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Submission in response to the InternetNZ Working Group Consultation Paper: Establishing a Dispute Resolution Process for the .nz Domain Name Space

Bell Gully regularly advises trade mark and trade name owners on to their legal rights to obtain domain names from registered domain name owners.

In this submission, we comment on the alternative options for a .nz domain name dispute resolution process discussed in the internetNZ document set out above.

1. Summary of Submission

Bell Gully agrees with the InternetNZ Working Group that a dispute resolution process should be established for the .nz domain name space. We consider that this process should have the following characteristics:

- Low cost;
- Quick and efficient;
- Consistent decisions; and
- Does not prevent either party appealing a decision on a dispute to a court.

An outline of, and the reasons for, these characteristics is set out below.

2. Low cost

We think that the .nz domain name dispute resolution process ("**.nz process**") needs to be available at a low cost to parties. If there is a substantial fee attached to the regime, bad faith registrants may exploit the large gap between their costs of registering domain names and the cost of a formal claim. Under the current regime, our clients are often deterred from using the courts. Name speculators can subvert the process by offering to sell the domain name at a price which is just below the combined costs of the delays and fees of complicated legal proceedings. For this reason, we do not think that option 2, the WIPO UDRP ("**UDRP**") where the dispute goes straight to a panel of experts for a not insignificant (and likely to increase) fee, will help our clients resolve their disputes more easily.

We consider that the .nz process should be multi-tiered. Importantly, the first step would involve the applicant establishing a prima facie case that it has a legitimate right to the domain name. This could be done, for example, by the applicant showing that it has a trade mark registration identical to the domain name, or has conducted business for a number of years under a name identical to the domain name (with evidence of that name having been used). The domain name would then be suspended pending resolution of the dispute. This would allow the resolution process to proceed on the basis that in the meantime, any customers will not be misled and a business' reputation will not suffer.

Second, a mandatory, confidential mediation service similar to that provided by option 1, Nominet UK ("**Nominet**"), should be instigated. Mediation could be free, as under the Nominet system, or involve a small fee (around \$NZ100). Where there is no response from the domain name registrant or no result from mediation, the complainant could choose to send the case to an expert panel for determination.

Finally, either party would have the option to appeal the decision to a different panel of experts. The cost of these steps should also be kept to a minimum for the same reason stated above.

Nominet and the UDRP do not award monetary costs to parties, including legal costs. We suggest that legal costs should be awarded where appropriate under a .nz process, so that there is a lesser cost disincentive for bona fide complainants or registrants to participate in an action.

3. **Quick and efficient**

Both Nominet and the UDRP adhere to a strict procedural timetable that ensures that dispute resolutions occur no later than 70 or 62 days respectively from the date on which a complaint is filed. We consider that the .nz regime should follow a similar timetable in order to provide a sufficiently speedy service. From our commercial clients' viewpoint, the speed of these processes makes them significantly more desirable maintaining the status quo. It would be extremely difficult for the courts to deal with a dispute within this timeframe.

In order to obtain efficient case management, it would be desirable to adopt the UDRP process after the preliminary suspension then mediation stage endorsed above. This includes having a binding decision made by a panel of experts if the dispute is not resolved by mediation. InternetNZ has identified that there may not be a sufficient pool of experts in New Zealand without conflicts of interest to adopt a Nominet-based dispute resolution process. WIPO is allegedly the most popular UDRP dispute resolution provider,¹ perhaps as a result of the high level of trade mark expertise in its panellists' resumes, including highly regarded academics and legal practitioners.

The alternative dispute resolution systems have some features which allow disputes to be dealt with quickly and which New Zealand should implement. These are:

- Telephone and email based mediation;
- Email and facsimile process filing methods (in addition to hard copy);
- Limited issues discussed;
- Expert panel adjudicators generally do not take witness statements or expert reports into account;
- Use of written representations rather than attendance in person; and
- Where a Complainant brings a complaint in bad faith on three separate occasions within a two year period, Nominet will not accept any further complaints from that Complainant for two years.

4. **Consistent decisions**

¹ See <<http://arbiter.wipo.int/domains/statistics/cumulative/results.html>>

We consider that a .nz dispute resolution process should include an appeal mechanism with binding authority. Nominet and UDRP's past decisions have persuasive authority only and are not binding. As a result, the UDRP system has been criticised on the grounds that the outcomes of cases are neither predictable nor uniform, with a complainant's likelihood of success depending predominantly on the particular facts of each case.² The business community values accurate, cost efficient and valuable advice, which cannot be provided easily without some form of precedent system. Further, given the serious consequences of panellist decisions and to avoid creating injustice for litigants with limited resources who cannot afford further court action, parties should be able to refer their .nz domain name dispute to a binding Appeal Panel.

5. Court proceedings

We do not endorse option 3 in the internetNZ consultation document, which would maintain the current regime of disputes being resolved by the parties involved or the courts. The disadvantages of the existing system noted in the consultation document clearly outweigh the benefits of the existing system. As stated earlier, at present the cost of court actions are prohibitively high in comparison to the cost of registering domain names. In addition, there are the long court lists and court proceedings regarding intellectual property issues are inherently long and complicated, unlike the comparatively simple alternative dispute resolution processes.

However we do consider that there should be some recourse to court action. We think that the initial contract with the domain name provider should hold that if there is a dispute as to domain name ownership, then the parties will follow the dispute resolution process of whichever body is in charge of administering domain names. The domain name owner should not be able to skip the resolution process, as the injustices that are present under the status quo with regards to the significant cost of litigation will not be remedied. If either party considers that the decision reached by the binding panel is unfair, then they should be able to appeal this further through the New Zealand Court system. Only the most serious disputes will go to this step.

The process of prima facie case suspension, mediation, binding expert decision then appeal will strike the best balance between the benefits of alternative dispute resolution, and the benefits of the traditional court process.

We look forward to seeing the draft policy.

Yours faithfully
Bell Gully



Wayne Hudson
Partner

² M McGregor and S Raptis, *Virtual mediation: domain name dispute resolution on the net – three years on*, 6 (Sept 2003) 64-67 at 65; M Mueller *Success by default: A new profile of domain name trademark disputes under ICANN's UDRP* (24 June 2002) at <<http://dcc.syr.edu/markle/markle-report-final.pdf>> at 19-22.