

## Updating the Dispute Resolution Service for .uk domain names

We are updating Nominet's Dispute Resolution Service (DRS) to keep the service quick, simple, fair and approachable for all who use it, and to make sure that it keeps abreast of changes in the external environment.

If you register domain names for yourself or your business, if you trade in domain names, if you are concerned about protecting your online identity or that of your customers, then we want to hear your opinions.

### What the Dispute Resolution Service (DRS) is for

Nominet's DRS is our formal complaints process that handles disputes about the registration or use of .uk domain names. While the DRS prevents a lot of disputes from going to court, it is not designed to replace the need for the courts.

If you want to find out more about how the DRS currently works, there is a great deal of information on our web site.

See <http://www.nominet.org.uk/disputes/drs/> for a description of the service, <http://www.nominet.org.uk/disputes/drs/help/typicalcases/> for typical cases, <http://www.nominet.org.uk/intelligence/statistics/drs/> for statistics on the DRS, and <http://www.nominet.org.uk/disputes/drs/updates> for what's changed since the last DRS review.

### The proposals at a glance

#### How we handle descriptive terms within the DRS

Trade mark law protects words which have 'a distinctive character as a result of the use made of it' e.g. "British Gas". We propose to recognise this category of names in the DRS. We also propose to clarify that the DRS recognises rights in dictionary words which are protected by registered trade marks or good will.

#### Safeguards for the secondary market ("domainers")

As part of explaining what is or is not an **abusive (unfair) registration**, we propose to extend the examples of things that are not necessarily evidence of 'abuse' to include resale of domain names, sale of traffic (e.g. by "pay-per-click") or having a large portfolio of domain name registrations. In addition, we propose to clarify that the weaker the rights that the complainant has, the less likely it is that abusive registration or use will be inferred if the evidence is finely balanced.

#### Fees

It has always been free to file a DRS complaint and the money paid for expert decisions is passed on to the independent experts. We do not charge for our administration and mediation services. Some people have suggested that the free system encourages poor quality complaints and we should perhaps charge an upfront fee.

Our proposed options on fees are:

1. No change
2. Introduce an upfront non-refundable fee (£50-100) and reduce the expert decision fee accordingly, to keep the change cash-flow neutral
3. Introduce a system where the losing party pays for the decision

## Further proposals in brief

There are a number of other proposals to change aspects of the service including the procedure, payment, drafting, appeals, expert decisions, and abusive registrations.

### The consultation

This consultation has three parts: an online survey, an in-depth consultation document, and an outreach programme including a series of events and meetings. The consultation period lasts for 3 months from 17 November 2006 to 16 February 2007.

### What happens next?

Once the consultation has finished we will analyse the results and propose a revised policy and procedure to be adopted for the DRS.

### How to respond to this consultation

Anyone can respond to this consultation. Please either respond to the online survey; attend the outreach events and give your feedback; or email your answers to the questions presented in this document to [drsconsultation@nominet.org.uk](mailto:drsconsultation@nominet.org.uk). We look forward to receiving your comments.

All responses will be published on our web site however we reserve the right to remove any materials that in our reasonable opinion are defamatory, offensive or unintelligible.

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## How we handle descriptive terms within the DRS

Under the current DRS, the person complaining must show that they have “**rights** in a name or mark which is identical or similar to the domain name, and that the registration, in the hands of the current registrant, is an **abusive registration**”.

The definition of **rights** is broad and unclear often leading people to ask: “what is the **rights** test for?” and “what **rights** can I rely on?”

“**Rights**” has a deliberately low threshold, and this allows for small businesses and individuals to have access to the DRS, even if they do not have registered trade marks. Feedback from users suggests this is seen as a benefit of the system.

Currently, a complainant cannot rely on **rights** “in a name or term which is **wholly descriptive** of the complainant’s business.” There is an extensive secondary market in the sale of “generic” domain names – a legitimate market. Disputes of this kind now form a small but significant minority of DRS cases.

Difficulties arise in the grey areas. There are a number of terms which *could* be argued to be “wholly descriptive”, but which may be protected by registered trade marks, or goodwill. For example:

- British Petroleum
- Orange (in connection with mobile telephony)

In practice, this can lead to parties being unable to predict accurately the outcome of a DRS case. This does not help the service, the parties or the experts, and we propose to clarify the boundaries.

Trade mark law protects words which have a ‘*distinctive character as a result of the use made of it*’ e.g. “British Gas”. We propose to recognise this category of names in the DRS.

In addition, we propose to clarify that the DRS recognises rights in dictionary words which are protected by registered trade marks or good will.

The result of these proposals will be to clarify that a complainant may be able to claim **rights** in terms that are descriptive, dictionary words, or could be argued to be generic, but to make it clear this can only be done where the term has a ‘distinctive character’, and not generally. Those complainants will not win under the DRS unless they can *also* satisfy the second limb of the test – that the registration is abusive.

**Question 1:** Please give us feedback on our proposals that the DRS should include:

- (a) protection for words which have a distinctive character as a result of the use made of them.
- (b) dictionary words which are protected by registered trade marks or good will.

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### Safeguards for the secondary market (“domainers”)

There is an extensive secondary market in the sale of “generic” .uk domain names, or in the sale of “click-through” traffic. As a result of their business model, those who hold large domain name portfolios can become involved in DRS cases.

Mostly, such disputes are resolved through mediation, but some go to expert decisions. As a result of feedback from those involved in the secondary market, we propose that the DRS clarifies what sorts of activity tend to show legitimate use, as well as abusive use.

In expert decisions, findings of abusive use are often supported by a finding that the registrant’s actions specifically target the complainant. For example, in the classic “cybersquatting” scenario the registrant offers to sell the domain name to the trade mark holder. This is qualitatively different to a general offer to sell on a parking page.

There are complicating factors in any situation. For example, the more generic or descriptive a domain name is, the more likely it is that a parking page advertisement could be innocent. Conversely, a parking page should not be a cover for cybersquatting, and some argue that monetising traffic through “pay per click” takes unfair advantage of the complainant’s rights because it is the complainant’s reputation that generates the revenue.

As part of explaining what is or is not an **abusive (unfair) registration**, we propose to extend the examples of things that are not necessarily evidence of ‘abuse’ to include resale of domain names, sale of traffic (eg by “pay-per-click”) or having a large portfolio of domain name registrations. However, such cases can be finely balanced, and will depend on their particular facts.

We propose to clarify that the weaker the rights that the complainant has, the less likely it is that abusive registration or use will be inferred if the evidence is finely balanced.

**Question 2:** Please give us your feedback on our proposal that the DRS should include the following as examples of things that are not necessarily evidence of abuse:

- a general offer to resell a domain name
- sale of traffic (i.e. visitors to the domain name)
- registering many domains

**Question 3:** Please give us feedback on our proposal that the DRS should include a statement that, where the evidence is finely balanced, the weaker the rights that the complainant has, the less likely it is that abusive registration or use will be inferred.

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## **Fees**

It has always been free to file a complaint in the DRS, and all of the money paid for expert decisions is passed on to the independent experts. Nominet does not charge for its administration and mediation services. We believe that this makes the system accessible to all.

The fees, which have remained unchanged since 2001, are £750 + VAT for an expert decision; £3,000 + VAT for an appeal.

We have received the following feedback with regard to fees:

- The standard of complaints is generally poor – an upfront fee could improve this.
- The free system encourages poor quality complaints – this puts respondents to needless time and expense in defending vexatious complaints.
- We should consider some sort of refund or costs order if a party wins (particularly on appeal).
- The fees are too high, and deter people from applying for a decision.

## **The options**

Nominet does not intend to start charging for its own services in relation to the DRS, i.e. administration and mediation service. In addition, we would need to see very clear benefits to justify a move to an upfront fee for the DRS.

We believe the options are:

1. No change;
2. Introduce an upfront fee of, say non-refundable £50-100, and reduce the fees for an expert decision accordingly, so any change would be cash-flow neutral;
3. Introduce a system whereby the losing party pays for the decision.

**Question 4:** Please tell us which payment option you would prefer and why: no change; a small upfront fee; or loser pays?

**Question 5:** How would you enforce any system of refund (outlined in option 3)? Which section of the community would you imagine would most benefit from a refund system?

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## **Further proposals in brief**

A number of other changes are also proposed. If you have any particular views on the following topics, please tell us as part of this consultation.

### **Procedure**

- Remove or alter the Reply stage of the DRS
  - At present, there is a reply stage, which allows the complainant to respond to new issues raised in the respondent's submission. Some perceive this to be an imbalance, allowing the complainant to have the last word.
- As a counter-balance to altering the reply stage, strengthen and clarify the provisions relating to non-standard submissions (Procedure 13(b)).
- Clarify processes for dealing with documents submitted out of time or in an invalid format.

### **Payment**

- Allow respondents the opportunity to pay for a decision.

### **Drafting**

Clarify some terms (e.g. rename 'Abusive Registration' as 'Unfair Registration' as was done by the New Zealand DRS), and rewrite generally in 'Plain English'.

### Appeals

- Shorten appeal timelines, so that a Notice of Intention to Appeal gives another two weeks, not another three weeks.
- Allow new evidence to be introduced in Appeals, only if such new evidence is ‘necessary’ to deal with the case fairly.

### Expert decisions

- Clarify how experts review evidence, how they weight evidence, and how to deal with issues raised by the experts performing their own research.
- Clarify how decisions can be corrected or amended – for example, to correct typographical errors.
- Incorporate tests set out in previous decisions that experts routinely rely or are likely to rely on (because they were in appeal decisions) so the information is in one place.

### Abusive registrations

- Include a **likelihood of confusion** as evidence of an abusive registration i.e. soften the test at 3(a)(ii) (‘has confused’).
- State that the abusive use does not have to be ongoing for the purposes of Policy 3(a)(iii) – it is enough that abusive use has occurred in the past.
- Clarify that a long delay in bringing a DRS case, where there is no adequate explanation, is likely to damage a complainant’s chance of success.
- Clarify when rights have to exist to complain and to prove abuse.

### Miscellaneous

- Include anti-avoidance provisions for the ‘three strikes’ rule (Policy 3(c)).
- Change the provisions dealing with communication and service of documents to take into account the new and potential extra online services.
- Clarify the role of representatives.
- Add provisions to clarify how a DRS dispute and any processes arising out of the Industry Standards consultation could interact.
- Give both parties legal rights against each other if they make untrue statements in submissions.

**Question 6:** Do you have any comments about the proposals to change aspects of the procedure, payment, drafting, appeals, expert decisions, abusive registrations or miscellaneous issues?

**Question 7:** Do you have any other changes you would like to see within the DRS, or topics within the DRS that you wish to comment on? In particular, if you have any views about any of the following topics which have been the subject of discussion, please let us know:

- Length of submissions and word limits.
- The impact of Internationalised Domain Names, if introduced.
- Whether experts can find a registration abusive for reasons not spelled out in the complaint.
- Whether there have been any practical problems with the treatment of ‘Without Prejudice’ material.
- Whether experts should be able to represent parties in other disputes, and if not how to keep the quality of experts high.
- Whether the detail of the DRS can be taken out of the contract and updated more regularly.

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