



NEW ZEALAND INSTITUTE OF PATENT ATTORNEYS INC



AUCKLAND DISTRICT LAW SOCIETY

LAW & TECHNOLOGY COMMITTEE

.NZ DISPUTE RESOLUTION SERVICE POLICY JOINT SUBMISSION

The New Zealand Institute of Patent Attorneys (“the Institute”) is an incorporated body comprising the New Zealand registered patent attorneys who are resident in New Zealand. Patent attorneys specialise in intellectual property matters such as patents and trade marks and in recent years have become heavily involved in domain name management and disputes on behalf of clients.

The Auckland District Law Society’s Law & Technology Committee (“the Committee”) considers matters relating to law and technology affecting members of the Auckland District Law Society and prepares submissions on behalf of the Auckland District Law Society on such matters.

The Institute and the Committee fully endorse the introduction of a dispute resolution policy for .nz domain names. The following submissions are in three sections. The first addresses the specific questions raised by InternetNZ. The second discusses other issues raised by a review of the proposed Policy. The third identifies typographical errors that were noted in the course of the review.

If any of these submissions require further comment or clarification, please contact Breon Gravatt at Baldwins (Phone 09 359 7718).

INTERNETNZ’S SPECIFIC ISSUES

Proposed fees

In our submission, the fees for resolving .nz domain name disputes need to allow a reasonable level of access to justice. The difficulty at present is that domain name disputes can only be resolved by the courts, the cost of which is prohibitive for many Complainants.

The fee of NZ\$1,800+GST for having a matter decided by the Dispute Resolution Service is:

- higher than the Intellectual Property Office of New Zealand's (IPONZ's) fee for hearing a matter relating to a trade mark or patent (\$1,500 +GST, half of which is paid by each party); and
- lower than the High Court's fee for hearings (\$2,600+GST for 1st day, \$1,100 +GST for each subsequent half day).

The amount of the proposed fee may be prohibitive for some Complainants, particularly the owners of small businesses. However, it may also deter vexatious or ill-conceived Complaints being filed.

Given that the fee needs to be at a level that will attract suitably qualified decision-makers to act as Experts, in our submission the proposed fee is reasonable.

The proposed fee for an appeal is NZ\$7,000+GST. As noted later, it is not clear how an appeal is intended to operate. This makes it difficult to comment on the appropriateness of this fee. It is also not clear how the proposed fee is intended to be divided between the chairman and two Experts. It is also not clear whether InternetNZ anticipates an appeal involving a greater or lesser time commitment from the chairman and Experts than that of the Expert who prepared the initial decision.

If an appeal involves a full re-consideration of the matter by each member of the appeal panel, followed by discussions between them, they should each receive a base amount of \$1,800+GST plus an additional amount to allow for the subsequent discussions. On this basis the proposed \$7,000+GST may be reasonable.

However, if it is intended that one member of the appeal panel (possibly the Chairman) consider the matter and form a view, then the other two review and discuss that view, it would seem that a lesser time commitment would be involved by two of the members, hence a lower fee would be appropriate.

Similarly, if the appeal panel is intended to only consider the existing decision in light of the matters raised in the appeal, then again a lesser time commitment and fee would seem appropriate.

Transition to the policy

It is not clear how the Policy will be imposed on existing and future registrants of .nz domain names. In particular:

- if the Policy becomes an official policy of InternetNZ, will it automatically apply to all existing and future .nz domain name registrations?
- will the Policy take immediate effect or will there for instance be a grace period (to allow registrants to update their details and thereby avoid issues under section 5.1.4), or will it for instance become binding on the next renewal of the domain name?
- is there a notification process via the registrars?

Reply to the Response

The Uniform Domain Name Dispute Resolution Policy (“UDRP”) does not provide for the filing of a reply to the Response filed by the Respondent. However, Complainants often file such a reply. The panel has a discretion as to whether or not to consider such a reply, and generally does, on the basis that the Response often raises new issues the Complainant could not reasonably have been aware of when it prepared the Complaint. However, only material that is a direct response to the new material contained in the Response is taken into account, ie material that could have been included in the Complaint is not considered.

We submit that the Policy should recognize that the Complainant will often know little about the Respondent and its activities when it prepares and files the Response. It is in the interests of justice to allow the Complainant to respond to any new issues raised in the Response. This practice would accord with the procedure that applies for trade mark and patent matters before IPONZ, where:

- the party bringing the proceeding files evidence;
- the other party files evidence; then
- the party bringing the proceeding can file evidence strictly in reply.

Availability of mediation

Mediation is to be encouraged, as it can allow disputes to be resolved in a conciliatory manner without great expense to either party.

However, successful mediation requires that both parties have a genuine intention to resolve the matter. It is easy to envisage situations under the Policy where the Respondent will have no interest in participating in mediation.

In such cases, we submit that the mediation step should be included, but should be able to be bypassed if the Registrant indicates that it will not attend mediation, either explicitly or by failing to respond to correspondence regarding mediation.

OTHER ISSUES

Proposed Policy

Para 1.1 refers to which party has “the greater right” to use a domain name. This language should be changed. It is currently inaccurate, as the Policy only applies where the Registrant has no legitimate right to the Domain Name, not simply a lesser right.

Para 3, “Unfair Registration”, at sub-para (ii) refers to the Domain Name ‘having been used’ in a manner that took unfair advantage...”. This appears to allow a Complaint to be filed whether or not that use is historic or ongoing, and whether it is or was by the current Registrant or a former one.

We submit that para 3(ii) should be restricted to only use by the current Registrant and/or use within a defined period prior to the Complaint being filed. This should avoid situations where a Complaint can succeed even though the current Registrant has a legitimate right to use the domain name in its current manner.

Also, Para 3(ii) only covers use. This means a domain name that does not link to a website cannot come within this section, even where the registration is unfairly detrimental as it prevents the Complainant registering the Domain Name. We submit that if this is not what is intended, the wording of para 3(ii) should be amended.

Para 5.1.2 refers to circumstances in which confusion may arise. We submit that this should be defined more broadly, such as, “that the Domain Name, the Respondent, the Respondent’s business or the Respondent’s goods or services are registered to, operated or authorised by, or otherwise connected with the Complainant, the Complainant’s business or the Complainant’s goods or services.”

Para 5.1.3 refers to Respondents who have engaged in a pattern of registering domain names corresponding to well-known names or trade marks. While Complainant's may often suspect that this is the case, we are not aware of any facility whereby this can be investigated. We submit that the Domain Name Commissioner's web site should offer a facility for searching for domain name registrations by registrant (with suitable security to prevent the mass retrieval of records for spamming purposes). This would also be a useful facility for entities whose internal domain name records are poor.

Para 5.1.5 allows a transfer where the parties have or had a relationship and both intended that the domain name be registered in the name of the Complainant. This should be broader, as in our experience the issue is often that the Complainant's expectation is that a domain name will be registered in its name by an agent, such as a website developer, but the agent registers the domain name in its own name. In these circumstances the requirements of para 5.1.5 will not be met, even though this appears to be a situation where the Policy should apply. We suggest that a Complaint could arise where there is some element of unfairness, or a reasonable expectation by the Complainant that the domain name will be registered in its own name.

Para 6.2 permits criticism and tribute sites. However, it could easily allow registrants to register a domain name, then construct a one-page web site criticizing the person or business the domain name is likely to be connected to, as a means of avoiding the effect of the policy. While the public must be permitted to operate criticism and tribute sites, these must be genuine sites, not facades erected to allow the retention of an unjustified domain name. Solutions to this are not straight-forward. One option might be to use this in combination with para 6.1.4, whereby a registrant cannot rely on a criticism or tribute site to justify their domain name registration if they have a number of such sites.

Para 8.1 allows ‘Without prejudice’ communications to be used in submissions. If such communications can resolve the matter without a Complaint being filed, they should be encouraged. This is best achieved by assuring the parties that such communications cannot later be used against them. However, the Respondent's offer to sell the domain name, and the price requested, is often one of the only concrete pieces of evidence of bad faith available to a Complainant.

This is a difficult balancing exercise. We suggest that all communications, including 'Without prejudice' communications, should be admissible. However, the Policy should also allow the Expert to draw inferences from the information provided by the parties. Registrants are often reticent to name a sale price for a domain name. Instead, they insist on the Complainant making an offer. This is to avoid the Registrant having offered to sell the domain name for a price higher than the registration costs, a ground for a Complaint under the UDRP that is reflected in Para 5.1.1(a). If without prejudice communications are admissible, this will still occur. However, the Expert should be able to draw an inference that para 5.1.1(a) applies where the Registrant says it will sell a domain name (without naming a price), but then refuses to sell at a price which is higher than their reasonable registration costs.

Para 11 and Para B21 are both exclusions of liability and are identical except that Para 11 refers to 'directors' while Para B21 refers to 'councillors'. Unless there is a reason for this difference, we submit that both paragraphs should refer to both directors and councillors.

Para 12.3 states that decisions from the Appeal Panel are persuasive to Experts in future decisions. It is not clear whether:

- decisions from the Appeal Panel are intended to be binding, persuasive or have no relevance to future appeals;
- decisions from Experts are intended to be binding, persuasive or have no relevance to future decisions; or
- decisions from other bodies such as Nominet under its dispute policy or WIPO under the UDRP can be relied on as persuasive authority in disputes.

These matters should be clarified.

Para 12.4 and Para B19 state that if proceedings are brought before another body, such as a court or arbitral tribunal, the Dispute Resolution Service proceeding will be put in abeyance until the outcome of those other proceedings is known. However, it is not clear what happens thereafter. In particular, if the decision results in a transfer of the domain name to the Complainant, presumably the Dispute Resolution Service proceeding will be terminated. However, if the decision does not result in a transfer of the domain name to the Complainant, will the Dispute Resolution Service proceeding be re-activated, or by bringing proceedings before a court or other tribunal, does a Complainant preclude itself from pursuing a Dispute Resolution Service proceeding? Would this be different if it was the Respondent that initiated the court/tribunal proceedings?

Para 15.1.2 and Para B18.1 allow the transfer of a domain name to the Complainant if the parties have reached settlement, but only if the settlement has been approved by InternetNZ. It is not clear why InternetNZ's approval of the settlement should be necessary, or what the process or timeframe for obtaining such approval is. We submit that if a Registrant directs the transfer of a domain name to a Complainant then that direction should be promptly implemented without any approval being required.

Para 16 is similar but not identical to Para B22. While we recognise the benefit of having this section appear in both the Policy and the Procedure, it is not clear why they are not in identical terms. We submit that the additional sentence in Para 16.1 should be included in Para B22.1 and Para B16.2 should be extended to cover both Complainant and Respondent.

Proposed Procedure

Para B2.2 imposes a 3 year limit on bringing action under the Policy. No justification for this limit is provided. Even if a limitation period is justified, it is unclear why this should be shorter than the standard limitation period of 6 years provided for in the Limitation Act 1950.

The wording of Para B2.2 is also a little unclear. Presumably the reference to “when all relevant events giving rise to the Complaint first occurred” means “any” of the relevant events. In other words, the Para will only apply where there have been no changes in the use of the Domain Name for a 3 year period. Any changes will presumably be considered “relevant events” hence start the 3 year period over. This should be clarified.

Para B3.1 should refer to your “receipt of the hard copy of the Complaint”, as Para 15.1.1 suggests that a delay between the receipt of the electronic and hard copies is acceptable.

Para B4.1 states that the Respondent “shall” submit a Response. The filing of a Response is not compulsory, and a failure to file a Response does not result in the Complaint being automatically accepted, so this should instead read “may”.

Para B4 does not provide for any compliance check of the Response, whereas Para B3 provides for this in relation to the Complaint. In our view the Response should be checked in a similar manner to the Complaint and an opportunity to remedy deficiencies provided. Paras B3.1 and B3.2 could be used as the basis for this.

Para B6 provides for Informal Mediation. However, no details of how this will operate have been provided. In particular, the Procedure should detail:

- who selects the mediator;
- if a mediator is appointed by InternetNZ, on what basis a party can object to the choice of mediator, and what happens if they do;
- if it is up to the parties to appoint a mediator, what happens if they cannot agree;
- who pays the mediator (though Para B20.1 states that InternetNZ does not charge for its mediation or administration services – it is not clear whether this extends only to InternetNZ’s costs in arranging the mediation, or whether it also extends to the mediator’s fee);
- whether mediation must be in person or can be carried out via telephone or video link; and
- whether the parties can have legal representation at mediation.

Para B6.4 states that the terms of any mediated settlement are confidential between the parties. We submit that there should be an exclusion for disclosure of the existence and terms of settlement to professional advisors, such as lawyers or relevant IT consultants, for purposes of obtaining their professional advice or assistance. We suggest that there should also be an exclusion to the extent that the terms are public knowledge, for instance where the public can see that a domain name has been transferred.

Para B7.1 allows a different Complaint to be filed after a Complaint is deemed withdrawn. While Paras 12.5 and 12.6 refer to what constitutes a “different Complaint”, these paragraphs are not referred to in Para B7.1. Do the same criteria apply? Under Paras 12.5 and 12.6 the initial Complaint has been considered and rejected by an Expert, whereas under Para B7.1 the initial Complaint has not been considered by an Expert. Accordingly, a lesser amount of difference should be required under Para B7.1. A clear example of where this might be relied on is where information is revealed in the course of mediation that should usefully be included in the Complaint. As no amendment of the Complaint is provided for at that stage, it is readily foreseeable that Complainant’s may want to abandon their initial Complaint and file an amended version that incorporates the new material. There should be no prohibition on their doing so.

Paras B7.1 and B20.3 are substantially identical. One of these should be deleted.

Para 16.3.3 allows changes to the Register to be made following decisions of a court or other tribunal. This paragraph should also state that the Dispute Resolution Service proceeding will be terminated.

Para 17.7.1 states that each appeal panel will include the chairman of the group of Experts. We assume this means that InternetNZ will appoint a single chairman who will then be the chair of every appeal panel. Whether or not this is correct should be clarified.

Para B17 describes the appeal process. It states that the appeal panel cannot take into account any new evidence presented in an appeal notice or appeal notice response. However, as noted earlier, it is not clear from Para B17 whether the appeal is a *de novo* consideration of the matter, or whether the appeal panel takes the Expert’s decision and considers it in the light of the appeal notice and appeal notice response. This should be clarified.

TYPOGRAPHICAL ERRORS

Para 3, “Informal Mediation” should refer to “paragraph B6” not “paragraphs B6”.

The “; and” at the end of Para 12.7.4 should be removed.

Para 15.2 should be “transfer a Domain” not “transfer of a Domain”

Para 16.1 has an extra full stop at the end of the second sentence.

Para B2.4.9 in the first italicised para, fourth line, should read “entities” not “entitles”.