

Establishing a dispute resolution process for the .nz domain name space

Introduction

InternetNZ has previously set up a Working Group to look at dispute resolution processes for .nz domain names. After an evaluation of the options, including previous reports and consultation, the Working Group's initial view (although not all members of the WG necessarily share this view) is that a dispute resolution process should be established for the .nz domain name space.

Two alternative options have been identified by the Working Group as suitable options for implementing into New Zealand, if a process is to be established. The first is based around the Nominet UK model, which essentially has New Zealand looking after and controlling its own system. The second would be using the WIPO process, and the experts and systems developed by WIPO though with some modifications to reflect the .nz policy environment.

The third option is to maintain the status quo. Parties are able to pursue matters involving .nz domain names through negotiation between the parties with recourse to the New Zealand Courts. It should be noted of course that even if a .nz dispute resolution process is implemented, parties will always have the option at any stage of bringing the matter before the courts. In overseas models, typically, when this happens, the dispute resolution process is suspended.

An overview of the options is included in this document and your comments are sought on the options provided. Comments are also welcome from anyone who can suggest an alternative process.

Option 1 – Establish a process based on the Nominet UK Dispute Resolution Process

Details of the .uk DRS is available at <http://www.nominet.org.uk/DisputeResolution/AboutTheDrs/>.

Generally, the process followed by Nominet UK is:

- Submission received – written complaint required. The complainant is guided through the process by Nominet's online forms. See <http://cqi.nic.uk/cqi-bin/drs-complaints.pl>.
- Nominet checks that the complaint is valid and then forwards it to the registrant (respondent) who has 15 working days to lodge a reply.
- The response, if any, is sent to the complainant, who may choose to reply to that. If they do, this must be done within 5 working days.
- Mediation – Nominet offers an informal mediation process. There is no cost for this and any information disclosed in mediation is strictly private to that process and does not get passed on if the case proceeds to an expert. Mediation can last up to ten working days.
- If no response or result from mediation, the complainant may choose to send the case to an expert for determination. This step requires payment of £750 plus VAT within ten working days. The entire fee goes to the expert, Nominet takes no money from the whole DRS process.

- Nominet appoints an expert from the list of experts. Experts are appointed on a “cab rank” basis (i.e. the next available expert gets the next case, subject to conflicts of interest and availability). The expert is appointed by Nominet within five working days of receipt of the fee, and the expert must make a decision within ten working days.
- The expert’s decision is confirmed to all parties within five working days.
- If a party wants to appeal the decision, they have five working days to lodge the appeal, and pay the fee of £3,000 plus VAT. The appeal panel consists of three experts.
- The expert’s decision is acted on if required. Remedies under a DRS decision are transfer, cancellation or suspension of the relevant domain name registration.

Details of the policy and procedure can be seen at <http://www.nominet.org.uk/DisputeResolution/DrsPolicy/DrsPolicy.html> and <http://www.nominet.org.uk/DisputeResolution/DrsProcedure/DrsProcedure.html> and copies of all decisions at <http://www.nominet.org.uk/DisputeResolution/Decisions/>.

The process works off a detailed timetable that is adhered to, as per that described above. There are also a number of other features of the .uk DRS that go towards making it the success it is. These include:

- Nominet has developed a case management system which models the DRS Procedure precisely and provides highly automated support to their staff. This includes: tracking of deadlines, reminders of critical tasks on a daily basis, writing standard letters, holding mediation notes in a separate area to maintain confidentiality and preparing e-mails with relevant attachments. This system is a key reason why the .uk DRS requires only one administrator and two mediators to operate.
- Though the DRS sets out a rigid timetable, the DRS staff do have the ability to extend deadlines in exceptional circumstances, adding to the service’s flexibility.
- No mediation is attempted if there is no response to the complaint. The case will move straight onto the payment for a decision stage.
- Nominet has created and refined a model of telephone based, facilitative mediation. Email is used where necessary, for example where one party is located in a time zone that makes communication during business hours difficult. The parties do not talk to one another directly. The Nominet mediators are trained and accredited and undergo a programme of continuing professional development. At no time do the mediators provide advice or their own opinion. Nominet maintains its position of being a neutral, impartial registry and not getting involved in decisions about who the registrant of a domain name should be.
- An expert decision is binding on the parties. However, it is open to either party to go to court at any stage of the process, including during the DRS, and the policy caters for this by suspending the dispute pending the outcome of the litigation.
- There are around 40 experts, each of who applied for the role and have been selected by an open selection process. Non-lawyers are intentionally included. The experts work to the defined policy and have an annual conference.
- There is no choice with the number of experts as the policy defines the original case will be decided by one expert, with three involved for the appeal.

- Nominet does not charge an administration fee. The only fees payable goes totally to the expert/s.
- The registrant does not have to pay for this process. The complainant pays the filing fee. The whole process is free to parties up to, and including, the mediation stage.

Advantages of implementing a system based on the Nominet model include:

- Policies and processes can be set up totally to reflect how .nz operates
- Ability to make timely, necessary changes reflecting experiences of the system and issues that have arisen
- Mediation step allows possibility of resolving the issue at first opportunity and at no cost
- Selection of the experts will be own responsibility, along with the ability to change or rotate them if decided on that approach
- No specific selection of expert for a particular case – ‘first cab off the rank’ approach
- Cost of service able to be managed and increases planned
- If utilise database system like .uk, little admin overhead. UK have three staff, for approx 5 million domain names. It is likely that .nz could operate process with one FTE
- Timeliness of dispute resolution can be easily monitored / controlled and statistics easily kept

Disadvantages of implementing a system based on the Nominet model include:

- Will take longer than the WIPO system to set up and get operational
- Small size of NZ may mean more conflicts of interest with experts
- Possibility that not enough interest in being an expert for the .nz process
- Increase in cost to DNC Office in managing operational overheads as no revenue goes to office but admin costs increase

Option 2 – Establish a process using the World Intellectual Property Organisation - Arbitration and Mediation Centre (WIPO Centre)

The WIPO Centre was established in 1994 to offer alternatives to court litigation for the resolution of commercial disputes between private parties concerning intellectual property. Since December 1999, the WIPO Centre has also had another key role in operating a domain name dispute resolution service under the Uniform Domain Name Dispute Resolution Policy (UDRP).

Initially the WIPO Centre was only involved in domain name disputes involving the generic top level domains (gTLDs). After the successful implementation for the gTLDs, the WIPO Centre extended its dispute resolution service by offering it to ccTLDs; either as a direct replica of the UDRP process, or modified to meet the specific ccTLD requirements.

Some features of the WIPO UDRP include a searchable index of all UDRP Panel Decisions (<http://arbiter.wipo.int/domains/search/index.html>), guidelines to assist in filing and responding

to a complaint, as well as model forms for complaints and responses that help ensure all requirements are met. WIPO have collated a number of resources supporting the process on their website, for example at <http://arbiter.wipo.int/domains/guide/index.html>.

UDRP Criteria

There are three UDRP Criteria incorporated into the dispute resolution process. These criteria are cumulative, meaning that all three must be met. They are that:

- The domain name registered is identical, or confusingly similar, to a trademark or service mark in which the complainant has rights; and
- The domain name registrant has no rights or legitimate interests in respect of the domain name in question; and
- The domain name has been registered and is being used in bad faith.

UDRP Process

A general outline of the proceedings is:

- Complaint filed – any organisation or person, claiming trademark or service mark rights, can file a complaint with WIPO for any gTLDs or ccTLDs covered by their procedures.
- Complaint acknowledged and checked for compliance. If all acceptable, then complaint notified to respondent. As part of this process, the domain name will generally be locked to avoid any changes being made to the registration details through the proceedings.
- Response filed – must be filed within 20 days. If no response received, then proceedings continue without input from respondent.
- Panel appointed – WIPO Centre appoints the panel, either one or three panellists depending on request made in either the complaint, or the response.
- Decision submitted – Panel submits decision to WIPO within 14 days of being appointed
- Decision notified – WIPO Centre informs relevant parties of the decision
- Decision implemented – Registrar, or agreed party, implements the decision of the panel

For gTLD domain names, the WIPO Centre informs the registrar and ICANN. For ccTLD domains, the parties informed by WIPO depend on the processes established for that ccTLD.

WIPO Centre selects the panel from a list of approved WIPO panellists. There are currently 370 panellists from 51 different countries. Prior to confirming the panel, a panellist is required to confirm to WIPO that they do not have any interests or conflicts relating to the case and that they accept it.

Modified UDRP Process

Depending on the requirements of the ccTLD, the WIPO Centre can work with the registry manager to agree a process and policy that, whilst reflective of the UDRP, is amended sufficiently to make the process reflect that of the country it is for. Some of the ccTLDs that have implemented a modified UDRP for their dispute resolution process include .au, .ie, and .ch.

Generally, the areas altered by ccTLDs modifying the UDRP are:

- Wording of the criteria to reflect local requirements. For example, see the .au policy (<http://www.auda.org.au/policies/auda-2002-22/>) and also see link below re .ch where it is extended to cover any infringement of any right under Swiss law.
- Restriction of languages applicable to proceedings, e.g. .nz could state that all cases involving .nz domains must be in English (An interesting statistic from WIPO was that, after English, Spanish and Korean are the next common languages for UDRP proceedings).
- Restricting WIPO to select panellists from a local list (though WIPO still insist on picking the actual panel, they will allow a ccTLD to work with them on a list of acceptable panellists)
- Time frames for any part of the process including appeals etc
- Specify a court restriction to local courts

In the case of .ch, the process has been modified quite extensively and includes a mediation step, which is also offered through WIPO. This is possible as both .ch and WIPO operate out of Geneva, with the majority of people covered by the dispute resolution residing in Switzerland, making the process feasible both cost wise and time-zone wise. Details of the .ch process can be read at <http://arbiter.wipo.int/domains/cctld/ch/index.html>. The .ch approach would not work for .nz as the cost of toll calls, plus the different time zones, means it is not practical for WIPO to have such a role.

It is possible to modify the process further once it is in place.

UDRP Fees

A table of the WIPO fees can be seen at <http://arbiter.wipo.int/domains/fees/index.html>. In summary, it costs \$US1500 for a complainant to have a case heard by a single panellist. In this case, the WIPO Centre takes \$US500 to cover administrative costs, with the \$US1000 balance going to the panellist. These costs assume that the case involves from 1-5 domains.

If the complainant selects a three panellist panel, the cost to them is \$US4000 with the WIPO Centre taking \$US1000, the Presiding Panellist \$US1500 and the Co-panellists \$US750 each.

There are other fees applicable depending on more domain names being involved in the complaint, plus a contribution from the respondent if they are the party that elects to have a three-party panel.

WIPO Centre was asked about the stability of their fees and it was commented that the fees changed twice in four years. There are currently budget pressures and the administrative fee taken by WIPO doesn't totally cover the costs of providing the service so there is a possibility that they may increase in the future.

Advantages of implementing a system using the WIPO Centre include:

- Able to modify UDRP to reflect .nz requirements
- Depending on scale of changes to standard UDRP, will be quick to implement
- Able to select list of panellists who can rule on .nz domain names, though WIPO preference is for the list not to be too limited
- No change to DNC office operations

Disadvantages of implementing a system using the WIPO Centre include:

- WIPO concerns with some parties – reputation. Focus seen to be too much on trademarks rather than other rights
- No control over costs, likely to increase as WIPO have stated that the admin fee they receive doesn't cover their expenses
- WIPO makes selection of expert to handle specific case
- Not easily accessible if problems need to be worked through

Option 3 – Maintain the Status Quo

Currently, any issues regarding the registrant of a domain name need to be resolved by the parties involved or by the New Zealand courts. There is no current .nz policy that involves any evaluation of who should be the registrant of a domain name. Current policy does however allow for any action required to meet Court Orders.

Advantages of maintaining the status quo include:

- No additional policies need to be developed
- No additional costs will be incurred by the DNC
- A more robust testing of any competing claims to a domain name

Disadvantages of maintaining the status quo include:

- No clear guidance to parties on how to approach a dispute
- High cost of court action
- Time and cost to registrars and DNC's office in dealing with complaints

Submissions

Submissions on this paper close at **5pm on Monday 28 February 2005**

Please send comments by email to policies@dnc.org.nz, by fax to +64 4 495 2115 or by post to the Office of the Domain Name Commissioner, InternetNZ, P O Box 11-881, Wellington, New Zealand.

Notice of all comments will be published on the DNC website. Confidential comments can be made on application; people wishing to make a confidential comment should forward a request with reasons to the submission address above.

Following this consultation period, the working group will evaluate all comments and develop a draft dispute resolution policy for the .nz domain name space. Once this policy is drafted, there will be a further opportunity for public comment.