

This is my response to the DRS review consultation published in November 2006.

This response is written personally and does not necessarily represent the views of THUS plc or the Nominet PAB.

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Descriptive terms within the DRS

I agree that the “rights” test should remain a deliberately low threshold.

The concept of “generic name” was never, in my opinion, intended to mean that rights could never be asserted in a term just because the word is found in a dictionary. Rather, it was intended to distinguish between such words used in their normal sense and used as an “attractive” name. Thus “DIY” is a generic term when used by companies like Homebase and B&Q, while “Orange” is not when used by a telephone company or “Bounce” by a fabric softener. The DRS should clarify this distinction.

As a corollary, I am in favour of allowing protection for terms that have a distinctive character as a result of the use made of them. I am not sure how this would map to “dictionary words which are protected by registered trade marks or good will”.

Safeguards for the secondary market

I agree that, when matters are finely balanced, the weaker the rights the complainant has the less likely it is that abusive registration should be inferred.

An offer to sell a domain name should not, of itself, be viewed as evidence of abuse. In particular, it should be possible to make an offer to a trademark holder or complainant without that being used against the registrant in the DRS process. It may be the case that the registrant considers that they have their own rights in a name and are not using it abusively, yet the name is not core to their plans and they do not want to go through the bother of a DRS dispute. Therefore they should be able to make an offer without it constituting an admission of, or being treated as evidence of, wrong-doing.

However, such an offer should be subject to reasonable caps. I do not agree with the concept of “documented out-of-pocket costs” only. At this stage in the evolution of the Internet, businesses are well aware of domain names and their value, and can make conscious decisions whether or not to register names. If a registrant is able to register a name that is later complained about, they will have put some effort into deciding to do so, and this entrepreneurship should be recognised. On this basis, I would suggest the following caps:

- Where a name is being sold or offered as part of a complete package (e.g. for a functioning web site including the right to continue using the content of the site), no limit. However, such an offer should also include an offer for the name alone.
- Where a name is being sold and the registrant has built up a business or income based on that site, then a limit of the documented Net Present Value of that business plus 50% for undocumented business development costs and similar items. For example, if the name is gaining an income of £10 per month through pay-per-click advertising, the NPV at 10% is about

£1,264 and the cap would be £1,896. Note that costs such as web site development would not be included other than through the 50% uplift.

- Where neither of the above applies, then:
 - Where a name has been registered for less than 6 months, a limit of £75 (being slightly below the undiscounted price of a domain name).
 - Where a name has been registered for a year or more, a limit of £700 (being slightly below the cost of a DRS case).
 - Where a name has been registered between 6 months and a year, a sliding scale between these values (so as to prevent “calendar watching”).

Pay-per-click advertising should not, of itself, be proof of abusive registration but it should be acceptable as evidence. Where the advertisements are clearly based on the trademark held by the complainant, then they are abuse. Where there are a range of advertisements and only some are related to the complainant’s name – particularly where it includes generic terms like “British Gas” – then they are not evidence.

Since advertisements may be organised by a third party and the registrant may not be aware of the details, then a timely acceptance of a request to remove or modify them should be strong evidence that the use is not abusive. Similarly, a failure of the complainant to request this should act against this part of their case.

Fees

The question of fees is a complicated one. I assume for the purposes of this response that the present fees are cost-oriented and broadly correct.

I am not in favour of an upfront fee. Evidence suggests that it would not deter frivolous or badly-formed complaints. Since Nominet is not going to charge for its mediation services, this fee would simply be an early payment at the point the complaint moves to the “expert” stage; I am unclear just when the £50 would be paid but not the remaining £700 (or whatever the split is) and just what behaviour is being deterred.

The UK courts system has a concept of “loser pays”. However, it also allows the defendant in a case to make an offer; if the offer is accepted or the final judgement is no greater than that offer, then the defendant does not pay any costs. To make the system equitable, there would have to be an equivalent process, allowing the registrant to abandon the name without penalty after having seen the complainant’s full case. I have difficulty in envisioning such a process and so am not in favour of “loser pays”. If Nominet does introduce such a system, it should allow an offer up to the limits discussed above and should also allow the expert to order that the offer was reasonable and the registrant should not pay the £750.

The appeals situation is different. In general, the person appealing (and so paying) is the one who lost the previous stage. If they win the appeal, it indicates a failure of the DRS process. **Therefore, when the appeal reverses the original decision, Nominet should make no charge for the appeal and so refund the appeal fee without penalising the other party.** If the appeal fails, the appellant is the loser and so the present system is equivalent to “loser pays” and needs no change.

Furthermore, if any change is made to the system of fees for the initial decision (e.g. a move to “loser pays”) then that system should be applied as if the initial decision agreed with the appeal

(thus, if the registrant loses originally but wins on appeal, the complainant is the loser for the purposes of the initial fee).

Other proposals

The reply stage should be retained. Indeed, it should be extended to give the registrant a second reply. I would also suggest that it should be extended further to allow an unrestricted number of response cycles. However, each side should only be allowed to respond to material which is new to the most recent submission by the other side; Nominet should arrange to sift such submissions to determine what is new and (if nothing is) terminate the process.

Registrants should be allowed to pay for a decision. If a “loser pays” system is introduced, the complainant should be able to withdraw without penalty.

Processes and terminology should always be as clear as possible, and if there is a perceived problem with some parts, they should be clarified.

The appeal time should not be shortened. It should be possible to introduce new evidence where the decision appears to have been made on fault premises. The appeal body should have broad discretion to accept or reject this evidence.

Where an expert believes there is an error in a published decision, they should be able to have it corrected. **However, the published version must also include a copy of the original, uncorrected text**, even if only in an appendix. Transparency is important here.

Statements in submissions that are deliberately untrue should be evidence against the party making the statement.

Experts should be allowed to find a registration abusive – or not abusive – based on evidence other than that in the submissions. However, this should be limited to cases where they believe that bringing in this additional evidence is necessary to prevent a grossly unfair decision.