
Yun Zhao
REFLECTION ON THE FINALITY OF PANEL’S DECISIONS IN DOMAIN NAME DISPUTE RESOLUTION PROCESS, WITH REFERENCE TO CHINA’S PRACTICE

YUN ZHAO*

I. INTRODUCTION

Administrative framework for the Internet changed drastically by the end of last century. The Internet Corporation for Assigned Names and Numbers (“ICANN”) was set up in 1998, taking over the task of regulating domain name system (“DNS”), with the aim to operate as an open, transparent, and consensus-based body that is broadly representative of the diverse stakeholder communities of the global Internet.1 The establishment of this organization represents the well-accepted principle of self-regulation among the Internet society. Indeed, self-regulation has been widely implemented in the online community, and the position of governments is to provide minimum acceptable standards.2

Soon after its establishment, ICANN introduced an administrative arbitration mechanism for domain name disputes (or more specifically disputes over generic top level domain names, “gTLDs”). The Uniform...
Domain Name Dispute Resolution Policy ("UDRP")\(^3\) and its Rules ("UDRP Rules")\(^4\) are the two main documents governing the administrative arbitration mechanism.

Promising to provide inexpensive and efficient means for domain name dispute resolution, the UDRP and UDRP rules claim to be a revolutionary step towards online dispute resolution ("ODR"), and is considered a forerunner for dispute resolution of electronic commerce in general.\(^5\) Many scholars have generally spoken highly of this mechanism in past years; by keeping a close eye on the mechanism and its implementation, they are also able to provide a relatively objective analysis and suggest ways to further improve the mechanism.\(^6\) Similar measures and procedures are being followed by many countries to resolve country-code top level domain names ("ccTLDs"). Today, most domain name disputes are resolved by recourse to the UDRP Rules or similar dispute resolution rules for ccTLDs. According to the UDRP, if the panel decides that the domain name shall be transferred or canceled, the decision will be enforced by the relevant registrar unless one party initiates a lawsuit in a federal court.\(^7\) Most ccTLDs dispute resolution rules clearly provide the possibility of such a procedure.\(^8\) The above arrangement has been well applied in practice, particularly by the losing party.

For example, on December 25, 2003, the Shanghai Second Intermediate People’s Court made its judgment concerning the dispute over the domain name www.philipscis.com between the Plaintiff, Mr. Jiang Haixin, and the Defendant, the Dutch Royal Philips Electronics Limited.\(^9\) Earlier, an administrative decision had been rendered by a panel

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\(^3\) Internet Corporation for Assigned Names and Numbers, Uniform Domain Name Dispute Resolution Policy, http://www.icann.org/en/dndr/udrp/policy.htm (last visited Apr. 21, 2009) [hereinafter Domain Name Resolution].


\(^5\) A. Michael Froomkin, ICANN’s "Uniform Dispute Resolution Policy"—Causes and (Partial) Cures, 67 Brook. L. Rev. 605, 608-609 (2002).


\(^7\) Domain Name Resolution, supra note 3, at para. 4(k).

\(^8\) The China Internet Network Information Center, Domain Name Dispute Resolution Policy, http://www.ccpit-patent.com.cn/references/CNNIC_Domain_Name_DisputeResolution_Policy.htm. Article 15 of the Policy provides that “If the Dispute Resolution Service Provider rules in its decision to cancel the registered domain name, or to transfer it to the Complainant, the domain name Registrar, before enforcing the Decision, shall wait 10 calendar days calculating from the date on which the Decision is published.” Id.

of the World Intellectual Property Organization ("WIPO") Mediation and Arbitration Center, in favor of the Dutch Company.\textsuperscript{10} The request of the plaintiff to invalidate the panel decision made by the WIPO Center was rejected by the Court.\textsuperscript{11} This judgment was the first case in China where a losing party in a UDRP procedure brought the dispute to a Chinese local court. With more and more domain names being referred to the administrative procedures, one can expect that more and more similar disputes will be brought to federal courts for judgment by losing parties.\textsuperscript{12}

It would thus be important to look into the position of federal courts in dealing with cases brought by losing parties against the panel decisions in the administrative arbitration procedure. By referring to the cases brought to federal courts, it is unfortunate to see that federal courts do not give much consideration to panel decisions. Further, problems arise as to the legal effect of panel decisions. This paper examines the above problems, with reference to China’s current court practice. Part II of this paper offers an overview of the UDRP process, and its rules regarding possible court proceedings. Part III examines China’s current court practice in dealing with domain name disputes. Part IV argues that panel decisions should be final, and suggests means to dispel the concerns from various parties. Part V concludes that improvements in the UDRP procedures are vital to the continued success of the domain name system, and further development of ODR.

II. THE UDRP PROCESS AND ITS RELATIONSHIP WITH FEDERAL COURTS

A. AN OVERVIEW OF THE UDRP PROCESS

In 1998, the Department of Commerce of the United States published a “White Paper” to privatize the administration of domain names.\textsuperscript{13} As a result, ICANN, a new, not-for-profit organization, was established as the administrative body to take over the task of administering the domain name system.\textsuperscript{14} Soon after its incorporation, ICANN and the Department of Commerce reached a memorandum of under-

\textsuperscript{10} Koninklijke Philips Elec. N.V. v. Haixin Jiang, WIPO Case No. D2002-0655 (September 2, 2002).
standing, setting down the authority of ICANN. The memorandum empowers ICANN to create a dispute resolution mechanism for domain name disputes. As recommended by the WIPO in its Final Report, ICANN adopted the UDRP and its rules, and appointed several centers as the dispute resolution providers.

The UDRP has very narrow jurisdiction; only cybersquatting is covered. Simply put, the UDRP only deals with bad faith registration of domain names. Three criteria are provided to test for bad faith:

1.) the domain name must be identical or confusingly similar to a trademark or service mark in which the complainant has right;
2.) the domain name holder must have no rights or legitimate interests in the domain name; and
3.) the domain name must have been registered and used in bad faith.

The domain name registrants are required to submit to the UDRP in the event a third party brings a complaint against the registration, and uses the registered domain names. An arbitration panel, set up to deal with the complaint, will then apply the UDRP Rules. The panel decides the dispute based on the statements and documents submitted in the complaint, and any rules and principles of law that are deemed applicable. No hearing will be held, unless, it is deemed necessary.

The designer of the administrative arbitration did not intend to exclude litigation for domain name disputes. The UDRP does not prevent

16. Id. According to the Memorandum, the ICANN agrees to collaborate on the design, development, and testing of a plan for creating a process that will consider the possible expansion of the number of gTLDs. The designed process should consider, and take into account, several factors: recommendations regarding trademark/domain name policies set forth in the Statement of Policy; recommendations made by the WIPO concerning (i) the development of a uniform approach to resolving trademark/domain name disputes involving cyberpiracy, (ii) a process for protecting famous trademarks in the generic top level domains, and (iii) the effects of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders; and finally, recommendations made by other independent organizations concerning trademark/domain name issues.
17. Internet Corporation for Assigned Names and Numbers ("ICANN"), Approved Providers for Uniform Domain-Name Dispute-Resolution Policy, http://www.icann.org/en/dndr/udrp/approved-providers.htm (last visited Apr. 21, 2009). Currently, there are four ICANN-approved dispute resolution providers: the WIPO, the National Arbitration Forum (NAF), the Asian Domain Name Dispute Resolution Center (ADNDRC), and the Czech Arbitration Court.
18. ICANN Rules, supra note 4, at para. 4(a)(i)-(iii).
20. ICANN Rules, supra note 4, at para. 15(a).
either the domain name holder or the trademark holder from submitting
the dispute to a federal court before or after the dispute is heard by the
administrative panel. 21 In the event legal proceedings are initiated prior
to, or during, the UDRP proceedings, the panel can decide to suspend,
terminate, or proceed to a decision. 22 The only restriction lies in the “mu-
tual jurisdiction” provision. 23

Further, the UDRP allows a stay of the proceeding if a lawsuit is
filed within ten days of the adverse decision. 24 As such, the panel’s deci-
sion, from the administrative arbitration procedure, does not have a res
judicata effect. This stay provision, by granting the losing party the right
to challenge an adverse decision, appears sensible and fair from first
sight. There are problems, however, as one can see in the following
discussion.

The UDRP differs from conventional mandatory and binding arbi-
tration in a number of ways, 25 the biggest difference being that the par-
ties are not precluded from seeking court relief. This is reasonable,
considering possible flaws in the UDRP procedures—limiting a party’s
redress to a new and unproven dispute resolution mechanism could lead
to unsuspected prejudice if the new mechanism turns out to be flawed. 26
Indeed, several flaws have been pointed out by commentators, which is
particularly relevant for the present discussion.

B. THE UDRP AND THE COURT PROCEEDINGS

Although the UDRP does not require that the panel follow prior de-
cisions, some analysis has identified that panelists of the dispute resolu-
tion providers constantly refer to prior decisions of their own. 27 There is
no indication, however, whether the panelists of one service provider will
follow the decisions of other providers. While no uniform rules exist to

21. Domain Name Resolution, supra note 3, at para. 4(k).
22. ICANN Rules, supra note 4, at para. 18.
23. This provision provides that the disputing party will submit, with respect to any
challenge to a decision in the administrative proceeding, to the jurisdiction of the court at
the location of either the principal office of the Registrar or the domain name holder’s ad-
dress. Id. at para. 3(xiii). A domain holder’s address is submitted to the Registrar, and can
be found in the Registrar’s database, and should reflect their address at the time the com-
plaint is submitted. Id.
24. Domain Name Resolution, supra note 3, at para. 4(k).
25. See World Intellectual Property Organization, The Management of Internet Names
cess1/report/finalreport.html (last visited April 21, 2009).
26. Chad D. Emerson, Wasting Time in Cyberspace: The UDRP’s Inefficient Approach
Toward Arbitrating Internet Domain Name Disputes, 34 U. BALI. L. REV. 161, 175 (Winter
2004).
27. Jo Saxe Levy, Precedent and Other Problems with ICANN’s UDRP Procedure, 6
CYBERSPACE LAWYER 20 (April 2001).
guide arbitration panels in their proceedings, conflicts or inconsistencies naturally come from decisions made by the arbitration panels appointed by different service providers, or sometimes even within the same service provider. The different types of decisions, different success rate for the complainants, different attitudes, as well as different composition of the providers inevitably leads to forum shopping. To a certain extent, the lack of consistent precedent is troublesome to the UDRP proceedings where very similar cases appear constantly. With no appellate procedures in place, a poor decision will not only cause unfairness to the disputing parties, but also potentially be advertently or inadvertently followed by some future panels, resulting in further injustice. Accordingly, the only one-stop arrangement is not at all satisfactory at first sight.

It is thus vital to have a controlling mechanism to secure the quality of the decisions. The UDRP, while emphasizing the importance of the administrative proceeding, has rightly allowed the parties ten days to appeal to the court before transferring or cancelling the domain names. The UDRP, as such, would not affect the power of an appropriate federal or regional sovereign court to hear cases, and interpret and enforce intellectual property rights that fall within its jurisdiction. This well-conceived perception (mutual jurisdiction), however, has faced challenges as demonstrated by case law.

Under the mutual jurisdiction arrangement, either party may initiate court proceedings at any time; the losing party is free to bring the case to court after the arbitration decision is released. Even worse, the court normally does not give deference to the panel decisions. The Sallen v. Corinthians Licenciamentos LTDA, case in the United States is illustrative of this point. Sallen, the losing party in the administrative arbitration, filed a lawsuit in a federal court seeking injunctive relief.

32. ICANN Rules, supra note 4, at para. 4(a)-(k).
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United States District Court for the District of Massachusetts, finding that no case or controversy existed, dismissed the case for lack of subject matter jurisdiction.36 However, the United States Court of Appeals for the First Circuit reversed the finding of the District Court stating that U.S. law trumps any independent arbitration process, and that the Anti-cybersquatting Consumer Protection Act (“ACPA”) provides a cause of action to the losing party in the UDRP proceedings.37 The Court did not bother to specify the weight it would give to a UDRP decision. In several other cases, courts have consistently failed to mention the UDRP proceedings at all,38 or have declined to decide the applicable standard of review and degree of deference that they would apply to UDRP decisions.39 However, the simple statement in Weber-Stephen Prods. Co. v. Armitage Hardware & Building Supply, stated that federal courts were not bound by the outcome of the ICANN administrative proceedings, suggesting that courts give no deference at all to UDRP decisions.40

III. CHINA’S PRACTICE IN DOMAIN NAME DISPUTE RESOLUTION

Many domain name cases have been brought to Chinese courts for resolution.41 As far as the present discussion is concerned, it is important to look into the position of the Chinese courts in dealing with cases brought by a losing party against the panel’s decision in administrative proceedings. Several cases have been handled by the Chinese courts since the first case in 2003.42 It is quite obvious from the court’s judgments, that the Chinese courts take panel decisions only as a fact (put in the factual part of the judgments), and give no more reference to the decisions in the later court proceedings.

In this regard, three issues merit serious consideration. First, does the local court apply three elements of paragraph 4(a) of the UDRP, or does the Chinese law prevail over the UDRP test? Second, does the local court defer to the binding effect of mutual jurisdiction agreements made

36. Id.
37. Id.
40. Id.
41. For example, the Beijing Second Intermediate Court issued its judgment concerning the dispute over the domain name www.ikea.com.cn. Er Zhong Ru Chu Zi No. 86 (Beijing 2d Intern. Ct., 1999). This is the first domain name dispute in China which involves a foreign firm and the question of a well-known trademark. Id.
42. For example, Fujian Higher People’s Court handed down its judgment over the disputed domain name www.ferre.com. Min Min Zhong Zi No. 208 (Fujian Higher People’s Ct. 2005).
in the UDRP procedure, or does the Chinese law prevail over mutual jurisdiction agreements? Third, does Chinese law permit the transfer of a disputed domain name? If not, does the local court allow the cancellation of the domain name only?

When it comes to the first issue, Chinese courts consider the panel decisions only as a fact in the disputes, and thus, are not bound by the panel's decisions. Chinese law prevails over the UDRP tests, and thus, Chinese courts shall make judgments based on Chinese law. The judgments over domain name disputes take a similar position in the application of Chinese law. Three sets of laws are normally quoted in the judgments. Firstly, Article 52(5) of the Trademark Law is used as a chapeau.

It provides that “to cause, in other respects, prejudice to the exclusive right of another person to use a registered trademark shall be an infringement of the exclusive right to use a registered trademark.” Secondly, the Chinese courts rely on Article 1(3) of a judicial interpretation issued by the Supreme People's Court ("SPC") titled Interpretations of Several Issues Concerning the Application of the Law to the Trial of Civil Dispute Cases Involving Trademarks. This Article further exemplifies the trademark infringement defined in the Article 52(5) of the Trademark Law by clearly identifying domain names.

The above two laws do not touch on substantive aspects of domain name disputes. Detailed rules can be found in the third set of law: the Interpretation of the SPC on the Application of Laws in the Trial of Civil Disputes over Domain Names of Computer Network issued in 2001. Articles 4 and 5 are the main provisions defining the substantive aspects of domain name disputes. The Interpretation provides the following four substantive requirements:

1) that the civil rights and interests that the plaintiff (defendant) asked for protection are legal and valid;
2) that the domain name or the main part of the domain name has constituted duplication, imitation, translation, or transliteration of the well-known trademark; or is the same as or similar to the registered

43. The 24th Session of the Standing Committee of the Ninth National People's Congress of China adopted the revised Trademark Law on October 27, 2001.
44. The Trademark Law, Article 52(5).
45. This Interpretation was promulgated on October 12, 2002, and took effect on October 16, 2002.
46. Article 1(3) of the Interpretation provides that:
[T]he following acts constitute acts causing other harm to another's exclusive right to use a registered trademark as set out in Item (5) of Article 52 of the Trademark Law... (3) registering words that are identical or similar to another's registered trademark as a domain name and using it to carry out electronic commerce business in related goods, thereby easily causing mistaken recognition on the part of the relevant public.
47. This Interpretation was issued on June 26, 2001, and took effect on July 24, 2001.
trade mark so that the public may take it for the registered trademark by mistake;

3) that the defendant doesn’t enjoy rights or interests of the said domain name or its main part, neither does he have proper reason to register or use that domain name; and

4) that the defendant is registering or using the domain name in bad faith.48

Generally speaking, these requirements are quite similar to those in the UDRP.49 However, the first and second requirements in the 2001 Interpretation were merged as one single requirement in the UDRP. As far as the fourth element is concerned, Chinese law lists several examples of “bad faith”:

1) registering the well-known trademark of others as a domain name for commercial purposes;

2) registering or using the domain name which is the same as, or similar to, the registered trademark or domain name of the plaintiff for commercial purposes, intentionally causing confusion with the products or services provided by the plaintiff or with the website of the plaintiff, and misleading the network users to visit his website or other online sites;

3) offering to sell or rent the domain name for a high price or to transfer it by other means to get improper profits;

4) failing to prepare the domain name after registration, and intentionally preventing the right owner from registering that domain name; and

5) other circumstances of bad faith.50

The Interpretation further provides that:

If the defendant adduces evidence to prove that the domain name he holds has obtained a certain reputation before the dispute, and may be differentiated from the registered trademark or domain name of the plaintiff, or to prove with other evidence that there is not any bad faith, the people’s court may not determine that the defendant is acting in bad faith.51

This provision is also similar to the UDRP provision on bad faith.

Concerning the second question identified above, Chinese law again prevails over the UDRP mutual jurisdiction agreement. The 2001 Interpretation provides the jurisdictional rule; jurisdiction lies in the intermediate courts of the place where the infringement act is committed or the place of the defendant’s domicile. If these locations are difficult to iden-

49. See ICANN Rules, supra note 4. The three requirements are (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (ii) you have no rights or legitimate interests in respect of the domain name; and (iii) your domain name has been registered and is being used in bad faith. Id.
50. The 2001 Interpretation, Article 5.
51. Id.
tify, the place where the computer terminal or other equipment by which the plaintiff finds that domain name located may be regarded as the place where the infringement act is committed.\textsuperscript{52} It is thus very different from the UDRP mutual jurisdiction agreement, which refers to the principal office of the registrar or the registrant’s place.\textsuperscript{53} The 2001 Interpretation provides a much broader scope; besides the principal office of the registrar or the registrant’s place, the Interpretation also provides for jurisdiction in the location of the computer terminal or other equipment.

Jurisdiction over domain name disputes involving foreign elements shall be determined according to the provisions of Chapter 24 of the Civil Procedure Law.\textsuperscript{54} There are two categories of “foreign elements”: 1) one or both disputing parties are foreigners or persons without nationalities, foreign enterprises, or international organizations or 2) the disputed domain name is registered in a foreign country or region.\textsuperscript{55}

Chapter 24’s Article 243 is the most relevant of the four provisions regarding jurisdiction over domain names involving foreign elements. Article 243 mandates “if the defendant in a civil litigation involving foreign elements raises no objection to the jurisdiction of a people’s court and files his defense with the court, he shall be deemed to have accepted that this people’s court has jurisdiction over the case.”\textsuperscript{56} The other three provisions deal with jurisdictional issues in a contract dispute or other disputes over property rights and interests,\textsuperscript{57} and disputes arising from

\textsuperscript{52} The 2001 Interpretation, Article 2(1).
\textsuperscript{53} ICANN Rules, \textit{supra} note 4, at para. 3(xiii); Article 3, \textit{supra} note 23.
\textsuperscript{54} The 2001 Interpretation, Article 2(2).
\textsuperscript{55} \textit{Id.}
\textsuperscript{56} Civil Procedure Law, Article 243.
\textsuperscript{57} Civil Procedure Law, Article 241-242. Article 241 provides:

A lawsuit brought against a defendant who has no domicile in the People’s Republic of China concerning a contract dispute or other disputes over property rights and interests, if the contract is signed or performed within the territory of the People’s Republic of China, or the object of the action is within the territory of the People’s Republic of China, or the defendant has detainable property within the territory of the People’s Republic of China, or the defendant has its representative agency, branch, or business agent within the territory of the People’s Republic of China, may be under the jurisdiction of the people’s court located in the place where the contract is signed or performed, the subject of the action is located, the defendant’s detainable property is located, the infringing act takes place, or the representative agency, branch or business agent is located. \textit{Id.} at Article 241.

Article 242 provides:

The parties to a disputed contract involving foreign elements or the parties having disputes over property rights and interests involving foreign elements may reach a written agreement to choose the people’s court located in the place that has actual connections with their disputes as the court to adjudicate their disputes. If a people’s court of the People’s Republic of China is chosen as the court having the jurisdiction, such a jurisdiction shall not contravene with the stipulations on the jurisdictions by level or the exclusive jurisdiction proscribed in this Law. \textit{Id.} at Article 242.
the performance of contracts for joint ventures. It is obvious that no reference is made to the UDRP and its mutual jurisdiction agreement.

As far as the third issue is concerned, it is quite clear that Chinese law does not permit the transfer of the disputed domain name. This is reasonable since the registrar is not involved in the court procedure; it is up to the winning party to liaise with the registrar for action. The court will first determine whether the registration and use of the disputed domain name constitutes trademark infringement or unfair competition with reference to Article 4 of the General Principles of Civil Law and Article 2(1) of the Law against Unfair Competition in China. If trademark infringement and/or unfair competition are found, the court will allow the cancellation of the domain name and rule that the winning party should register and use the domain name. If requested, where actual damages are caused to the rightful owner, the court may order the losing party to compensate the winner for the losses.

Thus, the domain name holder, as the losing party, should cancel the registration of the domain name at the registrar within a reasonable period of time, in case the losing party fails to carry out its duty to cancel the domain name, the winning party may apply to the court for an en-

58. Civil Procedure Law, Article 244. This Article provides:
Lawsuits brought for disputes arising from the performance of contracts for Chinese-foreign equity joint ventures, Chinese-foreign contractual joint ventures, or Chinese-foreign cooperative exploration and development of the natural resources in the People's Republic of China shall be under the jurisdiction of the people's courts of the People's Republic of China. Id.

59. Article 4 of the General Principles of Civil Law provides that "in civil actions, the principles of voluntariness, fairness, making compensation for equal value, honesty and credibility shall be observed."

60. Article 2(1) of the Law against Unfair Competition provides that "a business operator shall, in his market transactions, follow the principles of voluntariness, equality, fairness, honesty and credibility and observe the generally recognized business ethics."

61. The 2001 Interpretation, Article 7. This Article provides:
When trying cases of dispute over domain name, the people's court shall apply the corresponding provisions of law to the circumstances complying with the provisions of Article 4 of this Interpretation that constitute infringement according to the relevant provisions of law; those that constitute unfair competition may apply the provisions of Article 4 of the General Principles of Civil Law and the first paragraph of Article 2 of the Law on Anti-Unfair Competition. The cases of disputes over domain name involving foreign elements shall be handled according to the relevant provisions of Chapter 8 of the General Principles of Civil Law. Id.

62. The 2001 Interpretation, Article 8. This Article provides:
Where the people's court has determined that the acts of registering or using domain name, etc have constituted infringement or unfair competition, it can rule that the defendant should stop the infringement, write off the domain name, or rule that the plaintiff should register and use that domain name according to the request of the plaintiff; where actual damages are caused to the right owner, the people's court may rule that the defendant compensate the plaintiff for the losses. Id.

63. Id.
forcement order. From time to time, a disputed domain name expires and/or is deleted during the dispute resolution process. This makes the judgment enforcement process complicated and may even completely frustrate the original intention of the court proceedings; the winning party, once obtaining the judgment, should thus take prompt actions to arrange for the registration or transfer of the disputed domain name.

The above discussions present the obvious answer that Chinese courts will deal with the case by referring to the Chinese law and that no deference is made to the UDRP panel decisions. This position is in accordance with that of the U.S., as discussed in Part II.

**IV. THE WAY FORWARD FOR DOMAIN NAME DISPUTE RESOLUTION**

The position of the federal courts might create a dangerous situation and cause an adverse effect on the UDRP. The UDRP, targeting the most blatant form of domain name disputes, was originally created to eliminate the multiple jurisdictions and laws applied to cybersquatting disputes and to reduce the cost of domain name dispute resolution. The original intention of instituting the UDRP proceeding is thwarted by allowing the UDRP decisions to be overridden (and actually totally neglected) by the judgments. The vicious losing party, taking the attitude of “wait and see,” may simply go to the court and delay the decision process. This is especially destructive in the Internet world where the rapidly changing digital environment may simply leave the final judgment meaningless to the winning party in the end. As such, the present arrangement would inevitably lead to the observation that it is of no use to pursue the UDRP proceedings if no reform is made to the UDRP.

Is the above observation justified? Do we need the UDRP? Actually the point has been very clear since the UDRP was first drafted. The Final Report of the WIPO Domain Name Process identifies several limitations as a means of dealing with domain name disputes:

[I]n particular, because of the multijurisdictional character of many such disputes, court actions in several countries may be necessary in order to obtain an effective solution. In addition, in some countries, the court system suffers from dysfunction, with the consequence that decisions cannot be obtained within a period of time which is commensurate

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with the speed with which damage can be done by virtue of an infring-
ing domain name. . . Finally, there is a possibility that, with a number
of different courts in several countries being involved with domain
name disputes, inconsistent decisions may be given or inconsistent
principles concerning the relationship between domain names and in-
tellectual property rights may emerge from such decisions.67

Litigation is costly and time-consuming. With rapid technological
development and the valuable nature of domain names in the commer-
cial world, litigation proves not to be the best choice for disputing par-
ties.68 With the extensive use of the Internet, it is unquestionable that
domain name dispute resolution should keep pace with modern society
and remain consistent with the Internet world.69 We should not lose con-
fidence in a mechanism just because of some flaws. In this regard, we
need to carry out a two-step analysis: (1) examine the necessity of this
mechanism; and (2) if the answer is positive, explore ways to improve the
existing mechanism.

The UDRP is no doubt an important and effective mechanism for
resolving domain name disputes in an efficient way.70 Since its first im-
plementation in 1999, thousands of disputes have been successfully re-
solved by the UDRP mechanism.71 The UDRP has been touted as the
first successful model for ODR.72 Now the question for us is how to fur-
ther improve the mechanism so that the disputing party will choose to go
for the UDRP procedure instead of the court procedures.

The essential question centers on the effect of the UDRP decisions.
Before making suggestions on how to improve the current arrangement,
we need to uncover the rationale behind preventing the finality of the
UDRP decisions. As previously mentioned, one major concern is that a
one-stop arrangement offers no access to relief in case of a poor decision.
Other concerns may include the quality and experience of panelists.73

67. See Internet Corporation for Assigned Names and Numbers (“ICANN”), Final Re-
port of the WIPO Internet Domain Name Process, http://www.icann.org/en/wipo/wipo-re-
port.htm (last visited May 8, 2009).
68. Sarah Silbert, Using a UDRP Action to Prevent Infringing Uses of Domain Names,
30 Los Angeles Lawyer 10 (2008).
69. Yun Zhao, A Dispute Resolution Mechanism for Cybersquatting, 3 J. of World In-
tell. Prop., No. 6, 858-859 (November 2000).
70. Silbert, supra note 68.
71. See World Intellectual Property Organization, Total Number of Cases Per Year,
72. Froomkin, supra note 5, at 608. Froomkin believes that the UDRP is worth exam-
inining in detail because it is being touted as a model for e-commerce dispute settlement by
industry spokespersons and policy entrepreneurs and soon may be required by treaty. Id.
73. See Lisa M. Sharrock, The Future of Domain Name Dispute Resolution: Crafting
Practical Interfederal Legal Solutions from Within the UDRP Framework, 51 Duke L. J.
817, 831-839 (2001). Sharrock identified several flaws and limitations in the UDRP, in-
cluding the problem of inconsistency in panelists’ exercising of decision-making power, and the
While these concerns are justified, they are not beyond cure. We may refer to a similar procedure for .hk. The administrative procedure for .hk disputes is clearly defined to be final in the Hong Kong Domain Name Registration Company Limited Domain Name Dispute Resolution Policy (“HKDNR”). There have been no big complaints thus far, implying that the procedure is working well. However, some may argue, that because of the relatively small number of .hk domain names and disputes, this does not necessarily mean that making UDRP decisions final will work as well.75 Such an argument may be justified, however, we must not neglect the possibility of finality for UDRP decisions.

This article makes the following three suggestions in the hope of dispelling the above concerns: (1) establishment of a special committee under ICANN to set up a “precedent” system; (2) establishment of a two-tier system in the UDRP proceedings; and/or (3) securing the deference from federal courts to the UDRP decisions. The above suggestions are not mutually exclusive of each other. Either of the first two suggestions aims to and can work in reality to ensure the quality of the UDRP decisions. The last suggestion can only be realized when the concerns over the quality of the UDRP decisions are dispelled. Thus, this last suggestion can serve as the final goal for the UDRP mechanism.

A. “Precedent” System

Inconsistency in the UDRP decisions is a major problem. Confusion over critical issues in the domain name disputes leads to inconsistent application of the UDRP, thereby directly undermining the integrity of the UDRP process.76 Securing consistency in the UDRP process is a matter of top priority for ICANN. The WIPO has initiated a section on its website summarizing the panel’s views on selected UDRP questions, which offers an important source for panelists in making decisions in the

74. Hong Kong Internet Registration Information Limited, Domain Name Dispute Resolution Policy, https://www2.hkirc.hk/dispute_resolution/dispute_resolution_policy_3_0_2nd_level.jsp (last visited Apr. 23, 2009) [hereinafter Hong Kong Internet Registration]. Article 4(i) of the HKDNR Domain Name Dispute Resolution Policy provides that “all decisions . . . will be final and binding and including without limitation publication in full on the Internet or other forms of publication, except when an Arbitration Panel determines in an exceptional case, to redact portions of its decision.” Id.

75. Hong Kong Internet Registration Corporation Limited, Domain Name Service Statistics, https://www2.hkirc.hk/aboutHK/dns_statistics.jsp (last visited Apr. 23, 2009). As of April 1, 2009, there are 175,780 active .hk domain names.

future. However, the above WIPO section, as only an effort from one single dispute resolution service provider, is not sufficient for the UDRP mechanism in general. It is possible that each of the existing four service providers may publicize its own guiding decisions, which may be conflicting and consequently further add to the inconsistency in panel decisions.

The article suggests that a special committee should be set up under ICANN to study the decisions made by the four providers and resolve conflicts or inconsistencies between UDRP decisions. Decisions should be compiled in print and published on the ICANN website. Not only can the compilation database be guidance to the panelists in making decisions, but it can also assist the disputing parties in preparing arguments and documents for the panel. In this regard, the system is not a real “precedent” system, and can at most be a qualified precedent system. While not binding on the panel in making decisions, the decisions in the compilation database do have persuasive effects on future panel decisions. The suggested special committee of ICANN is in the position to select and decide on appropriate case laws to be followed in future. Furthermore, the special committee shall determine the applicable doctrines and principles, offer uniform interpretation to the UDRP and its rules so that the UDRP will become the real “uniform” policy. The work of the committee, while not binding, could function as guidance for future panel decisions. Similarly, federal courts will not be bound by the work of this committee.

**B. Two-tier System**

Awards in the conventional arbitration process are final without any opportunity for appeal. The UDRP procedure, while categorized as administrative arbitration, differs from conventional arbitration in a number of ways. The panelists are required to make decisions within a

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78. As far as the precedent system is concerned, the WTO dispute settlement mechanism could serve as an excellent example; see also Isabelle Van Damme, *Seventh Annual WTO Conference: An Overview*, 11 J. of Int’l Econ. L. 155, 157 (2008). Van Damme argues that interfederal dispute settlement does not apply the rule of precedent and that the persuasive value of previous decisions or reports may vary among different interfederal courts and tribunals but it is nevertheless present.


relatively short period of time;\textsuperscript{81} they make decisions solely based on the submitted documents,\textsuperscript{82} and not a combination of documents and live hearings.\textsuperscript{83} Understandably, there are concerns over the possibility of unfair decisions. However, decisions made within a short period of time and the lack of hearings does not necessarily lead to unfair decisions. The current model of arbitration, however, will not aid cyber-citizens. Because of the nature of the interest at stake, cyber-citizens need a quick and cheap decision process. Many arbitration proceedings in the traditional sense do not give rise to similar concerns because they are conducted on a document-only basis.\textsuperscript{84}

These concerns should not be reason for preventing the finality of panel decisions. Nevertheless, to address the concerns, we should consider setting up a two-tier system within the UDRP mechanism providing for the possibility of appeal against poor decisions. Another concern is that the system of appeals will be abused. To avoid possible abuse, such appeals should satisfy several conditions, including:

1) appeals are only allowed for ostensible unfairness or procedural irregularities;\textsuperscript{85} and
2) appeals are to be made within 10 days of the decision’s issuance (in line with the “10-day limit” waiting period in the existing arrangement).\textsuperscript{86}

By establishing this internal appeal system, we can effectively decrease the necessity of resorting to external judicial review. Appeals brought in bad faith can be recorded in the panel’s final decision and published on the ICANN website. Adverse consequences in future panel

\textsuperscript{81} ICANN Rules, supra note 4, at para. 15(b). Article 15(b) of the UDRP Rules provides that “in the absence of exceptional circumstances, the Panel shall forward its decision on the complaint to the Provider within fourteen days of its appointment.” Id. Conventional arbitration panels in Illinois, U.S., generally make their decisions within a short period of time. So this would not necessarily be a difference.

\textsuperscript{82} Id. at para. 15(a). Article 15 (a) of the UDRP Rules provides that “a Panel shall decide a complaint on the basis of the statements and documents and in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable.” Id.

\textsuperscript{83} Id. at para. 13. Article 13 of the UDRP Rules provides that “there shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the complaint.” Id.

\textsuperscript{84} See The Hong Kong Interfederal Arbitration Center (“HKIAC”), The HKIAC ‘Document Only’ Procedure, http://hkiac.org/show_content.php?article_id=245#documentonly (last visited September 30, 2009). “Document Only” Procedure is available where the parties have agreed, or where an existing arbitration tribunal has directed, that no oral hearing is needed. Id. The procedure is intended to encourage speed and economy.

\textsuperscript{85} In this regard, a dispute resolution service provider could screen the appeals in the first place to see whether the appeal would fall into this category. In this way, the intentional abuse of appeal to prolong the whole process shall be frustrated.

\textsuperscript{86} Domain Name Resolution, supra note 3, at para. 4(k).
proceedings will effectively discourage parties from bringing bad faith
appeals and purposely prolonging the dispute resolution process.

C. DEFERENCE OF FEDERAL COURTS

This article argues that federal courts should give deference to the
UDRP decisions. The UDRP is one the most cost-effective means to re-
solve domain name disputes. While the disputing parties do not have a
specific agreement on choosing the UDRP proceedings for domain name
disputes, the domain name registrants (as one disputing party) do sign a
registration agreement binding them to the UDRP proceedings.\footnote{Id.
at para. 2.} If no
defereence is given to the UDRP, the losing party, justified or not, may
simply bring the dispute before the court\footnote{Such court may be at the location of: the principal office of the Registrar; the
domain name holder's address as shown for the registration of the domain name in the Regis-
trar's Who Is database; the place where the infringement act is committed; the place of
domicile of the defendant may have jurisdiction; or at the place where the computer termi-
nal or other equipment by which the plaintiff finds that domain name is located.} trying to set aside the deci-
sion, thereby delaying the enforcement of the UDRP decision. Consider-
ing the sheer number of domain names and possible disputes arising
there from, the court docket will be burdened by all the domain name
disputes.\footnote{Donna L. Joward, Trademarks and Service Marks and Internet Domain Names:
Giving ICANN Deferences, 33 Ariz. St. L. J. 663 (2001).} Without deference, the idea of efficient resolution of domain
name disputes would be frustrated. Accordingly, deference to UDRP de-
cisions is necessary.

Under the existing UDRP arrangements, concerns over the quality
of the panelists and the decisions are the main justifications for main-
taining possible judicial review. In view of the two suggestions made in
the last two sections to ensure the fairness and consistency of UDRP de-
cisions, it would be reasonable to propose at the current stage that the
traditional arbitration model should be similarly followed, especially
with regard to the successful running of the UDRP for over a decade.
This means that the UDRP decisions shall be final. Only under ostensi-
ble unfairness or procedural irregularities can the disputing party resort
to the court proceedings after the panel makes the decision. These situa-
tions basically refer to procedural irregularities such as forged evidence,
bribery, misconduct and abuse of power during the UDRP process.\footnote{Richard E. Speidel, ICANN Domain Name Dispute Resolution, the Revised Uni-
form Arbitration Act, and the Limitations of Modern Arbitration Law, 6 J. SMALL & EMERG-
ING BUS L NO. 1, 188 (2002).}

Changes must be made to the UDRP and its Rules in order to make
the UDRP decisions final. Under the current arrangement, the Respond-
ten in the UDRP process are bound by the dispute resolution clause in
the Registration Agreement; the Complainants are not bound in any sense. To tackle this problem, look to HKDNR as an example. As provided in the HKDNR, the Complainant shall conclude with the following statement followed by their signature or an authorized representative:

The Complainant, by submitting the Complaint agrees to the settlement of the dispute, regarding the domain name which is the object of the Complaint by final and binding arbitration in Hong Kong in accordance with the HKDNR Domain Name Dispute Resolution Policy, HKDNR Domain Name Dispute Resolution Policy Rules of Procedure and the [Name of the Provider] Supplementary Rules.

The UDRP should adopt similar language into the UDRP Rules. Such a contractual arrangement would establish the finality of UDRP decisions, thereby placing the UDRP process within the ambit of the conventional arbitration process; thus achieving the deference from federal courts.

V. CONCLUSION

The UDRP was formulated by ICANN to be a powerful mechanism to fight the most serious type of domain name dispute: cybersquatting. Recent case law, however, has presented a dilemma for the UDRP: whether the court should give deference to the UDRP decisions? If deference is given to the panel decision, possible injustice in the UDRP proceedings could not be rectified; if no deference is given, the legal effect of the UDRP mechanism will be largely affected, leaving the UDRP a mere formality.

The UDRP is undoubtedly a major step in the right direction for the Internet community. By refusing to give deference to the UDRP decisions, federal courts lose a valuable resource for reducing the caseload. While affirming its usefulness, we should make further improvements to the UDRP mechanism to boost its reliability and accountability. By internally creating a two-tier system and/or precedent system, the con-

91. Thomas C. Folsom, Space Pirates, Hitchikers, Guides, and the Public Interest: Transformational Trademark Law in Cyberspace, 60 Rutgers L. Rev. 871 (2008). As stated in Article 1 of the UDRP, the UDRP has been adopted by the ICANN, is incorporated by reference into the Registration Agreement, and sets forth the terms and conditions in connection with a dispute between the disputing parties over the registration and use of an Internet domain name registered by the Respondent.

92. Hong Kong Internet Registration, supra note 74, at Article 3(b) (xii).


cerns over possibly poor UDRP decisions will be dispelled. Through internal reform, complemented by the deference from federal courts, the UDRP can establish itself as a real and powerful tool to combat cybersquatting. Most importantly, we need to establish the finality of the UDRP decisions.
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