

**RESPONSE TO NOMINET'S CONSULTATION ON AMENDMENTS TO ITS DISPUTE  
RESOLUTION PROCEDURE**

This response is submitted by and on behalf of Internet Committee of the International Trademark Association (INTA). INTA is a not-for-profit membership association of more than 5,000 trademark owners and professionals, from more than 190 countries, dedicated to the support and advancement of trade marks and related intellectual property as elements of fair and effective national and international commerce.

**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 goodwill.**

- 1.1 We agree with each of the above mentioned proposals. However, we are concerned that the word limit of 2000 words imposed by paragraph 3 of the DRS Procedure is too restrictive particularly where a Complainant has the burden of proving that he has sufficient goodwill and reputation to mount a valid claim for passing-off. Accordingly, we would recommend that the word limit be increased to a maximum of at least 5,000 words (the same as the word limit for UDRP and .eu domain name dispute complaints).
- 1.2 In respect of part (b) of Question 1, we note that a dictionary word which is protected by a registered trade mark, or which is protected under English law by the tort of passing-off already falls within the DRS Policy since the definition of "Rights" "includes, but is not limited to, rights enforceable under English law". Accordingly, strictly speaking, the proposed amendment is not necessary.

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

- 2.1 While INTA has no desire to limit or hinder the legitimate secondary market in generic or descriptive domain names, it is concerned that Nominet's proposals could be interpreted by some as a green light for domain name parking and/or tasting practices that cause very real damage to brands. 'Domain name parking' includes the practice of registering

domain names that correspond to, or contain well-known trade marks (or misspellings of such trade marks). The registrant then "parks" the domain name with an ISP such as Sedo that offers a 'parking programme' which will earn the registrant revenue based on the number of visitors attracted to the parking page. The parking page accessed via the domain name often contains links to websites operated by the brand owner's competitors or, of even more concern, they contain links to pornographic websites. Domain name tasting is a similar practice save that the registrants use the 5 day add/drop grace period to "taste" which of the domain names they have registered are receiving the most traffic, before committing the necessary funds to purchase the most valuable domain names.

- 2.2 The widespread practice of domain name parking and tasting is of great concern to brand owners since it diverts traffic away from a brand owner's legitimate website and dilutes the strength of its brand. We refer Nominet to Business Week's article "The Great Internet Brand Rip-Off" published on 15 December 2006 and Fairwinds Partner's article "Coalition of Brand Owners to fight Domain Name Tasting" published on 29 January 2007 (copies of both articles are attached). It is in this context that we have some concerns over Nominet's proposals.
- 2.3 First, we question whether any safeguards are required. The current DRS Policy as drafted does not outlaw domain name parking or tasting per se. Paragraph 3 (a) of the policy states that each of the circumstances listed at sub-paragraphs (i) – (v) is a non-exhaustive list of factors which "**may**" be evidence of an Abusive Registration. Therefore, the fact that a registrant owns a large number of domain names, or that he/she has made a general offer of sale, or may be generating substantial click-through revenue will not mean that the registration is automatically abusive. A complainant would in any event have to show it had Rights (as defined) in a trade mark that was identical or confusingly similar. Further the Policy expressly states that the activities listed in paragraph 3(a) only 'may' be evidence of abuse, leaving the expert appointed to determine the position based on the information provided to him by the parties.
- 2.4 As Nominet itself acknowledges in its consultation paper, cases relating to domain name parking and/or tasting "can be finely balanced and will depend on their particular facts". The legality of making a general offer to resell, or selling traffic will depend entirely on the facts and whether the relevant domain names reflect in whole or in part a name that is protected by trade marks and/or by the law of passing-off. **If no third party rights exist, then none of the above mentioned activities will be abusive.** However, we are concerned that if the DRS Policy specifically states that the above mentioned activities are "*not necessarily*" evidence of abuse, there is a significant risk that some will interpret this as authorisation from Nominet to engage in domain name parking or tasting, whatever the domain name and will lead to an increase in domain name parking involving well-known brands.
- 2.5 In the same way, the proposed amendments could result in less cases being settled at or before the mediation stage, as registrants mistakenly believe that their activities are legitimate even though in fact, they constitute a clear case of trade mark infringement. Ultimately therefore the proposed amendments could lead brand owners to opt for High Court proceedings over the DRS.

**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 rights that the complainant has, he less likely it is that abusive registration or use will be inferred.**

- 3.1 We assume that this question is posed largely in relation to unregistered rights. It is difficult to see how a registered trade mark could be "weak" unless the domain name at issue is not sufficiently close to the trade mark to be "similar" (give that the DRS is not the appropriate forum to consider validity of trade mark registrations). In our view, rather than amend the Policy, it would be preferable to explain on Nominet's website the legal threshold required to prove the existence of unregistered rights so that all parties can assess the relative strengths of their case.
- 3.2 Further if the proposed statement is to be included in the DRS policy, it should at least be qualified so as to apply to unregistered rights, otherwise there is a risk that it could mislead a lay person about the strength of a brand owner's registered rights. For example, where a US company owns a UK or Community trade mark but this is not well-known in the UK; or, where a UK company owns a UK trade mark registration but has not yet put it into use, the lay person may perceive that the brand owner in each case has "weak" rights.

**QUESTION 4:**

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

- 4.1 If Nominet were to adopt a policy of loser pays this should dissuade weak claims from being brought and encourage early settlement, both of which are to be welcomed.
- 4.2 It would be helpful if Nominet could clarify if the third option of loser pays relates to the payment to the successful party of standard £750 expert fee or for whether it is intended to also include the successful party's legal costs in drafting and filing the complaint. We assume that only the £750 expert fee is intended to be covered since otherwise there will be practical difficulties in assessing the level of reasonable legal costs (unless Nominet were to adopt a set tariff along the lines of that used by the UK Trade Marks Registry).

**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?**

- 5.1 Since Nominet is not a Court and has no ability to enforce its decisions through for example contempt of court proceedings, there are significant practical difficulties in seeking to enforce the payment of refunds.
- 5.2 Since we understand that statistically the majority of cases are won by Complainants, it would appear that brand owners would most benefit from a refund system.

#### 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?**

In respect of each of the areas in which change has been proposed our response is set out below:

#### Procedure

*Nominet's proposal is to:*

- *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.*

6.1 In our view, the current system is balanced. The complainant does not have the last word in relation to all issues. The Reply stage is the complainant's first and only opportunity to respond to issues raised by the respondent in its "defence" submission. Since many owners of abusive registrations employ aliases or provide false contact information, the reply stage is often the first available opportunity for a Complainant to deal with the registrant's use and abuse of the domain name in question. Accordingly, preventing claimants from responding would create an imbalance as they would not have **any opportunity** to put forward their case in relation to an issue raised by the respondent.

6.2 As previously stated, if brand owners feel that they are not being afforded the same rights by the DRS service as they would by a court, they may prefer to bring court proceedings against registrants, rather than use the DRS service. This cannot be advantageous to registrants.

6.3 In our view, Procedure 13(b) is sufficiently clear. The rule in its current form should be strengthened through Experts enforcing it consistently in practice and ensuring that it is applied equally to both parties.

#### Payment

*Nominet's proposal is to:*

- *Allow respondents the opportunity to pay for a decision.*

6.4 We agree with this proposal in principle. However, it would be helpful for Nominet to clarify the circumstances in which it sees this situation arising and how it would work in practice.

### Drafting

*Nominet's proposal is to*

- *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".*

6.5 The use of plain English is to the advantage of all parties. If Nominet is considering the amending the terminology it would be helpful to brand owners who have to deal with domain name disputes worldwide for Nominet to adopt the same terms (where possible) as those used in ICANN's UDRP.

### Appeals

*Nominet's proposal is to*

- *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.*

6.6 We support Nominet's proposals on Appeals.

### Expert Decisions

*Nominet's proposal is to:*

- *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.*

6.7 We agree. Any proposal which will increase transparency is to the advantage of all parties.

### Abusive Registrations

*Nominet's proposal is to:*

- *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.*

6.8 The DRS should be perceived by all parties as an attractive alternative to proceedings at the High Court for trade mark infringement. It should therefore incorporate the same principles and tests that would be applied if a claimant brought the same complaint before the courts, albeit in a more user-friendly and cost effective forum.

6.9 The test "*has confused*" is a higher threshold than "*is likely to confuse*" and is at odds with the level of protection afforded under the UK Trade Marks Act 1994. Accordingly, we welcome Nominet's proposal to conform the DRS Policy to English law.

6.10 For the same reasoning, we support Nominet's proposal to amend the DRS Policy to make it clear that the abusive use does not have to be ongoing for the purposes of Paragraph 3(a)(iii).

6.11 We also broadly agree with Nominet's proposals concerning delay. However, in our view, any delay should be calculated from the date a complainant becomes aware of the alleged abuse, rather than the date that the abuse actually occurs. Further, any new language should make it clear that an adequate explanation would include for example a change subsequent to the original registration such as a new owner or amendments to the website accessible via the domain name such that the use is now abusive.

### **Miscellaneous**

*Nominet's proposal is to:*

- *Include anti-avoidance provisions for the 'three strikes' rule (Policy 3(c))*

6.12 We agree in principle, but would like clarity as to what the anti-avoidance provisions would be.

### **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 details of the DRS can be taken out of the contract and updated more regularly.**

### **Length of submissions**

7.1 See response at 1.1 above.

### **"Without Prejudice" material**

7.2 We support Nominet's current position regarding "without prejudice" material as set out at paragraph 6 of its Policy. Given that one of the ways in which a Complainant can demonstrate an abusive registration is to produce evidence that the registrant has offered the domain name for sale for sums in excess of the cost price, it is vital that evidence of such offers are admissible in Nominet proceedings.

### **Other recommendations**

We have a number of other suggestions which we would be grateful if Nominet would consider:

7.2 Nominet's current WHOIS database does not provide any information concerning whether the domain name has been transferred since its original registration. Information about whether a transfer has taken place and the date of any such transfer would be very useful to brand owners seeking to get an understanding of the registrant and his use or intended use of the domain name.

7.3 We would also welcome the creation of a search facility in respect of expert decisions on Nominet's website similar to the facility available on the WIPO website in respect of UDRP cases. While Nominet's "Typical Cases" section of its website is helpful and should be retained, a search facility would assist parties to find and review previous decisions which have been made on similar facts or dealt with similar issues and accordingly, would encourage settlement.

**Submitted for and on behalf of the Internet Committee, INTA**

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