

## How we handle descriptive terms within the DRS

**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.

### Answer 1.

No.

Both of these proposals are superfluous. Such words – if rights can be established – already have remedy available both using the DRS and (more appropriately) the Court system.

In fact, the opposite needs to happen. It needs to be made clear that a party obtaining a Trade Mark in a word does not provide them with a monopoly in the use of the word as a domain name. Trade Marks in such words are granted with care and only to cover limited classes. For example - Orange has a trade mark in classes relating to telephones – but would not be able to prevent use of the word in other classes – e.g. citrus fruit sales.

Domain names cut across the class system of trade marks – as there is only one orange.co.uk domain. Great care needs to be taken when applying the limited rights acquired in common words or phrases by the trade mark registry to a “classless” domain name.

As an example, the fallacious argument used by the Appeal Panel in bounce.co.uk regarding the perceived reason for registering the domain – where use of the domain had no bearing on the rights claimed by the Complainant. However the panel effectively shifted the burden of proof to the Registrant to show why he had registered a single word domain and inferred abuse when they felt no adequate explanation had been given. The Policy needs to make clear that – in the case of common words or phrases – clear abuse **of the rights relied upon** must be proven. In the absence of such proof, the policy should make clear that the Complaint will fail – and if they feel they have a genuine complaint it should be made in Court.

Likewise the decisions in cases such as fincheeses.co.uk and sussexskips.co.uk seems to suggest that some of the Experts do not understand the concept of “secondary meaning” – so spelling it out and restricting it to the most transparent of cases would help ensure safe and proper decisions were reached.

I should add that in my view much of the expansion or clarification of the DRS is misconceived. Complainants have remedies in Court that serve them well enough for all other intellectual property disputes – and the DRS in fact needs to limit its scope to deal with clear and obvious cases of abuse – not seek to step into the shoes of the Court system.

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

**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

## Answer 2.

I agree; and would go further. The fact is that such things are already not supposed to be evidence of abuse – but are often pleaded and sometimes accepted by Experts as evidence of abuse. Express clarification that such behaviour – in the absence of any other factors – **is not** evidence of abuse would be helpful.

**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.

## Answer 3.

Where the evidence is “finely balanced”, the Policy should direct the Expert to reject the Complaint. The place for finely balanced disputes and arguments is the Court system – not a paper based system limited to 2,000 words (for the Respondent) where a pleading has to be presented within 15 working days.

## Fees

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

## Answer 4

None of the above. Loser pays is inappropriate and if a party wishes to obtain costs they can start an action in Court. Part of the cited *raison d'être* of the DRS is to provide a cheap and cheerful alternative to the Courts – to adopt a “payment of costs” system would contradict that stated purpose.

However I propose that the Complainant should pay the £750 plus VAT upfront. The Complaint should be in a structured skeleton form, as should the Response. Mediation should then be moved up the order of events – so that it takes place **before** detailed pleadings are made. Neither party therefore needs to have expended too much time or expense before finding out whether there is a deal to be done.

If that fails, the Complainant can file the full Complaint within a time limit and the Respondent a response – although 15 working days is a very tough timetable and I would suggest at least an increase to 20 working days.

No Reply stage – that is transparently unfair and needs to go.

An Expert is appointed and off we go to a decision.

If the current structure is retained – make the £750 + VAT payable at time of filing the Complaint – if the Complainant drops his case before an Expert is appointed and if there is no settlement in mediation, the Respondent should be given the fee to compensate them for the time (and costs) wasted dealing with a spurious or speculative claim. I am seeing more and more of these. To protect their rights, Clients choose to pay me to deal with them – and then

get no redress for the costs that they have incurred. A Complainant winner at least gets the domain that they are after in return for their costs.

**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?

**Answer 5**

I reject Option 3.

If it is imposed, the legal department at Nominet will benefit – as it will have to grow to deal with debt collection. So to will its external advisers – as they will see an increase in work. The other winners will be the large corporate IP rights holders.

### **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?

#### **Answer 6**

##### **Procedure**

Reply stage – get rid of it. It gives the Complainant twice the opportunity to make their case compared to the Registrant.

Format of Documents – show greater flexibility. For example, if a signature or statement of truth is missing – give the party the chance to remedy it. Improve/replace the terrible software that currently turns submissions into a single unformatted paragraph; miscounts the total number of words and so wrongly rejects submissions; does not allow electronic annexes (which in any event need limiting); etc.. get a system in place that has a professional look and feel and does the job properly. It is remarkable that the .uk registry requires hard copy (in triplicate!) submissions - rather than allowing electronic submissions, which would at least save a few trees!

##### **Payment**

Respondent able to pay for a decision – yes. Better still, make the Complainant pay upfront and if they want to walk away, give the Respondent the right to use the fee for a decision. You need to cut down speculative claims.

##### **Drafting**

No – unfair registration is no more clear than abusive registration. Rather I would prefer to see you revert to “bad faith” – which was removed under pressure from the IP rights community in the 2001 drafting phase. It works well enough in the UDRP and the bar needs to be raised – no lowered.

##### **Appeals**

Time table for Appeals is OK – although if anything quite tight to make an informed decision. I appreciate the argument for encouraging well crafted initial submissions. However the bounce.co.uk case – where my firm represented the Appellant – showed up what I would call an unfortunate lack of flexibility on the part of the Appeal Panel. I think if there is any doubt, the Policy should steer the Experts to accepting new evidence – but this should not be seen as an alternative to making proper initial submissions.

### **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.

Experts should stick to the grounds included in the Complaint – in fact Procedure 3(c)(v) actually requires this. Experts seem to forget it – but only when correcting mistakes in Complaints. I have yet to see an Expert improve on a Response where the Complainant is a large corporate – but there are plenty of examples where the opposite is true.

- Clarify how decisions can be corrected or amended - for example, to correct typographical errors.

Typos should be checked for prior to publication.

Errors by the Expert – such those found in [finecheeses.co.uk](http://finecheeses.co.uk) where the Registrant did not have sufficient financial interest to pay £3,000 + VAT to Appeal – should be subject to a review panel of appropriate professionals who are not Experts – and who should have the power (at Nominet's request) of overturning a flawed decision or requiring a re-hearing.

- 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.

Agreed.

### **Abusive registrations**

- Include a likelihood of confusion as evidence of an abusive registration i.e. soften the test at 3(a)(ii) ('has confused').

No – this should be a simple fact based service. Proof of intention to confuse should be added – but the need for actual confusion should remain and Experts instructed to stick to it. If a party wants to argue a legal concept like “likelihood of confusion” – which means likelihood of deception anyway – they should go to Court.

- 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.

No. Registrants who are not engaged in any ongoing abusive behaviour or who have remedied behaviour complained about, should not be subject to further complaint – otherwise there is no incentive to desist from the behaviour complained of.

- 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.

A strict time limit of say 2 years from either registration or abusive use starting – similar to the NZ and Chinese models. If someone wants to complain after this time limit has passed – they can still go to court. Prompt use of the service should be encouraged to the point of making it mandatory.

- Clarify when rights have to exist to complain and to prove abuse.

The existence of the provision to protect non-UK enforceable rights is perverse for a .uk registry. One could not go to Court in this country to enforce rights that do not exist here – so why should the DRS be any different. Limit it to UK enforceable (registered and unregistered) trade mark and contractual rights.

### **Miscellaneous**

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

Don't understand this to be a problem.

- Change the provisions dealing with communication and service of documents to take into account the new and potential extra online services.

Get rid of the paper based system that you now use – electronic only submissions should be used.

- Give both parties legal rights against each other if they make untrue statements in submissions.

If the suggestion is to make “statements of truth” the equivalent of Court documents or evidence, then if there is a untruth then this may be used (where appropriate) by the other party. However I would be cautious of creating a form of perjury in the DRS.

**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.

2,000 words is tight – maybe one shot each but 5,000 words like UDRP. Excessive annexes are also an increasingly common feature in pleadings from big corporate and need to be dealt with.

- Whether experts can find a registration abusive for reasons not spelled out in the complaint.

This is currently prohibited under Procedure 3(c)(v). It should be made crystal clear that Experts can not do this. If they do so, they act as prosecutor, judge and jury – without giving the parties a chance to comment or make submissions on their findings. This is most commonly done when a Complaint has failed – e.g. bounce.co.uk Appeal where the grounds pleaded failed – and is a breach of natural justice. A Respondent should only have to deal with the pleading in front of them – not second guess what a remote arbiter decides to add to it.

- Whether there have been any practical problems with the treatment of 'Without Prejudice' material.

There is nothing wrong with the proper application of the “without prejudice” rule and the exclusion of it (to prevent material that would not in any event be covered by the properly applied rule) is very unhelpful if a party makes an approach to buy a domain and then everyone is very nervous of engaging in proper w/o prejudice negotiation. Remove the reference to it or make it clear that the “proper” without prejudice rule will be applied.

- Whether experts should be able to represent parties in other disputes, and if not how to keep the quality of experts high.

Yes – although I have some reservations when the panel is dominated by representatives of “city” law firms whose client base is typically made up of IP rights holders. Spread the net a bit wider – or do what they have done in NZ and appoint a smaller panel of very high quality adjudicators such as retired high court judges and QCs.

- Whether the detail of the DRS can be taken out of the contract and updated more regularly.

Maybe – but I would invite Nominet to consult all registrants directly when conducting any future consultations. It is their terms and conditions that are being altered after all.

## Other Issues

1. Why does Nominet (pay) to run an ADR system in-house – when WIPO/NAF run UDRP and variants for a large number of country code domains. I think it takes Nominet too close to the fire – see the bounce case as an obvious example. What is more it costs money to keep lawyers like Ed and other staff just to run a DRS – which is certainly not demonstrably better than using a variant of UDRP.
2. ADR systems were introduced to deal with the problem of classic “cybersquatters”. Such examples – and typosquatters – still show up on the complaints lists. However far more common now are much more “shades of grey” cases – which such rough and ready paper based systems are ill equipped to deal with. Arbiters/Experts look at some papers, bring their own institutional bias to bear, and

make a snap decision on something that may not be as clear cut as it first seems. Errors happen in all systems, they are more likely to happen in this type of system than in more rigorous ones. This is especially so when - as the Respondent in the Pringles.co.uk case said - there exists a system that is the equivalent of the police sitting on the jury and the bench in criminal cases. That is what exists with the make up of the DRS Expert panel.

3. The Panel reviewing the decisions is a good start to sorting out some of the problems– but it needs to be made up of non-Experts who are equipped to review the cases with rigour and without favour. I would nominate someone like [www.IPKat.com](http://www.IPKat.com) author Jeremy Phillips as a possible chair. Such a committee is also pointless unless it can either overturn decisions where they feel there has been a palpable error (of either procedure or policy); and where they can either criticise, reprimand and if necessary remove an Expert from the Panel. This would reduce the chances of a bounce type case going to Court. They should also act as an appointments panel.

4. **Alternative – not Additional Dispute Resolution.** ADR is meant to stand for Alternative Dispute Resolution – but in the DRS it means Additional Dispute Resolution. If a complaint is brought – at the very least the result should give rise to certainty. However cases such as xenical.co.uk and game.co.uk show that the DRS can be used by those with deep pockets as a “free swing of the bat” and if they lose they just run off to Court. DRS is not a right for a Complainant, so if they want to use they should (as with other arbitration systems) relinquish the vast majority of their rights to bring an action in Court on the same facts. One or the other – it is meant to be a cheaper alternative to litigation – not an additional burden on the party who wins and then finds himself in the High Court anyway. The parties must choose their forum and then accept the result. Nominet should admit that the DRS is paper-based arbitration.

5. **Limit Lists in Policy Paragraphs 3 and 4** – In particular paragraph 3 is stretched by Experts – it’s “non-exhaustive” after all. So where the policy talks of people having been confused – Experts routinely stretch this to their perceived likelihood of confusion. Give users certainty – if they can prove something on the list they are in – if they can not they go to Court and use that system. Likewise, if a Registrant can prove something in Paragraph 4 – then they have a valid defence. End of story. If it’s tricky it should be in Court.

6. **Time Limit and Service** – Given the increasing complexity of many Complaints – 15 working days is not long enough – especially given that (unlike a court action) there is no going back to amend etc.. UDRP and EUrid allow longer – and also show more common sense where providing for service times globally, using couriers to ensure actual service. The Complaint can be drafted at leisure, the Response has 3 working weeks – which may also involve time lost instructing lawyers etc. from a standing start.

7. **Appeal Costs** – Something akin to the means test that is applied by the Courts is needed to deal with situations where a party can not afford £3,000 – but has a reasonable case. It’s currently more expensive to represent yourself in the Nominet DRS than it is to pay to Appeal in the High Court – and for parties of limited means that is a significant barrier to justice.

Finally, what this Consultations tells me is that a second round of reviewing should now be started – with much wider and more fundamental questions asked – starting with “Should Nominet run the DRS?”. Don’t rush through this review and limit the changes to the restricted areas that people have been guided to. Open up a proper and complete debate. The scale of responses and interest demands that.

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