADR procedure is generally much less expensive and much more efficient than traditional litigation.

#### V. A PROBLEM AREA FOR THE UDRP: DOMAIN NAMES WITH MULTIPLE LEGITIMATE CLAIMANTS

Despite its efficiency and economy, after eighteen months and more than 3,500 decisions,<sup>34</sup> the UDRP has been criticized by a number of groups and on a number of points.<sup>35</sup> For example, the UDRP and its approved providers have been harshly criticized for issuing inconsistent panelist decisions, particularly

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26. See *New ADR Process Clears its First Internet Dispute*, 18 ALTERNATIVES TO HIGH COST LITIG. 23 (2000).

27. See *World Wrestling Federation Wins WIPO Arbitration Ruling*, 21 No. 10 ENT. LAW REP. 9 (2000) [hereinafter *World Wrestling Federation*].

28. See *id.*

29. See ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last modified Jan. 3, 2000). These Rules describe procedural aspects and give an overview of the UDRP process, including the filing of a complaint, official commencement of the proceeding, the filing of a response, appointment of a panel and issuance of a decision. See *id.*

30. See *World Wrestling Federation*, *supra* note 28.

31. See *supra* note 15 and accompanying text for a discussion of the three required elements.

32. See *World Wrestling Federation*, *supra* note 28.

33. See *id.* WIPO's fees have since been raised to \$1,500 for a one-member Panel and \$3,000 for a three-member Panel. See also WIPO, *Schedule of Fees Under the ICANN Policy*, at <http://arbiter.wipo.int/domains/fees/index.html> (last modified Aug. 15, 2000).

34. See ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/proceedings-stat.htm> (last modified May 29, 2001).

35. See *supra* note 1.

concerning the “bad faith” element that complainants are required to prove.<sup>36</sup> The UDRP has also been criticized for its lack of an internal appellate procedure or process<sup>37</sup> and several differently structured proposals have been suggested to allow for appeal.<sup>38</sup> One criticism of the UDRP which has not been widely acknowledged is its inability to effectively deal with the situation involving multiple legitimate claimants to a single domain name which has been registered by a cybersquatter.

For example, consider the situation in which a domain name registrant who is in the business of registering and selling domain names for profit registers a domain name to which several legitimate businesses hold trademark rights. The domain name smith.com will serve as an example.<sup>39</sup> Suppose that the registrant has offered to sell its smith.com domain name to several of the legitimate “Smith” businesses for a price considerably higher than its costs associated with the domain name, but that no transfer has occurred. Now imagine that one of the legitimate “Smith” businesses, a hypothetical Smith1, files a complaint under the UDRP to recover the domain name smith.com. One day after Smith1’s UDRP proceeding officially commences,<sup>40</sup> Smith2, also a legitimate “Smith” business, files suit in a federal district court against

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36. See, e.g., Leonard, *supra* note 1 (discussing the UDRP decision regarding the domain name tonsil.com, wherein the panelists used arbitrary facts, according to the author, to determine that the domain name was registered in “bad faith”). See also *Sud-Chemie AG v. tonsil.com*, WIPO UDRP Case No. D2000-0376 (July 3, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/d2000-0376.html>.

37. See, e.g., Bernstein, *supra* note 1 (suggesting adding an appellate system to the UDRP process as a way to deal with inconsistent panel decisions).

38. See *id.* Bernstein proposes that an appellate panel be formed to take up a limited number of appealed UDRP decisions each month solely to resolve inconsistent panel decisions below. See also Sandburg, *supra* note 1 (describing the proposal of M. Scott Donahey, a WIPO panelist that rendered the first UDRP decision, to implement an appellate process to overturn incorrect decisions and enforce precedent).

39. Please note that the domain name smith.com was selected as a hypothetical example only. The author has no information regarding this domain name or its registrant to indicate that the situation described herein occurred with respect to that domain name. The www.smith.com domain name is registered and used by Smith International, Inc., a supplier of products to the oil and gas exploration industry. Consider the hundreds, if not thousands of other businesses and individuals with arguably legitimate claims to www.smith.com: Smith Sport Optics, Smith & Wesson, Mrs. Smith’s Bakeries, Salomon Smith Barney, Smith & Nephew, and countless others.

40. Official commencement of a UDRP proceeding usually occurs a few days after submission of the complaint by the complainant. See ICANN, *Rules*, *supra* note 30, at Rule 4. Upon submission of the complaint, the dispute resolution provider, such as WIPO, reviews the document for administrative compliance with the Rules. If the complaint complies with the Rules, the provider forwards it on to the respondent within three days of receiving the fee from the complainant. The date that the provider forwards the complaint to the respondent is normally the official commencement date of the proceeding. If the complaint does not comply with the Rules, the provider notifies the complainant of the deficiencies and the complainant then has five days to correct the complaint. See *id.*



the registrant to recover the domain name smith.com. Neither Smith2's complaint nor the registrant's answer mentions Smith1's pending UDRP proceeding to the court. Which of the proceedings takes precedence? Further, if both proceedings continue simultaneously and result in conflicting decisions—one transferring the domain name to Smith1 under the UDRP and the other transferring the domain name to Smith2 under the Anticybersquatting Consumer Protection Act (ACPA)<sup>41</sup>—which of the decisions prevails? Does it (and should it) matter whether all three parties are citizens of the same country?<sup>42</sup> These and other questions are raised by the hypothetical situation outlined above, a situation which the UDRP and the courts will increasingly have to face and resolve.

Until a recent UDRP decision rendered by WIPO, neither the UDRP nor the courts had occasion to resolve the exact situation outlined in the hypothetical.<sup>43</sup> In a dispute over the domain name lincoln.com in which the author was involved as counsel for the complainant, the complainant owned trademark registrations and common law trademark rights in the mark LINCOLN for use with lubrication related equipment and supplies.<sup>44</sup> The complainant filed a complaint against the respondent registrant with WIPO under the UDRP, alleging the three required elements, including bad faith through cybersquatting. The respondent did not file a response during the allotted twenty day period after receiving notice of the complaint.<sup>45</sup> Instead,

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41. Congress passed the Anticybersquatting Consumer Protection Act ("ACPA") in 1999 as an amendment to the Trademark Act to protect trademark owners from infringement and dilution of their marks in domain name registrations. *See* S. 1255, 106th Cong. (1999) (enacted). The ACPA also authorizes courts to order forfeiture, cancellation, or transfer of a domain name. It provides for statutory damages, and protects registrars from liability when they act pursuant to a court order or a reasonable policy designed to protect trademark owners. *See id.* The ACPA was passed by Congress on October 27, 1999, just three days after ICANN's board voted to implement the UDRP, and about a month before the first UDRP proceeding commenced. *Compare* S. 1255, 106th Cong. (1999) (enacted) *with* ICANN, *Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy*, at [www.icann.org/udrp/udrp-schedule.htm](http://www.icann.org/udrp/udrp-schedule.htm) (last modified Oct. 17, 2000). In contrast to the UDRP's arbitration-like procedure, the ACPA looks solely to the courts to resolve domain name disputes. *See* 15 U.S.C. § 1125(d) (2000). As a result, parties involved in domain name disputes can choose whether to avail themselves of the often more efficient and economical UDRP, or opt for more expensive, but arguably weightier traditional litigation.

42. The UDRP applies worldwide to all domain name registrars and to virtually all registrants. *See supra* note 9 and accompanying text.

43. Of course, parties have challenged UDRP decisions in court, and are entitled to do so under the UDRP. *See* ICANN, *supra* note 30. However, thus far these court challenges have involved the same parties as the UDRP proceeding. The hypothetical differs in that three parties are involved, with the registrant being the only common party to both proceedings.

44. *See* McNeil (Ohio) Corporation v. Nat'l Advertising, Inc., WIPO UDRP Case No. D2001-0409 (June 21, 2001), (on file with author).

45. *See* ICANN, *supra* note 30, at Rule 5(a).

nearly a week after WIPO issued its Notification of Respondent Default, the respondent filed a Motion to Terminate the UDRP proceeding on the basis that a third party, Ford Motor Company, had filed suit in federal district court for transfer of the lincoln.com domain name one day after the UDRP proceeding became official.<sup>46</sup> The respondent's motion further stated that the domain name registrar had already turned over custody of the domain name to the federal court pursuant to the ACPA. The complainant filed an Opposition to the Motion to Terminate, citing the facts that the litigation involved a completed separate and distinct dispute between different parties, and it was filed *after* commencement of the UDRP proceeding. The WIPO three member panel elected to terminate the UDRP proceeding, citing the fact that it could no longer transfer the domain name, as the domain name was in the court's custody.<sup>47</sup> The WIPO panel decision terminated the proceeding without prejudice to the complainant, and pointed out the complainant's option of intervening in the litigation.

Unfortunately, the WIPO panel greatly undermines the UDRP in this decision by bowing to traditional litigation later filed by a third party uninvolved in the UDRP proceeding.<sup>48</sup> The WIPO panel effectively blocks the complainant's access to UDRP procedures, and forces the complainant to take part in traditional litigation which was filed after the UDRP proceeding and by an unrelated third party if the complainant wants to pursue its claim to the domain name. The lincoln.com case may have been the first opportunity for UDRP to address this situation, but it will not be the last. WIPO and other approved providers must construct a more equitable solution to this problem or the efficacy of the UDRP will be further diminished.

Before the lincoln.com decision, one earlier UDRP decision briefly acknowledged the situation of multiple legitimate claimants to a domain

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46. See *Ford Motor Company, Inc. v. Nat'l Advertising, Inc.*, No. 01-CV-71268 (E.D. Mich. Filed Mar. 30, 2001).

47. See *McNeil (Ohio) Corporation v. Nat'l Advertising, Inc.*, WIPO UDRP Case No. D2001-0409 (June 21, 2001), (on file with author). The panel cited Rule 18(a) of the ICANN Rules, which gives the panel discretion to proceed to decision or terminate in the face of litigation. When read in context with Rule 18(b) and surrounding rules, however, the author submits that Rule 18(a) never contemplated the situation in this case, and instead was written in anticipation that the parties involved in litigation would be the same parties as in the UDRP proceeding.

48. For example, all pending UDRP proceedings are posted on ICANN's web site at <<http://www.icann.org/udrp/proceedings-list-name.htm>>. In the wake of this decision, parties can check the web site for institution of a UDRP proceeding against a domain name in which they are interested, and then file suit in court for the same domain name, thereby terminating the UDRP proceeding and forcing the complainant to litigate.

name.<sup>49</sup> In the *championsleague.com* case, the complainant was the governing body for European football, which holds an annual international football competition called the Champions League. The respondent was a furniture dealer and football enthusiast in Africa who registered the *championsleague.com* domain name and made references to the complainant's football competition. The respondent also thereafter contacted the complainant to offer to sell the *championsleague.com* domain name. One of the respondent's main arguments in its response was that *championsleague.com* is a generic sports-related domain name which could refer to a number of sporting events, not just complainant's competition. The Panel directed transfer of the domain name to the complainant, finding that despite the fact that several legitimate claimants to the domain name exist, the respondent specifically targeted the complainant with its offer for sale (and therefore use in bad faith) of the domain name.<sup>50</sup> The Panel did not directly address the multiple claimant issue in its decision, but impliedly adopted a test of whether the respondent targeted the complainant when it registered the domain name to determine if the complainant is entitled to the name.

#### VI. STANDARDS FOR RESOLVING THE MULTIPLE CLAIMANT PROBLEM AND THEIR FEASIBILITY

The *lincoln.com* and *championsleague.com* UDRP decisions illustrate two distinct approaches to the problem of multiple domain name claimants. Besides terminating the proceeding or looking to the respondent's target, other approaches should be considered, namely, reference to the UDRP's provisions, a litigation-trumps-arbitration rule and an analogy to the broad legal concept of the first to file, or priority rule.

In considering a standard to address the problem of multiple domain name claimants, it makes sense to first consider the UDRP's provisions on its face. The UDRP speaks in terms of a single "complainant" and a single "respondent" throughout. It does, however, address the situation of multiple disputes between the same parties, allowing for consolidation thereof.<sup>51</sup> It also allows the parties to the UDRP dispute to file suit in court before the UDRP

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49. See *Union des Associations Europeennes de Football (UEFA) v. Funzi Furniture*, WIPO UDRP Case No. D2000-0710 (Oct. 25, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0710.html> (disputing ownership of *championsleague.com*).

50. See *id.* The Panel deduced from several facts that the respondent was familiar with complainant's competition when he registered the domain name, including the fact that respondent was a football enthusiast, the fact that African countries (respondent's residence) receive television broadcasts of complainant's Champions League competition, and the fact that respondent's early web site made specific reference to complainant.

51. In other words, it provides for the filing of a single complaint against a respondent for recovery of several domain names. See *UDRP*, *supra* note 6, at ¶ 4(f).

proceeding commences, or after it concludes.<sup>52</sup> Lastly, it refers to all other disputes not involving the registrar, and advises resolution of those disputes through court, arbitration, or other dispute resolution procedures.<sup>53</sup> In short, the UDRP simply does not address the issue of multiple claimants to a single domain name. Therefore, it must be augmented by other legal standards when facing a multiple claimant situation.

Some groups have advocated a simple litigation-trumps-arbitration rule, which they apply blindly and which would therefore apply to multiple claimant situations.<sup>54</sup> Under this approach, no matter how many UDRP proceedings are pending for a certain domain name, as soon as one entity files suit in a United States court for that domain name, the registrar transfers control of the name to the court.<sup>55</sup> This approach works well when the UDRP proceeding and the litigation have an identity of parties. This approach makes little sense, however, when the two proceedings involve different parties. In a multiple claimant situation as described in the hypothetical and the *lincoln.com* case above, this arbitrary litigation-trumps-arbitration approach blindly turns the domain name over to the court, thereby prejudicing the rights of the complainant in the previously filed UDRP proceeding. This approach therefore should not be used in a multiple claimant situation.

The approach outlined in the *championsleague.com* UDRP decision suggests a different angle. Under that approach, the domain name is transferred to the claimant who was targeted by the respondent cybersquatter at the time of registration of the name.<sup>56</sup> At first glance, this approach seems fair, for the object of the cybersquatter's activities is avenged. Still, the main shortcoming of this approach lies in the difficulty of proving which of the claimants the respondent targeted at the time of registration. Many respondent cybersquatters register domain names with multiple claimants precisely to offer it to several of them, hoping to encourage them to bid against one another and thereby gain a larger profit. Therefore, this approach is also not ideal for multiple claimant situations.

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52. See ICANN, *supra* note 30.

53. See UDRP, *supra* note 6, at ¶ 5.

54. For example, Network Solutions (NSI), one of the leading domain name registrars, applies such a rule when the same parties are involved in the UDRP proceeding and a court proceeding. NSI turns over control of the domain name to the court, pursuant to 15 U.S.C. § 1125 (d)(2)(D)(i)(I) (2000), the ACPA provision providing a safe harbor from liability for domain name registrars who relinquish control of a disputed domain name to the court. If NSI were faced with a multiple claimant situation like that described in the hypothetical posed above, it would likely follow its routine practice and transfer the domain name to the court, without regard for the pending UDRP proceeding. In fact, NSI did just that in the *lincoln.com* case.

55. See ACPA, *supra* note 42.

56. See *supra* note 50 and accompanying text.

Finally, an approach akin to the broad legal concept of the first to file, or priority rule may be applied in a multiple claimant situation. In many areas of law, and particularly intellectual property law, this concept means simply that the first party to file an action, or to file for protection of its property, is often the party who is exclusively entitled to such protection.<sup>57</sup> In the multiple claimant domain name situation, this first to file approach clarifies that the first claimant to file either a UDRP proceeding or a court case gains the opportunity to have its case adjudicated before any other claimants may do so. While some may argue that this draws an arbitrary line among legitimate claimants, it is on the whole the best currently available approach to multiple claimant situations. It echoes the first come, first served concept inherent in the domain name registration system itself, in which only one registrant may own each domain name.<sup>58</sup> It also harkens back to basic fairness concepts found in broad concepts of justice. For now, it is the best solution to a complex problem.

## VII. CONCLUSION

In its initial stages, the UDRP has provided a generally efficient and economic vehicle for resolving domain name disputes through ADR, but several problem areas need to be addressed. In particular, there is a need to address multiple claimant situations in general and multiple claimant situations involving both the UDRP and traditional litigation. The best approach to these situations for now seems to be a first-to-file rule, but this may change quickly

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57. In trademark law, the concept is illustrated by the rule that among several users of the same mark, the first to file for a federal trademark registration is rewarded with nationwide rights to the mark, excluding only those areas where prior users had established themselves before the registrant filed its application. See MCCARTHY, *supra* note 24, at § 16:13 (explaining this concept and its rationale - to encourage trademark registration).

58. While the domain name registration process was founded entirely on a first come, first served basis, that is changing with the ever-increasing number of domain name trademark disputes. In an effort to avoid many such disputes, with ICANN's approval, several registrars have instituted a new Intellectual Property Claim Form process for trademark owners in connection with the soon-to-be-issued .biz registrations. See, e.g., Network Solutions, *.biz Trademark Details*, at [http://newdomains.networksolutions.com/gtld/biztm\\_legeaze.jsp](http://newdomains.networksolutions.com/gtld/biztm_legeaze.jsp) (last visited June 5, 2001). With Network Solutions, for an \$89 fee, trademark owners can submit a Trademark Claim Form with relevant information about their federal registration or application in order to request a corresponding .biz domain name. The process does not guarantee the trademark owner a domain name registration, as multiple requests for the same domain name can be submitted through different registrars, and as multiple parties own the same trademark for use in connection with different goods or services. Still, the Intellectual Property Claim Form process offers notification of others requesting the same domain name, notification of registration of the domain name to another, access to a streamlined dispute resolution process called STOP (Start-up Trademark Opposition Policy), and a thirty day hold period for disputed domain names. See *id.* This new Intellectual Property Claim Form process lasts from late May 2001 to early August 2001. It remains to be seen whether the new process will attain its goal of circumventing many domain name disputes, but it is certainly a step in the right direction for trademark owners.

in light of the ever-changing nature of cyberspace. In the vast overlap between realspace and cyberspace and between the law and the Internet, domain name disputes have and will continue to inspire new and creative solutions to increasingly complex problems.

