International Chamber of Commerce
The world business organization

Policy statement

Comments of the International Chamber of Commerce on WIPO rfc-2

Commission on Intellectual and Industrial Property, 6 November 1998

Dispute Prevention

The International Chamber of Commerce ("ICC") believes it is essential that effective procedures be developed to minimize the number and extent of domain name disputes. The number of such disputes is increasing rapidly worldwide, and the resulting legal uncertainty represents a considerable problem both for business and Internet users.

ICC therefore welcomes the list of considerations for dispute prevention in rfc-2, and believes that they are all factors which would legitimately have to be considered in the context of a mechanism to prevent domain name disputes. ICC would, however, like to point out that the extent to which many of the factors would have to be taken into consideration would obviously depend heavily on methods chosen to allocate domain names, so that the list should be continuously reevaluated as such allocation procedures are refined.

The types of measures that can be taken to prevent disputes concerning domain names should ensure that on the one hand, the legitimate rights of domain name holders and intellectual property rights owners are sufficiently protected, and on the other hand, that Internet trade and commerce are not unnecessarily restricted.

A great deal of disputes concerning domain names arise – and will arise – because of the difference between the functions of domain names and trade marks. The (principal) function of a trade mark is to distinguish the origin of the marked goods. In this function, the principle of speciality applies, that is, the same trademark can be owned by different parties if it is used with different goods or services. Furthermore, trade marks are, like any other intellectual property right, territorially restricted.

Domain names, however, defy these principles. The problem of lack of territoriality is partially solved by the ccTLDs. However, ccTLDs can still be accessed from over the whole world and still – in principle - infringe national intellectual property rights. As yet, the problem of the lack of speciality in domain names is still unsolved. It could therefore be investigated – both legally and technically - if and how the principle of speciality could be applied to domain names, and if it would be possible to categorize domain names in relation to different products and services.

In addition, formal measures could be taken. However, as indicated above, these measures should not be so strict that they unnecessarily hinder trade and commerce on the Internet. Some of the measures as suggested under 14 of rfc-2 could be too strict, such as the requirement to perform certain trade mark, or similar searches. This is not even required for registration of trademarks in most countries and could substantially slow down the registration process.

Measures that could be considered should be aimed at a proper and accountable registration of domain names, such as proper identification at registration, prevention of false and misleading information from being included in the registration, etc. Reference could be made to existing registration systems for intellectual property rights. Furthermore, rules to prevent abuse of domain name registrations, such as the loss of registration because lack of use – e.g. because no working

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web-site was ever established – could be considered. Again, existing rules of intellectual property law could be taken as examples. To enable future registrants to investigate if their name is available, domain name databases as suggested in 14.7 could be created.

Many abuses under the present system have exploited the fact that domain names can be delegated and put into operation without the registrant ever paying. ICC has no objections to requiring pre-payment if this is effective in reducing the levels of abuse.

Preferably, there should be a standard for measures of dispute prevention to be taken by the new corporation which will be administering the domain name system as well as by the registries of ccTLDs.

Dispute Resolution

ICC believes that existing dispute resolution procedures can largely cope with domain name disputes. Howe ver, the near-universal jurisdictional reach of the Internet may make it necessary in some cases to rethink existing dispute resolution procedures and develop new ones, such as online procedures, in order to meet new expectations of users in terms of speed and cost.

In general, ICC welcomes the list of considerations in section 16, and finds that they are all matters which should be taken into account when considering dispute resolution in domain name disputes. However, ICC would like to note that it is vital that a variety of dispute resolution procedures be developed to cope with domain name disputes. The needs of parties involved in such disputes will likely vary, so that, in some disputes, parties may be willing to make use of more extensive and expensive procedures, while in others time may be of the essence, and in still others the parties may not wish to invest much time and money into dispute resolution. As is the case in the "real world", dispute resolution in the "virtual world" regarding such matters as domain name disputes must thus provide parties with a variety of procedures to suit their needs and the nature of the case.

Type of dispute resolution

To alleviate the burdens on the national Courts and the resulting burdens of time and expense on litigants, approaches other than Court litigation (hereafter referred to as alternative dispute resolution (ADR) — taken as including arbitration) are desirable. This could create faster and more efficient dispute resolution procedures than would be possible through (national) Court litigation.

There are a number of international dispute resolution institutions already in existence on which parties can call to consider domain name disputes. The ICC International Court of Arbitration has handled hundreds of international disputes over many decades involving intellectual property rights, and parties may want to consider using such procedures for domain name disputes as well, either in their existing form, or on a fast-track basis as permitted under the 1998 ICC Arbitration Rules. Procedures such as ICC arbitration hold particular advantages for domain name disputes, since they are well-established in the commercial world, internationally respected, and can call on a secretariat with vast experience in dispute resolution and computerized case management. The WIPO Arbitration Centre can draw upon WIPO's extensive expertise in intellectual property matters. The WIPO Arbitration Centre has also already examined possibilities for handling domain name disputes.

ICC thus urges, particularly regarding considerations 16.1 and 16.13, that domain name disputes not be considered in a vacuum, and that existing dispute resolution mechanisms be evaluated in the context of domain name disputes as well. With respect to point 16.2, ICC believes that considerations

of consistency in dispute resolution approaches should be balanced with the principles of open market which allow dispute resolution institutions freely to offer their services.

Type of cases subject to ADR

The function of a domain name is to identify and permit access to resources available on the Internet. In addition to this basic function, the use of a domain name, under certain circumstances, can also be qualified as use of a trade mark and/or trade name. However, a domain name functioning as a tra de mark and/or trade name defies the principles of territoriality and speciality, since it can be viewed all over the world and may not be restricted to any specific goods or services. Moreover, it also defies the principle of prevention of confusion, since it can fulfil its address function while coexisting with nearly identical domain names.

This implies that conflicts between bona fide parties with legitimate competing rights, such as trade mark or trade name holders, cannot be solved by one international system of ADR. The principle of territoriality means that a trade mark can legitimately be owned by two separate parties in two different countries ; the principle of speciality means that a trade mark can be owned by two different parties, albeit each in relation to different goods. None of those parties necessarily has a better right to the trade mark as domain name. In these cases, the solution of 'first come, first serve' is presently the only practical solution. However, this effectively prevents legitimate users of the same name in the real world (differentiated by territory or speciality) from using the same name as a domain name on the internet. The first domain name registrant can avoid the real world limitations of territoriality and speciality thereby obtaining an undifferentiated global exclusivity which could not be achieved for a trade mark in the real world. This may have undesirable anti-competitive consequences. To reduce the potential for such problems, as noted above, ICC believes it would be desirable to investigate in detail how the principle of speciality might be applied to domain names, for example, to categorize generic domain names in relation to different products and services.

We believe that ADR would be unlikely to be appropriate for resolving conflicts between two potentially legitimate users of the same name. Dispute resolution other than Court litigation, should be focussed principally on cases involving cyber piracy and other evident abuses (e.g. false or misleading registrant information). An appropriate definition of cyber piracy should be formulated.

Alternative dispute resolution might also be considered in certain other exceptional circumstances, such as in the case of conflicts involving recognized famous trade marks. ICC supports measures to provide effective protection of famous marks but recognizes that this will obviously require agreement on what defines a "famous" mark in the context of the Internet.

Applicable criteria

The decisions resulting from ADR should be based on special criteria of an administrative nature. To emphasize the international nature of the new corporation which will be administering the domain name system, no special national law should be made applicable. However, the validity and applicability of these criteria in national states are, of course, always subject to national law.

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Acquiescence

In principle it is desirable that, where domain names have remained unchallenged during a certain period of time, to bar claims against such domain names or allow such claims only on a narrow basis. Clear rules, however, would have to govern such a procedure to allow companies to rationalize surveillance costs. To determine the period after which a domain name can no longer be challenged, reference could be made to already existing regulations with regard to trade mark, such as e.g. article 9 of the European Trade Marks Directive (OJ 1 February 1989, L 440/1), which mentions a period of 5 years of use of a registration.

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