

## WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

### ccTLDs Best Practices for the Prevention and Resolution of Intellectual Property Disputes

(Version: February 20, 2001)

#### Background and Purpose

The Report on the Internet Domain Name Process (April 30, 1999) of the World Intellectual Property Organization (WIPO) formulated recommendations aimed at alleviating intellectual property conflicts in the gTLDs. Since the publication of the Report, many of the measures that it advocated have been adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) and the entry into effect of the Uniform Domain Name Dispute Resolution Policy, in particular, has had a major impact in reducing the opportunity for bad faith cybersquatting in the gTLDs.

As a result of their growing popularity, the ccTLDs are becoming increasingly the object of attention and the management of intellectual property conflicts in the country code domains has emerged as one of the key policy questions in this regard. In view of these developments, WIPO was requested by its member Governments to develop a cooperation program for the administrators of ccTLDs to advise them on intellectual property strategy and management for their domains, including dispute prevention and resolution. Following this request, WIPO launched its ccTLD Program covering the following areas:

1. The design of appropriate domain name registration practices aimed at preventing friction between domain names and intellectual property rights;
2. The design of appropriate dispute resolution procedures, to complement traditional court litigation, aimed at resolving domain name disputes expeditiously and at a moderate costs; and
3. The provision of dispute resolution services through the WIPO Arbitration and Mediation Center to any ccTLD administrator who wishes to retain it for that purpose.

Since the launch of the Program, the administrators of many ccTLDs have sought WIPO's advice on the management of intellectual property in their domains and a number of them have retained the WIPO Arbitration and Mediation Center as dispute resolution service provider. WIPO now is providing intellectual property advice to the administrators of ccTLDs on an ongoing basis.

Also as part of the request by its member Governments, WIPO was asked to establish, for the assistance of the administrators of the ccTLDs, a set of voluntary guidelines for the

development of practices and policies to curb abusive and bad faith registrations of protected names, and to resolve related disputes.

The present document proposes a draft of such guidelines (hereinafter the "ccTLD Best Practices"). This draft, which was announced at the occasion of the WIPO Conference on Intellectual Property Questions Relating to the ccTLDs and on which public comment is sought, is posted at <http://ecommerce.wipo.int/domains/cctlds/bestpractices>. Comments can be submitted on-line at the same address and are due by April 30, 2001, after which the document will be published in final form.

## General Principles

A number of general principles underlie the present WIPO ccTLD Best Practices which are to be taken into account when considering their relevance for ccTLDs and their implementation by ccTLD administrators. The principles in question are as follows:

- The ccTLD Best Practices are based on (a) the recommendations made by WIPO in its Report of the Internet Domain Name Process (April 30, 1999), (b) the experience gained by the WIPO Arbitration and Mediation Center in the administration of domain name disputes (in both gTLDs and ccTLDs) since the entry into effect of ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) in December 1999, and (c) the lessons learnt and feedback received by WIPO from ccTLD administrators in the context of the WIPO ccTLD Program.
- Recognizing the wide variety in ccTLD registration conditions and procedures, the ccTLD Best Practices do not purport to be a tailor-made intellectual property protection scheme to be imported as such within a particular domain. Rather, they are to be viewed as a flexible framework built around a number of basic elements that are deemed critical from an intellectual property perspective. In this connection, it is clear that account will need to be taken of local legal and other requirements in the context of the implementation of the Best Practices in any particular ccTLD.
- The ccTLD Best Practices are intended to apply fully to open ccTLDs, i.e., ccTLDs in which there are no restrictions on the persons or entities registering in them. The extent to which they apply to closed ccTLDs is determined by the particular registration conditions of the ccTLDs in question. In light of the numerous variations in registration conditions in the closed ccTLDs (and in their subdomains, if those exist), it is difficult to make any a priori statements regarding the applicability of the ccTLD Best Practices to closed domains. What can be stated with some confidence, however, is that certain registration restrictions (e.g., a domain strictly limited to government institutions) are more stringent than others (e.g., a domain restricted to persons or entities located in a particular territory) and that the fewer and more liberal the registration conditions are, the more the ccTLD Best Practices will find application.

- The ccTLD Best Practices constitute a set of minimum standards for the protection of intellectual property in the ccTLDs. While many additional protective measures are conceivable, the ccTLD Best Practices focus on those that are considered essential.
- In view of the rapidly changing DNS environment, it is expected that WIPO will review the ccTLD Best Practices on a regular basis and update them when necessary. Developments of relevance to ccTLDs that may result from WIPO's Second Internet Domain Name Process are particularly noteworthy in this connection.
- The ccTLD Best Practices focus on the three areas of domain name registration practices and procedures which are most important for the protection of intellectual property in the DNS: (a) the domain name registration agreement, (b) the collection and availability of domain name registrant contact details, and (c) alternative means for resolving disputes concerning domain name registrations.

## Domain Name Registration Agreement

A basic pre-requisite for the proper management of a domain is that the rights and obligations of a registrant and a registration authority arising from the registration of a domain name be comprehensively recorded in a formal registration agreement.

The bulk of the clauses foreseen in a registration agreement normally will not be directly related to intellectual property, but will concern other, mostly contractual issues affecting the relationship between the registrant and the ccTLD administrator, such as the payment of fees, renewals of registrations and other such matters. Nonetheless, the registration agreement offers a prime opportunity to establish certain terms and conditions aimed at alleviating potential conflicts that may arise between the domain name registration and any third-party intellectual property rights.

The terms and conditions which are recommended to be included in the domain name registration agreement to alleviate such conflicts are listed below. The rationale for including these provisions, particularly those concerning contact details and dispute resolution, is explained in more detail in the further sections of this document.

- A representation on the part of the registrant that, to the best of the registrant's knowledge and belief, neither the registration of the domain name nor the manner in which it is to be directly or indirectly used infringes the intellectual property rights of another party.
- A representation on the part of the registrant that the information provided by the registrant at the time of the initial registration of the domain name, in particular the registrant contact details, are true and accurate, as well as an agreement that such contact details will be kept updated by

the registrant in order to ensure that they remain true and accurate throughout the period during which the domain name is registered.

- A provision stipulating that the provision of inaccurate or unreliable registrant contact details, or the registrant's failure to keep such contact details up to date, constitutes a material breach of the registration agreement and a basis for the cancellation of the domain name registration by the ccTLD administrator.
- An agreement on the part of the registrant that all registrant contact details will be made publicly available in real time through a WHOIS or similar service, subject to any contrary mandatory provisions of applicable privacy regulations.
- A clear notice on the part of the ccTLD administrator of the purposes of the collection and public availability of registrant contact details.
- An agreement on the part of the registrant to submit to the dispute resolution procedure that may have been adopted by the ccTLD administrator.

#### Collection and Availability of Registrant Contact Details

One of the key components of an intellectual property compliant domain name registration system is a robust policy concerning registrant contact details. The collection and making available of registrant contact details is critically important because it is impossible to take informal steps or initiate formal procedures aimed at redressing infringements if the registrants who are guilty of them cannot be contacted.

The importance of contact details has been thoroughly discussed in the Report of the WIPO Internet Domain Name Process and one of the hallmarks of the ICANN system is that registrant contact details are to be collected and made available real-time through WHOIS services in the gTLDs. As the intellectual property community increasingly focuses its attention on the ccTLDs, one of its prime concerns relates to the policies on contact details that administrators of ccTLDs have or will put in place. In light of the above, it is recommended that administrators of ccTLDs adopt a policy on registrant contact details that is fully consistent with the desire to alleviate as far as possible intellectual property infringements in their domains. This policy should cover the collection of contact details, their public availability, and the consequences of such details being inaccurate or unreliable.

#### The Collection of Contact Details

Unless dictated otherwise by local mandatory privacy regulations, the recommendations on the collection of registrant contact details made in the Report of the WIPO Internet Domain Name

Process also finds application in the ccTLDs. Accordingly, it is recommended that ccTLD registration agreements contain an explicit requirement that the domain name registrant provide accurate and reliable contact details consisting of:

- the full name of the registrant;
- the registrant's postal address, including street address or post office box, city, state or province, postal code and country;
- the registrant's e-mail address;
- the registrant's voice telephone number;
- the registrant's facsimile number, if available; and
- where the registrant is an organization, association or corporation, the name of the authorized person (or office) for administrative or legal contact purposes.

#### The Availability of Contact Details

The current policy on registrant contact details in the open gTLDs is that all registrant contact details are made available to the public on a real-time basis through WHOIS services. In view of the pivotal importance of the availability of contact details for the enforcement of intellectual property rights, it is recommended that administrators of ccTLDs adopt the same policy, unless they are legally prevented from doing so by local mandatory privacy regulations.

The survey of ccTLDs conducted by WIPO in conjunction with the Internet Domain Name Process (see Annex IX of the Report) indicated that the overall majority of ccTLDs that participated in the survey make registrant contact details available in some circumstances, usually through publication on the registration authorities' web sites, or via WHOIS.

Nonetheless, the experience of the WIPO Arbitration and Mediation Center in connection with a number of complaints regarding domain name registrations in certain ccTLDs suggests that the availability of registrant contact details does not always meet intellectual property minimum standards. While, in most of those instances, the contact details ultimately were released to complainants, often this occurred only after discussions with the registration authorities, resulting in unnecessary delays and additional costs incurred in the proceedings. Typically where problems were encountered, the restrictions placed on the availability of contact details seemed to result, not so much from any mandatory privacy regulations, but rather from business considerations on the part of registration authorities.

## The Consequences of Inaccurate or Unreliable Contact Details

Bad faith registrants often attempt to frustrate enforcement procedures by providing inaccurate or unreliable contact details. An effective means of dealing with this problem consists of stipulating, in the registration agreement, that the provision of inaccurate or unreliable contact details constitutes a material breach of the contract and that, upon independent verification of the unreliability of the contact details by the registration authority, the registration will be cancelled.

## The Impact of Privacy Protection

It is recognized that privacy laws in certain jurisdictions may place restrictions on the possibility to collect or make available domain name registrant contact details. However, this should not prejudice unduly the competing and equally recognized need for intellectual property protection in the DNS. In situations where administrators of ccTLDs are legally bound to abide by privacy regulations preventing them from disclosing registrants contact details to bona fide complainants through WHOIS services, other measures will need to be put in place to ensure that such complainants are not frustrated in their legitimate attempts to enforce their rights. The nature of those other measures needs to be assessed in light of what precisely the applicable privacy regulations restrict in terms of disclosure.

## Alternative Dispute Resolution (ADR)

### The Value of ADR

ADR for the purposes of the ccTLD Best Practices refers to any formal procedures, other than litigation before the courts, that are aimed at resolving disputes concerning the entitlement of domain name registrations between registrants and third parties.

While some years ago, the value of ADR for domain name disputes may have been questioned in some quarters, the prevailing view now is that ADR is the most appropriate method of dealing with intellectual property infringements in the DNS. This is due to a number of special characteristics of disputes over domain name registrations and intellectual property rights. These characteristics are highlighted in the Report of the WIPO Internet Domain Name Process:

- "Because a domain name gives rise to a global presence, the dispute may be multijurisdictional in several senses. The global presence may give rise to alleged infringements in several jurisdictions, with the consequence that several different national courts may assert jurisdiction, or that several independent actions must be brought because separate intellectual property titles in different jurisdictions are concerned.

- "Because of the number of gTLDs and ccTLDs and because each gives the same access to global presence, essentially the same dispute may manifest itself in many TLDs. This would be the case, for example, if a person sought and obtained abusive registrations in many TLDs of a name which was the subject of corresponding trademark registrations held throughout the world by a third party. In order to deal with the problem, the intellectual property owner may need to undertake multiple court actions throughout the world.
- "In view of the ease and speed with which a domain name registration may be obtained, and in view of the speed of communication on the Internet and the global access to the Internet that is possible, the need to resolve a domain name dispute may often be urgent.
- "A considerable disjunction exists between, on the one hand, the cost of obtaining a domain name registration, which is relatively cheap, and, on the other hand, the economic value of the damage that can be done as a result of such a registration and the cost to the intellectual property owner of remedying the situation through litigation, which may be slow and very expensive in some countries.
- "The registration authority has often been joined in domain name disputes because of its role in the technical management of the domain name."

The importance of ADR for resolving disputes in the DNS is reflected in the increasing number of ccTLD administrators who either already have adopted or are contemplating the adoption of ADR for their domains.

### Minimum ADR Requirements

There is great diversity in the ccTLDs in terms of their organization (subdomains or not), their registration conditions (strict or more open), the laws under which they operate and their cultural context. In view of this diversity, it is hard to devise a fully articulated ADR model that could apply as such to all of them. On the other hand, it is undeniable that introducing a measure of uniformity in the dispute resolution procedures of ccTLDs would have major advantages, particularly in terms of reducing the transactional costs of curbing intellectual property infringements in the DNS.

In an attempt to find the right balance between these conflicting requirements, the ccTLD Best Practices propose certain minimum conditions that any ccTLD dispute resolution model should meet to be truly effective and receive broad market acceptance. Within the confines of those minimum requirements, ccTLD administrators are encouraged to develop dispute resolution procedures which best serve their needs. The minimum requirements in question are the following:

- (a) Mandatory character

A vital condition for the effectiveness of the procedure is that it be mandatory on the part of the registrant. In other words, unlike in mediation, a procedure initiated by a complainant must be able to run its full course and culminate in a decision, even if the registrant is not willing to participate in it. The mandatory nature of the procedure should find its origin in the registration agreement, as explained in more detail below.

(b) Decisions based on all facts and circumstances

The person or persons called upon to rule upon the dispute must have the discretion to do so on the basis of all relevant facts and circumstances and each of the parties must have an adequate opportunity to present its views on those facts and circumstances. In other words, the result must not be a function solely of the ability of the parties to produce certain documents (e.g. trademark certificates) in support of their position. Past experience, in particular in connection with the former NSI dispute resolution policy, has shown that such overly mechanical procedures often lead to unfair results, because all the rights and interests of the parties cannot be adequately taken into account.

(c) Blocking of transfers pending the proceedings

Bad faith registrants against whom proceedings are filed may try to frustrate those proceedings by transferring the domain name subject to the dispute to a third party not involved in the procedure. This phenomenon is commonly referred to as "cyberflight". In order to prevent cyberflight from occurring, ccTLD administrators should block the transfer of the domain name subject to the proceedings at the earliest possible time after they have been formally notified of the filing of the complaint.

(d) Direct enforcement

The administrators of ccTLDs should commit to implement directly into their databases decisions resulting from the dispute resolution procedure calling for the transfer or cancellation of a domain name, without the need for a court to review or confirm such decision prior to its implementation (unless national court proceedings block the implementation).

(e) Quick results

The procedure must produce a result quickly. It should take no more than one month to produce a decision in the case of a standard claim and two months in more complicated cases.

(f) Moderate costs

The costs of the procedure must be substantially less than the cost of litigation before the courts.



#### (g) Relationship with ccTLD administrators

The dispute resolution procedure should shield the ccTLD administrator to the maximum extent from legal liability and extricate it as far as possible from the dispute. To that end, both the decision-making on and the administration of the dispute should be conducted independently from the ccTLD administrator.

#### (h) Relationship with court proceedings

It is advisable that the dispute resolution procedure does not replace court proceedings, but constitute an additional option that is available in addition to court proceedings. At any time before, during or after the procedure, each of the parties should have the ability to bring the case to court. In particular, this implies that a losing party should be able to submit the case to a court to obtain a reversal of the decision.

#### (i) Scope of procedure

Finally, it is important to consider what type of conflicts the procedure is to cover. The essential choice is one between a procedure that is intended to cover all types of disputes (including those between parties with more or less equivalent rights) or one that is restricted to clear cases of abuse. Particularly in situations where a new procedure is established, it may be prudent to adopt, in a first stage, a restricted procedure, while retaining the possibility of broadening its scope in the future, once more experience has been gained and the market has grown comfortable with it. The experience of the WIPO Arbitration and Mediation Center in the administration of domain name disputes under the UDRP has shown clearly that the most difficult decisions, and consequently those that cause most controversy, concern cases where the rights of the parties are more equally balanced.

#### The role of the UDRP in the ccTLD context

Several dispute resolution models can be devised that meet the above conditions. One prominent model meeting these requirements (at least in all material respects) is the UDRP, which is largely based on the recommendations formulated in the Report of the WIPO Internet Domain Name Process.

While the administrators of ccTLDs are encouraged to consider a variety of possible dispute resolution procedures for purposes of their operations, the UDRP clearly constitutes an excellent reference model and a valuable starting basis. This is true for the following reasons:

- The UDRP is the result of broad and thorough international consultation conducted through the WIPO Internet Domain Name Process and ICANN's own review mechanisms.

- Considerable real-world experience has been gained under the UDRP as the system has been in operation since December 1999 and a total of more than 3000 cases have been filed under it.
- The UDRP and the overall majority of the decisions that have emerged from it so far have been favorably reviewed by the majority of commentators and stakeholders.
- The adoption of the UDRP (or a version thereof) by ccTLD administrators would introduce greater uniformity in domain name dispute resolution at the international level and therefore generate significant economies of scale, which would benefit parties, registration authorities and dispute resolution service providers alike.
- The scope of the UDRP is restricted to clear cases of trademark abuse as it requires all of the following conditions to be met for a case to fall under its ambit: (1) The domain name must be identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) The registrant must have no rights or legitimate interests in respect of the domain name; and (3) The registrant must have registered and used the domain name in bad faith. As such, the UDRP is aimed at curbing practices that are universally condemned across all jurisdictions as being wrong. By focusing on such lowest common denominator, the UDRP avoids the delicate issue of how to handle, in the context of a global procedure, questions, the answers to which may vary from one jurisdiction to another due to discrepancies in national legal systems.

#### Localizing the procedure

Whatever dispute resolution model a ccTLD administrator decides to retain for its domain, it is important that it be tailored to the local exigencies of the ccTLD concerned. This is true in particular if the ccTLD requires a presence in the territory as a condition for the registration of the domain name. With respect to the UDRP, the following are the main issues that arise in this connection:

##### (a) Local or foreign trademarks

To fall within the scope of the UDRP, a complainant must demonstrate that it has rights in a trademark or service mark. The UDRP merely requires the existence of a trademark or service mark, irrespective of the jurisdiction in which the mark is protected. However, in domains that require a presence in the territory as a condition for the registration of the domain name, the question arises whether it would not be a better approach to require that the trademark or service mark be registered in the country corresponding to the ccTLD. This question merits careful consideration, as there are both advantages and disadvantages to either approach.

Requiring the existence of a local trademark as the basis for a claim arguably is more consistent with the concept of a closed domain, which is aimed primarily at the local market. Allowing claims to be based on trademarks protected in any jurisdiction, could lead to registrations in a closed ccTLD becoming the subject of attack by parties who have no ties whatsoever with the country in question. Such claims may be perceived as undesirable interference with an otherwise properly operating national domain.

On the other hand, a domain name registered in a closed ccTLD, because it gives rise to a global presence, may infringe upon trademarks in any number of jurisdictions. This is particularly true in the case of registrants offering goods and services through their websites to a worldwide audience. Furthermore, domain names could be registered in a closed ccTLD by registrants meeting the registration requirements for the purpose of cybersquatting foreign trademarks.

#### (b) Number and nationality of panelists

Under the UDRP a dispute is to be decided by a panel consisting of one or three members. Whether one or three members are to be appointed is determined by the parties.

The question has been raised whether there is really a need to retain the possibility of constituting three-member panels or whether single member panels are sufficient. Again, the question is not a simple one. While the possibility of constituting three-member panels certainly adds to the perception of procedural fairness, such panels take more time to constitute and are more expensive (as the fees of three panelists need to be paid instead of one).

With a view to the neutrality of the decision-maker(s), a single panelist should not have the same nationality as any of the parties (unless the parties have the same nationality). The same holds true for the presiding member of a three-member panel.

#### (c) Languages

Considering that foreign parties may be implicated in the cases, it is necessary to foresee what the language of the proceedings will be. As any number of languages may be involved, a practical approach is to determine in the dispute resolution policy that the language of the proceedings will be the language of the domain name registration agreement (assuming it is in one language only), unless the parties to the dispute agree otherwise.

#### (d) Dispute resolution service providers

The dispute resolution service provider is the entity responsible for administering the cases. Its most important function in the context of the UDRP is the appointment of the panelist(s) who will rule upon the disputes.

In the ccTLD context, the power to appoint the dispute resolution service provider(s) lies with the ccTLD administrators. Particularly in the case of closed ccTLDs, disputes often will involve parties that are all located in the country corresponding to the ccTLD, although this will not necessarily always be the case for all disputes. The administrators of ccTLDs may therefore wish to appoint two dispute resolution service providers to handle the cases that might arise in their domains: one local institution which would primarily deal with the cases where both parties have their establishment in the country corresponding to the ccTLD and another entity, more international in nature, to administer the cases involving foreign parties. Should this be desired, the WIPO Arbitration and Mediation Center can assist the ccTLDs as follows in this connection:

(i) It can act as the international dispute resolution service provider for any ccTLD that wishes to retain it for that purpose. This service is provided at no cost to the ccTLD in question.

(ii) As a member of the International Federation of Commercial Arbitration Institutions (78 member institutions in 46 countries), it is in an excellent position to support the ccTLDs in their selection of an appropriate local dispute resolution service provider.

(iii) It can offer advice and assistance to the local dispute resolution service providers retained by the ccTLDs on all aspects of the administration of domain name disputes, based, inter alia, on the experience it has gained under the UDRP.

(iv) The above services will be provided by WIPO's international and multilingual staff, which, due to its experience in a global organization, is well placed to serve the ccTLD community in all its diversity.

(e) Modalities

Any dispute resolution procedure which ccTLD administrators may adopt must be put into legal effect. This can be achieved through (1) the insertion into the registration agreement of a clause whereby the registrant submits to the procedure in question and (2) the posting of the dispute resolution policy and any accompanying rules on the website of the ccTLD administrator.

Furthermore, to ensure that the procedure can run its course smoothly, one or more staff members of the ccTLD administrator should be made responsible for dispute resolution matters.

· Submission clause

The insertion into the registration agreement of an appropriately crafted submission clause is aimed at binding a domain name registrant to the dispute resolution procedure established by the ccTLD administrator. In practical terms, this will have as a consequence that the procedure can be initiated by a complainant and can run its full course, even if the registrant refuses to participate in the proceedings (which often is the case). Considering that the legal validity and enforceability of the submission clause is inextricably linked to the law governing the registration

agreement, the specific wording of the clause and the manner in which the registrant is to give his or her assent to it should be discussed with local counsel qualified in that law.

From a contractual perspective, it is important to note that the insertion of a submission clause into a registration agreement, as such, will cover only new registrants (i.e., any registrants who register domain names after the submission clause has been inserted into the registration agreement) and not those that had registered domain names prior to the entry into effect of the agreement containing the new clause. It may be possible to ensure that old registrants are also covered by the new dispute resolution policy (for instance, all NSI registrations in the .COM, .NET and .ORG domains are now subject to the UDRP, although the latter only entered into effect for NSI in January 2000), but the specific manner in which this can be achieved will depend on the wording of the current registration agreement and the law that is applicable to it. This is also a question that is best discussed with local counsel.

- Posting of policy and accompanying rules

The policy containing the dispute resolution procedure and any accompanying rules governing its conduct must be posted in an easily accessible manner on the website of the registration authority. Depending on local legal requirements, additional measures may need to be taken to ensure that the policy is made enforceable against the registrants (e.g., mailing of hardcopy by post). This again is a matter that merits input by local counsel.

- Dedicated staff at registration authority

The ccTLD administrator should designate one or more dedicated staff members who are responsible for liaising with the parties and the dispute resolution service provider in the context of a dispute. These persons should be well versed in all aspects of the dispute resolution policy adopted by the ccTLD administrator and be available to follow-up promptly on any queries received and any action to be taken by the ccTLD administrator under the policy. In the experience of the WIPO Arbitration and Mediation Center, the efficacy of the proceedings is adversely affected if such focal points are not designated.