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# The Invalidity of ICANN's UDRP Under National Law

Holger P. Hestermeyer\*

## INTRODUCTION

Mankind has discovered a new territory: Cyberspace. As with any newly discovered territory, adventurers took to the field; today's gold mines are domain names. The sheriffs of the world moved to protect trademark owners by passing new rules. The World Intellectual Property Organization ("WIPO") thought it was up to the task and developed the framework for what today is the Internet Corporation for Assigned Names and Numbers ("ICANN")'s Uniform Domain Name Dispute Resolution Policy ("UDRP") covering trademark infringements. According to ICANN's statistics, as of November 6, 2001 there have already been 3,845 decisions in these new proceedings.<sup>1</sup> The UDRP was so successful that on June 28, 2000 twenty governments approached WIPO to treat additional intellectual property issues within the domain name system.<sup>2</sup> WIPO published the final report of this second process on September 3, 2001<sup>3</sup> suggesting the use of the

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1. See ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/proceedings-stat.htm> (last modified Nov. 6, 2001).

2. See WIPO, *Second WIPO Internet Domain Name Process*, at <http://wipo2.wipo.int/process2/index.html> (last visited Oct. 11, 2001).

3. See WIPO, *The Recognition of Rights and the Use of Names in the Internet Domain Name System*, at <http://wipo2.wipo.int> (last visited Sept. 3, 2001).

UDRP as a model policy for domain name dispute resolutions to protect the names of intergovernmental organizations<sup>4</sup> and speaking in favor of further strengthening the UDRP.<sup>5</sup>

The legal foundation, on which the UDRP rests, however, poses a problem that deserves closer examination. The UDRP is a part of private contracts between registrars and registrants and is subject to national laws. However, registration contracts with foreign registrars will be subject to foreign law and this foreign law in many cases will void the UDRP. If this part of the contract is void, no one will be able to force the registrant to take part in a UDRP proceeding, and the UDRP does not have the desired efficacy. The main reason for the invalidity of the UDRP is that it is in English rather than in the language of the country of the registrar and registrant, but other characteristics of the UDRP can also cause concern. It is time to discuss this issue and remedy it, such as by passing the UDRP as an international treaty.

The paper starts with a description of today's domain name system and the problem of "cybersquatting" (Part I). The following section (Part II) details the history of the UDRP, laying out how the UDRP was developed and who the players were, putting some emphasis on international contributions to the discussion. After a description of the current domain name dispute resolution system (Part III), the paper deals with how and where challenges to the UDRP could be brought (Part IV). Once the *forum* is determined, we will explore the validity of the inclusion under several legal systems (Part V). French and German legislation will serve as examples because most continental European systems are based on one of these models. The final section (Part VI) will deal with the applicability of German and French laws to the contract—showing that these laws will generally cover both form and substance of agreements between a registrant anywhere in the world and a registrar situated in one of those countries. The note

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4. *See id.* ¶ 163.

5. One of these instances is in the case of registrants of an ISO 3166 country code element (e.g. "uk") as a second-level domain under one of the gTLDs that accepts registrations under this level (e.g. "McDonalds.uk.com" and "continental.uk.com"). Under the current practice such a registrant is contractually bound by the UDRP, but his sub-registrants are not. WIPO suggests forcing the registrant to make the UDRP part of the sub-registration agreement. *See id.* ¶ 290. WIPO no longer supports an enlargement as to personal names, *see id.* ¶ 202, and trade names, *see id.* ¶ 319. An enlargement as to country and place names is suggested, but only after establishing appropriate international law principles in intergovernmental fora. *See id.* ¶ 288.

will conclude with a discussion of possible solutions to the problems raised.<sup>6</sup>

## I. BACKGROUND

### A. THE DOMAIN NAME SYSTEM AND THE SHARED REGISTRATION SYSTEM

Every computer on the Internet needs an address so that information can find its way to the right recipient. The addresses the computers use are called Internet protocol (IP) addresses and are thirty-two bit numbers assigned to each computer. For ease of use, domain names are mapped to the IP addresses. The assigned names are hierarchically structured, with the Top Level Domain ("TLD") at the right of the address (e.g. ".com", ".edu" or ".uk") and the second level domain ("SLD") to the left of the TLD (e.g. "berkeley" in <http://www.berkeley.edu>). There will soon be fourteen<sup>7</sup> generic TLDs ("gTLD") identifying a specific activity (e.g. .com for commerce or .org for organizations) and a large number<sup>8</sup> of "country code" TLDs ("ccTLD"). The gTLDs are open to registrants of all nations and three of the gTLDs (".com"; ".net"; ".org") do not restrict the persons or entities that may register in them.<sup>9</sup>

To communicate with another computer, a user's computer looks up the target computer's IP address and domain name on domain name servers. These servers are also hierarchically organized. On top of the structure is the "A" root server holding a directory of all computers that hold TLD directories. Those computers then have a list of SLDs registered under the TLD for

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6. Readers already familiar with the UDRP and the technical background are advised to skip the background sections and go straight to Part IV of the paper.

7. ICANN has decided to raise the number of gTLDs from seven to fourteen. See ICANN, *ICANN Announces Selections for New Top-Level Domains*, at <http://www.icann.org/announcements/icann-pr16nov00.htm> (last visited Nov. 16, 2000). Three of the new gTLDs will be accessible by November 2001. See InterNIC, *InterNIC FAQs on New Top-Level Domains*, at <http://www.internic.net/faqs/new-tlds.html> (last modified Aug. 17, 2001).

8. There were a large number of country codes at the time of the WIPO final report. See WIPO, *The Management of Internet Names and Addresses: Intellectual Property Issues. Final Report of the WIPO Internet Domain Name Process*, ¶ 7 (Apr. 30, 1999), at <http://wipo2.wipo.int/process1/report/finalreport.html> (last visited Nov. 9, 2001).

9. See *id.* ¶ 6. The note focuses entirely on the use of those gTLDs.

which they are responsible.<sup>10</sup>

To obtain a SLD under one of the three open gTLDs, my SLD has to be added to the domain name file of the master server of the TLD I want to be registered under. The entity that can enter my SLD in the master server is the registrar. In the first days of the Internet, Dr. John Postel was solely responsible for this entry, but in 1990 Network Solutions, Inc. (“NSI”) took over the task of assigning new domain names and operating the “A” root server. The power of NSI and the financial profit it reaped from the registration business led to demands for competition. After a heated debate about the DNS a private nonprofit organization was set up to coordinate key Internet functions like the DNS: ICANN.<sup>11</sup> NSI agreed with the Department of Commerce to set up a Shared Registration System (“SRS”) “in which an unlimited number of registrars would compete for domain name registration business utilizing one shared registry (for which NSI would continue to act as registry administrator).”<sup>12</sup> That means that NSI (now VeriSign)

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10. Note that the system heavily relies on the acceptance of the A root server by all other root servers. If the other servers do not accept the data of the A server, but download it from some other source, the Internet might be fragmented, because users of the old A server cannot reach sites only listed in the new system and users of the new source cannot reach sites only listed with the A server. This was demonstrated in January 29, 1998, when John Postel made eight of the twelve geographically distributed root servers load their zone files from Postel rather than from the A server. See Milton Mueller, *Technology and Institutional Innovation: Internet Domain Names*, 5 INT’L J. COMM. L. & POL’Y 1 (2000). This also demonstrates the connections between what Lessig calls Internet Code, the architecture side of the Internet, and the law. See LAWRENCE LESSIG, *CODE AND OTHER LAWS OF CYBERSPACE* (Basic Books 1999). Who knows what legal problems might arise in a fragmented net? For a description of the DNS see Milton Mueller, *Technology and Institutional Innovation: Internet Domain Names*, 5 INT’L J. COMM. L. & POL’Y 1 (2000); Christopher P. Rains, *Comment: A Domain By Any Other Name: Forging International Solutions for the Governance of Internet Domain Names*, 14 EMORY INT’L L. REV. 355, 361 et seq. (2000); Luke A. Walker, *Berkeley Technology Law Journal Annual Review of Law and Technology I. Intellectual Property; C. Trademark ICANN’s Uniform Domain Name Dispute Resolution Policy*, 15 BERKELEY TECH. LJ. 289, 291 et seq. (2000); Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149 (2000). The lower level domain name servers keep a list of commonly accessed domain names, so that usually the request does not need to go to the root server. The best account of the history of the DNS is given by John Postel. See John Postel, *Testimony to the U.S. House of Representatives Committee on Science Subcommittee on Basic Research* (Sept. 25, 1997).

11. See HARVARD LAW REVIEW, *Developments in the Law of Cyberspace v. The Domain Name System: A Case Study of the Significance of Norms to Internet Governance*, 112 HARV. L. REV. 1657, 1660 (1999).

12. ICANN, *Registrar Accreditation: History of the SRS*, (last modified

still operates the server with the file containing a list of all the SLDs,<sup>13</sup> but all the other registrars can enter additional SLDs into the file. ICANN became responsible for accrediting new registrars that can register SLDs in the one central, shared registry.<sup>14</sup>

## B. THE PROBLEM: CYBERSQUATTING

Addresses in the DNS are unique, in that they can only be given to one person. For this reason, it is obvious that they can be extremely valuable: only United Airlines, Inc. can own united.com – every other person interested in obtaining an address has to choose another name. The domain name registrar had to figure out to whom it would assign a certain domain name and chose the administratively easiest procedure: first come, first served. This choice of procedure is hardly surprising, considering that in the heyday of the commercial Internet, the registration of domain names was done by “2.5” people (meaning two full-time and one half-time employees).<sup>15</sup> The result was, and still is, one of the Internet’s most prominent problems, cybersquatting. Private people registered the trademark of a company as their domain name;<sup>16</sup> companies complained that people registered companies’ trademarks as domain names and tried to sell the domain name to the company;<sup>17</sup> companies registered the trademark of their competitor as a domain name to divert traffic intended for their competitor’s site to theirs; others put up hate-sites like “Wall-

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Dec. 6, 1999), at <http://www.icann.org/registrars/accreditation-history.htm> (last visited Oct. 4, 2001).

13. Under a recently published agreement between VeriSign and ICANN, VeriSign will keep operating the “.com” “.org” and “.net” registries, the agreement has staggered expiration dates: “.org” on Dec. 31 2002, “.net” on Jan. 1, 2006 and “.com” on Nov. 10, 2007 (with a right to renewal for VeriSign for “.com”). The agreement is subject to ratification by the Department of Commerce and has been heavily criticized. See ICANN, *ICANN Announces Decision on Registry Agreement for .com/.net/.org Domains* (Apr. 2, 2001), at <http://www.icann.org/announcements/icann-pr02apr01.htm> (last visited Oct. 4, 2001).

14. See ICANN, *Registrar Accreditation: Overview*, at <http://www.icann.org/registrars/accreditation-overview.htm> (last modified Dec. 6, 1999).

15. See Joshua Quittner, *Billions Registered: Right now, there are no rules to keep you from owning a bitchin' corporate name as your own Internet address*, WIRE, Oct. 1994, available at <http://www.wired.com/wired/archive/2.10/mcdonalds> (also published in WIRE, Oct. 1994).

16. See *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D.Ill. 1996); See Rains, *supra* note 10, at 363 et seq.

17. See *id.*

sucks.com.”<sup>18</sup> People registered domain names to leave them dormant, so that the trademark-holder could not use them, and finally people started to register typos like “Microsof.com” in the hope that they would attract traffic intended for the trademark-holder.<sup>19</sup>

The courts had to try to find a solution for this problem. Does trademark law apply or are those domain names simply addresses, devoid of the ability to identify an origin?

Although the issue of cybersquatting soon dominated the DNS debate, there are a number of related problems. The registrant might have competing rights (such as a trademark in a different country, which is especially relevant for the gTLDs, because they are not country-related) or a First Amendment defense, as when registering “www.microsoftsucks.com.” In addition, the dispute between the registrant and the third party claiming the domain name might not be about trademarks, but rather geographical indications,<sup>20</sup> personal names, or trade names.<sup>21</sup> All of these problems had to be resolved.

## II. THE HISTORY OF THE UDRP

### A. THE EARLY DAYS: THE DEVELOPMENT OF DOMAIN NAMES AS TRADEMARKS

The Internet started as a network for researchers. Commercial use was declared “not acceptable” by an “acceptable use policy” (“AUP”) imposed in 1985 by the National Science Foundation (“NSF”).<sup>22</sup> As a solution for the technical problem of sending messages from one computer to another, the computers

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18. See *Wal-Mart Stores, Inc. v. Walsucks*, WIPO Case No. D2000-0477 (July 20, 2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0477.html> (last visited Oct. 8, 2001).

19. See *Microsoft Corp. v. Microsf.com aka Tarek Ahmed*, WIPO Case No. D2000-0548 (July 21, 2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0548.html> (last visited Nov. 9, 2001).

20. This was the issue in Germany’s first domain name case: “heidelberg.de”, LG Mannheim, 7 O 60/96 (1996), available at <http://www.uni-muenster.de/Jura.itm/netlaw/heidelberg.html> (last visited Nov. 9, 2001).

21. For further discussion of other domain name dispute topics see WIPO’s RFC-2 of the second domain name process: WIPO, *WIPO2 RFC-2. Request for Comments on Issues Addressed in the Second WIPO Internet Domain Name Process*, at <http://wipo2.wipo.int/process2/rfc/rfc2/index.html> (last visited Oct 13, 2000).

22. See Mueller, *supra* note 10.

needed to have “addresses” and the DNS was meant to be such an addressing system. The engineers who designed the system thought of domain names as an “addressing mechanism . . . not intended to reflect trademarks,”<sup>23</sup> as Postel wrote in 1996.

Because of the inherent power of a network to rapidly communicate information at a low cost, the Internet developed in a way that its designers did not foresee, and could not have foreseen. In 1990 Tim Berners-Lee, a British scientist working at the CERN<sup>24</sup> wrote the first Web-Browser and thereby invented the World-Wide Web (“WWW”).<sup>25</sup> Two years later the U.S. Congress gave the National Science Foundation, one of the entities<sup>26</sup> that had contracted with researchers for the development of the Internet, statutory authority to commercialize the NFSNET, which formed the basis of today’s Internet.<sup>27</sup> Because companies started to see domain names as valuable assets in their marketing strategy, they wanted to register their trademarks and trade names rather than only random domain names.<sup>28</sup> Even the

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23. Jon Postel, *New Registries and the Delegation of International Top Level Domains*, (August 1996), at <http://www.jmls.edu/cyber/docs/iana-tld.txt> (last visited Nov. 16, 2001).

24. See European Organization for Nuclear Research, *CERN in 2 minutes*, at <http://public.web.cern.ch/Public/whatiscern.html> (last modified Jan. 24, 2001) (stating that “CERN is the European Organization for Nuclear Research, the world’s largest particle physics center. Founded in 1954, the laboratory was one of Europe’s first joint ventures, and has become a shining example of international collaboration. From the original 12 signatories of the CERN convention, membership has grown to the present 20 Member States.”)

25. See <http://www.w3.org/People/Berners-Lee/Longer.html> (last visited Oct. 4, 2001). Berners-Lee now teaches at MIT. See *id.*

26. The other most notable entity is the Defense Advanced Research Projects Agency (DARPA). See United States Department of Commerce (DoC), *Improvement of Technical Management of Internet Names and Addresses; Proposed rule*, at <http://www.ntia.doc.gov/ntiahome/domainname/022098fedreg.htm> (Feb. 20, 1998) (last visited Dec. 30, 2001) [hereinafter the Green Paper].

27. See *id.*

28. See The White House, *A Framework for Global Electronic Commerce*, (July 1, 1997), at <http://www.ecommerce.gov/framewrk.htm> (last visited Nov. 1, 2001). The relevant language is:

[c]onflicts have arisen on the GII where third parties have registered Internet domain names that are the same as, or similar to, registered or common law trademarks. An Internet domain name functions as a source identifier on the Internet. Ordinarily, source identifiers, like addresses, are not protected intellectual property (i.e., a trademark) per se. The use of domain names as source identifiers has burgeoned, however, and courts have begun to attribute intellectual property rights to them, while recognizing that

registry partly acknowledged an intuitive connection between domain names and trademarks. In an article published in *Wired* in 1994, Joshua Quittner stated, in reply to a question from the journalist of *Wired*, that InterNIC<sup>29</sup> would not register domain names if the registration would constitute an obvious trademark infringement.<sup>30</sup> The statement appears to have been meant as a consolation to the industry, however, because the same reporter managed to register “mcdonalds.com” without permission of the company.<sup>31</sup>

In 1996 the first highly visible domain name trademark infringement case came to court. Toeppen had registered “intermatic.com” along with such more famous names as “deltaairlines.com.”<sup>32</sup> Intermatic, the owner of five trademarks for “INTERMATIC” sued Toeppen for trademark infringement and dilution.<sup>33</sup> In its analysis, the court applied the classical trademark doctrines.<sup>34</sup> The court rejected the motion for summary judgment for infringement, but granted summary judgment for

misuse of a domain name could significantly infringe, dilute,  
and weaken valuable trademark rights.

(emphasis added). *See id.* *Trademark and Domain Names* § 4 *Intellectual Property Protection*. *See also* WIPO, *WIPO RFC-2 Request for Comments on Issues Addressed in the WIPO Internet Domain Name Process*, ¶ 2 (Sept. 14, 1998), at <http://wipo2.wipo.int/process1/rfc2/index.html>.

29. *See* Quittner, *supra* note 15. InterNIC is the Internet Network Information Center, “the agency that assigns domain names and rules on requests.” *Id.* Quittner stated that “[i]t’s easy to find an unused domain name, and so far, there are no rules that would prohibit you from owning a bitchin’ corporate name, trademarked or not.” *Id.*

30. *See id.*

31. *See id.*

32. *See* *Intermatic v. Toeppen*, 947 F. Supp. 1227 (N.D.Ill. 1996). *See generally* Rains, *supra* note 10, at 363 et seq.

33. *See id.* at 1229.

34. *See id.* at 1234. Specifically, the District Court stated that:

[i]n order to prevail under the federal trademark infringement claim, the federal unfair competition claim, and the state deceptive trade practices and unfair competition claims, (Counts I, II, V, VI, and VII), Intermatic need only prove that: 1) it owns prior rights in the INTERMATIC mark; and 2) Toeppen’s use of “intermatic.com” is likely to cause consumer confusion, deception or mistake. Intermatic’s name and prior rights over Toeppen to use the INTERMATIC name are clear. Intermatic’s first use of the INTERMATIC name and mark predates Toeppen’s first use of “intermatic.com” by more than fifty years. Also, it is undisputed that Intermatic holds a valid registration for the trademark INTERMATIC.

*Id.* (internal citations omitted).

trademark dilution pursuant to section 43(c) of the Lanham Act,<sup>35</sup> stating that the intention to eventually sell the domain name to Intermatic was sufficient commercial use of the domain name,<sup>36</sup> and that “Toeppen’s registration of the intermatic.com domain name lessens the capacity of Intermatic to identify and distinguish its goods and services by means of the Internet.”<sup>37</sup> The legal standard had clearly been established. Until *Intermatic v. Toeppen*, it would have seemed possible to say that domain names were addresses, not trademarks, and neither would a consumer expect a company to own the domain name identical to its trademark nor would the use of this domain name by someone else diminish the distinctiveness of the mark.<sup>38</sup> After *Intermatic v. Toeppen*, it was clear that domain names would be subject to trademark rights and the discussion turned towards how to effectively protect those rights.

#### B. SEARCHING FOR SOLUTIONS: NSI, THE MOU, THE GREEN PAPER, THE WHITE PAPER

The trademark lobby asserted that domain names posed a myriad of new and cheap ways to effectively infringe on trademarks. Companies policing their trademarks found dozens of domain names incorporating strings they regarded as violations of their marks.<sup>39</sup> Resolving those cases by litigation was regarded as “expensive and cumbersome.”<sup>40</sup> Reacting to pressure from trademark holders, the NSI adopted a dispute resolution policy which allowed for the suspension of the domain name of the customer if a trademark owner demonstrated that the second-level domain name of the NSI customer matched exactly the mark of

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35. *See id.* at 1241.

36. *See id.* at 1239. The District Court stated that “Toeppen’s intention to arbitrage the ‘intermatic.com’ domain name constitutes a commercial use.” *Id.*

37. *Id.* at 1240.

38. Admittedly this sounds rather strange if we look at today’s domain name environment, but Joshua Quittner describes those days in which you could still find big companies under the AOL domain. *See Quittner, supra* note 15.

39. *See Mueller, supra* note 10.

40. *See* Department of Commerce, *Management of Internet Names and Addresses*, (June 5, 1998), at [http://www.ntia.doc.gov/ntiahome/domainname/6\\_5\\_98dns.htm](http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm) (last visited Nov. 1, 2001) [hereinafter White Paper]. “Conflicts between trademark holders and domain name holders are becoming more common. Mechanisms for resolving these conflicts are expensive and cumbersome.” *Id.*

the trademark owner. A thirty-day notice would be given, and if the NSI customer could not demonstrate that the second-level domain name was also their trademark, the trademark was to be suspended.<sup>41</sup> The policy was of no use to anybody. The trademark owners wanted protection for confusingly similar names, and the name holders felt their legitimate interests were disregarded.<sup>42</sup>

The first comprehensive effort at restructuring the Domain Name Administration was led by the Internet Society ("ISOC"), a group that was set up in January 1992, by people involved with the Internet Engineering Task Force ("IETF") to support the engineering tasks of the Internet.<sup>43</sup> Recognizing both the international scope of the problem and the interests involved, ISOC convened an International Ad Hoc Committee ("IAHC"), with members representing the following organizations: ISOC, the Internet Assigned Numbers Authority ("IANA"); the Internet Architecture Board ("IAB"); the Federal Networking Council ("FNC"); the International Telecommunication Union ("ITU"); and WIPO.<sup>44</sup> The IAHC established a Memorandum of Understanding on the generic top-level domain name space ("MoU") that was published February 28, 1997. The memorandum was published in the name of "[t]he Internet Community" and the members of the Internet International Ad Hoc Committee were signatories.<sup>45</sup> The memorandum was an agreement that public and private sector entities were invited to join voluntarily. It provided for policy oversight over the domain name space and it would have given the ITU the role of promoting both international cooperation and the development of the necessary telecommunication services worldwide.<sup>46</sup> The signatories of the MoU recognized trademark rights of holders of "internationally known" marks to identical or closely similar domain names and they also provided for "sufficient

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41. See Mueller, *supra* note 10.

42. See *id.*

43. See Vint Cerf, *History of the IETF/ISOC relationship*, (July 18, 1995), at <http://www.isoc.org/internet/history/ietfhis.html> (last visited Nov. 1, 2001).

44. See Internet International Ad Hoc Committee (IAHC), *What is the IAHC*, (May 26, 1997), at <http://www.iahc.org> (last visited Nov. 1, 2001) (stating that "[t]he IAHC is a coalition of participants from the broad Internet community, working to satisfy the requirement for enhancements to the Internet's global Domain Name System (DNS)"). The International Ad Hoc Committee was subsequently dissolved on May 1, 1997. See *id.*

45. See Internet International Ad Hoc Committee, *Establishment of a Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System (gTLD-MoU)*, (Feb. 28, 1997), at <http://www.iahc.org/gTLD-MoU.html> (last visited Nov. 1, 2001).

46. See *id.*

rights” of the user by means of a fair-use defense.<sup>47</sup> To resolve domain name disputes, the signatories suggested the establishment of Administrative Domain Name Challenge Panels, the procedures of which would have been administered by WIPO (though WIPO staff would have been barred from becoming panelists). Registrars would have been obligated to follow panel decisions.<sup>48</sup> The panel decisions would not have affected the power of competent courts.<sup>49</sup> It is interesting to note that the MoU already contains what is at the core of today's UDRP: an administrative dispute resolution proceeding, the result of which would not be binding on national courts. It also provided for the involvement of international organizations, the ITU in an administrative function<sup>50</sup> and WIPO for the dispute resolution. Finally, the MoU established the Council of Registrars (“CORE”), located in Switzerland, to manage allocations under gTLDs.<sup>51</sup>

By 1997 the Internet was a mainstream policy matter. The Clinton White House drafted a Framework for Global Electronic Commerce in July 1997<sup>52</sup> stating that, while addresses usually do not receive intellectual property protection, domain names do receive such protection.<sup>53</sup> Specifically, the White House stated that “[o]rdinarily, source identifiers, like addresses, are not protected intellectual property per se.”<sup>54</sup> The draft further suggested a “contractually based self-regulatory regime that deals with potential conflicts between domain name usage and trademark laws on a global basis without the need to litigate.”<sup>55</sup>

On September 25th and 30th of that same year, the Science Committee of the House of Representatives held a hearing on

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47. *Id.* § 2(f).

48. *See id.* § 8(a) and (b).

49. *Id.* § 8(c) (admittedly the supervening power of national courts is not expressed as clearly in the MoU as in the UDRP).

50. Mueller recounts that Secretary of State Madeleine Albright wrote a memo criticizing the ITU for acting on its own initiative “without authorization of member governments.” Mueller, *supra* note 10, at n.13.

51. *See* Internet International Ad Hoc Committee, *Establishment of a Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System (gTLD-MoU)*, § 7(a), (b) (Feb. 28, 1997), at <http://www.iahc.org/gTLD-MoU.html> (last visited Nov. 1, 2001).

52. *See* White House, *supra* note 28.

53. *See id.*

54. The White House, *A Framework for Global Electronic Commerce*, subsection *Trademark and Domain Names* of §4. *Intellectual Property Protection*. (July 1, 1997), at <http://www.ecommerce.gov/framework.htm> (last visited Nov. 1, 2001).

55. *Id.*

Internet Domain Names.<sup>56</sup> The hearing was to review the relationship between the NSF and NSI, as well as the future of the DNS.<sup>57</sup> At issue was the approaching March 31, 1998 expiration of the cooperative agreement between NSF and NSI, by which NSI was to provide registration services for the non-military part of the Internet.<sup>58</sup> This hearing signaled the end of the propositions articulated in the MoU. Criticism came primarily from United States industry.<sup>59</sup> Unfortunately, it seems that the core problems with the MoU, namely the strong voting power it gave to ISOC and IANA and the question of the sufficiency of outside input,<sup>60</sup> were not the keys to its demise. Nor was the argument that the U.S. would have been a better location for CORE due to the U.S. experience in maintaining the registry instrumental in its defeat. The witnesses and the chairman were significantly more critical about the involvement of international organizations<sup>61</sup> and opposed to the mere suggestion that CORE should be located in Switzerland,<sup>62</sup> due to Switzerland's history of hosting international organizations.<sup>63</sup> The dispute resolution procedure was criticized for having WIPO panel decisions override U.S. national court decisions. This is a misinterpretation of the MoU, which explicitly states that the power of national courts would not be affected.<sup>64</sup> Chairman Pickering's remark speaks volumes: "[t]his is something

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56. See *Internet Domain Names, Pts. I and II: Hearings Before the House Subcomm. on Basic Research, Committee on Science*, 105th Cong. Sess. 1 (1997).

57. See *id.* at 1 (Chairman Pickering).

58. See *id.* at 2 (testimony of Dr. Joseph Bordogna, Acting Deputy Director NSF).

59. See *id.* at 183-98 (testimony of Andrew L. Sernovitz, President, Association for Interactive Media (AIM)).

60. See *id.* at 242, 191, 189, 250 (Sernovitz), 242 (Dooley, arguing against too great a voting power), 249 (Heath).

61. See *id.* at 241 (Rutkowski, one of the hearing witnesses, stating that an agreement held by the ITU and CORE as a Swiss registrar would be "inconceivable").

62. See *id.* at 190 (Sernovitz), 245 (Chairman Pickering voicing his fear that Swiss law would not enforce laws rendering U.S. corporate interaction with Libya illegal).

63. See *id.* at 245 (Heath).

64. See IAHC, *Establishment of a Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System (gTLD-MoU)* §8(c), at <http://www.iahc.org/gTLD-MoU.html> (Feb. 28, 1997). The criticism focuses on the fact that the panel decisions are made binding on registrars; *id.* § 8(b), and that therefore an opposed decision of a national court could not prevail, see *supra* note 56, at 190. This reading misjudges MoU § 8(c), because that section makes court decisions paramount.

that is uniquely American [meaning probably the domain name system or even the Internet], that we have led on, and we need to maintain that leadership to maintain, I believe, the registry in our country."<sup>65</sup> It is interesting to see that despite the substantial resistance to the MoU, most of its aspects have survived in today's UDRP.

The Secretary of Commerce took the next step in pursuing the Clinton Administration's Framework for Global e-Commerce. The Secretary had issued a Request for Comments on July 2, 1997, which resulted in the Green Paper, published on February 20, 1998.<sup>66</sup> The paper states that the current conflict resolution procedures are "expensive and cumbersome"<sup>67</sup> and stresses that a balance between trademark holders and the Internet community as a whole should be struck, providing trademark holders with the same rights trademarks receive in the physical world.<sup>68</sup> As a governing body for domain name matters, the Green Paper suggests a private, non-profit corporation.<sup>69</sup> Concerning trademark litigation, the Green Paper suggested on-line dispute resolution (with each registry establishing its own system and prescribed minimum standards<sup>70</sup>) providing for temporary suspension of a domain name registration if an adversely affected trademark holder objects to the registration within a short time of registration.<sup>71</sup> To further bolster trademark rights, a contract clause was proposed by which a registrant agrees to jurisdiction in the land of the registry database or the "A" server location.<sup>72</sup>

The Green Paper met harsh criticism from the European Union. The European Commission regarded the Green Paper as a document that "seems to seek exclusive United States jurisdiction over the Internet."<sup>73</sup> This criticism presumably stemmed from the

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65. See *supra* note 56, at 247 (Chairman Pickering).

66. See *supra* note 26.

67. *Id.*

68. See *id.*

69. See *id.*

70. The minimum requirements prescribe that there is no involvement by registrars, that registrars will abide by the decisions resulting from the dispute resolution or courts of competent jurisdiction, and that a period of suspension will be provided by the registries if objection to registration is raised within thirty days after registration of the domain name. See *id.*

71. See *id.*

72. See *id.*

73. Commission of the European Union, *International Policy Issues Related to Internet Governance. Communication to the Council from the Commission*, (Feb. 20, 1998), available at <http://europa.eu.int/ISPO/eif/InternetPoliciesSite/InternetGovernance/MainDocuments/Communicationof20>

proposal to prescribe a clause electing the “A” root server *forum*. Since the “A” root server was and still is located in the United States, that would have amounted to electing U.S. jurisdiction. The E.U. appealed to the U.S. in a reply to the Green Paper that “the future management of the Internet should reflect the fact that it is already a global communications medium and the subject of valid international interest.”<sup>74</sup> Further comments of numerous parties and discussions between the Department of Commerce and other parties led to the publication of the White Paper on June 5, 1998.<sup>75</sup>

The paper continues to support the establishment of a private, non-profit U.S. corporation for Internet government purposes.<sup>76</sup> Instead of creating a trademark dispute resolution procedure, the paper calls on WIPO to initiate a process inviting trademark holders and the Internet community to develop recommendations for a uniform dispute resolution for trademark domain name disputes, thus abolishing the approach of different dispute resolution proceedings for different registrars.<sup>77</sup> The procedure would only apply to cybersquatting, not to disputes between two parties with legitimate rights.<sup>78</sup> Even though the paper recognizes that the parties’ consent to the exercise of jurisdiction over domain names by an alternative dispute resolution body will be less controversial than submitting to the personal jurisdiction of a particular national court,<sup>79</sup> it still recommends that “domain name holders agree to submit infringing domain names to the jurisdiction of a court where the “A” root server is maintained, where the registry is domiciled, where the registry database is maintained, or where the registrar is domiciled.”<sup>80</sup>

This last proposal, although a considerable improvement over the proposal articulated in the Green Paper, still seems rather astonishing with regard to the fact that shortly before the proposal, the White Paper notes that the suggestion of submitting disputes to the jurisdiction of specified national courts “drew

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\_february1998.html (last visited Nov. 1, 2001).

74. Council of the European Union, *Reply of the European Community and its Member States to the US [sic] Green Paper*, (Mar. 16, 1998), available at <http://europa.eu.int/ISPO/eif/InternetPoliciesSite/InternetGovernance/MainDocuments/ReplytoUSGreenPaper.html> (last visited Nov. 1, 2001).

75. *See supra* note 40.

76. *See id.*

77. *See id.*

78. *See id.*

79. *See* U.S. Dep’t of Commerce, *supra* note 40.

80. *Id.*

strong protest from trademark holders and domain name registrants outside the United States.”<sup>81</sup> Most of the suggestions put forth in the plan would mean that the registrants would necessarily submit to the jurisdiction of the United States. Such a result is the consequence of the plan because the registrars could be anywhere, but the “A” root server would be located in the U.S. and the registry would, at least preliminarily, be located in the U.S. without any competition.

The French Conseil d’Etat, which is both an advisory body and the highest French administrative court, noted that the current state of affairs in domain names was not satisfactory for trademark holders, and went on to say that a reform decided unilaterally by the U.S. would not be acceptable for European countries.<sup>82</sup> A private American corporation without representation by other countries or IGOs<sup>83</sup> would not be legitimate on an international level.<sup>84</sup> The comment argues against electing either the law of the country of the registry, or that of the root server, as there is no reason to prefer those laws.<sup>85</sup> It regards an ADR-proceeding as the most appropriate solution.<sup>86</sup> The Conseil d’Etat agrees to on-line dispute resolution and explicitly supports that suggestion of the Green Paper. It suggests the inclusion of a dispute-resolution clause in the registration contract, with the registry choosing an arbitration center.<sup>87</sup> The clause should not be mandatory, but where the registrant opts not to sign the clause, the Conseil d’Etat suggests an automatic suspension of the domain name until a court has decided on the rights of the registrant.<sup>88</sup> The European Union, however, approved of the changes made in the White Paper and suggested more work on some of the issues involved.<sup>89</sup>

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81. *Id.*

82. CONSEIL D’ETAT, SECTION DU RAPPORT ET DES ÉTUDES, *Internet et les réseaux numériques. Etude adoptée par l’Assemblée générale du Conseil d’Etat*, at <http://www.internet.gouv.fr/francais/textesref /rapce98/rap2.htm#5> (July 2, 2001) (French, the translations are by the author) (last visited Dec. 30, 2001).

83. The White Paper only identified international global representation as a priority, but did not fix any mandatory minimum for global representation. See U.S. Dep’t of Commerce, *supra* note 40.

84. See CONSEIL D’ETAT, *supra* note 82.

85. See *id.*

86. See *id.*

87. See *id.*

88. See *id.*

89. See European Commission, *Communication From The European Commission to the European Parliament and to the Council; Internet Governance, Management of Internet Names and Addresses, Analysis and*

### C. THE WAY TOWARD THE UDRP: WIPO'S DOMAIN NAME PROCESS

A week after the report of the Conseil d'Etat was published, WIPO started its first Internet Domain Name Process with the WIPO RFC-1.<sup>90</sup> The process provided for several steps, all of which were followed by phases of public input and the whole proceeding culminated in a final report.<sup>91</sup> As a first step, the RFC-1 asked for public input on the issues to be addressed, that the proposed procedures, and that the timetable to be followed, but not that action be taken on the substance of any of the issues.<sup>92</sup> The RFC-1 listed the possibility of including a clause submitting disputes relating to domain names to the jurisdiction of particular courts and/or a dispute resolution clause in the registration agreement.<sup>93</sup> It already suggested an administrative dispute resolution procedure, which registrants agree to in a contract and by the determinations of which registries agree to abide.<sup>94</sup> In a sort of brainstorming exercise it listed a number of possibilities for each of these issues.<sup>95</sup> With the comments it received, the WIPO staff, assisted by a panel of experts who were selected on the basis of being representative both internationally and by sector,<sup>96</sup> then worked on drafting RFC-2.

On September 14, 1998 WIPO published its second request for comments.<sup>97</sup> WIPO reiterated the desire to build on the

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*Assessment from the European Commission of the United States Department of Commerce White Paper*, (July 29, 1998), at [http://europa.eu.int/ISPO/eif/InternetPoliciesSite/InternetGovernance/MainDocuments/com \(1998\)476.html](http://europa.eu.int/ISPO/eif/InternetPoliciesSite/InternetGovernance/MainDocuments/com%20(1998)476.html) (last visited Nov. 6, 2001).

90. See WIPO, *WIPO RFC-1, Request for Comments on Terms of Reference, Procedures and Timetable for the WIPO Internet Domain Name Process* (July 8, 1998), at <http://wipo2.wipo.int/process1/rfc1/index.html> (last visited Nov. 6, 2001).

91. See WIPO, *supra* note 8.

92. See WIPO, *Process Timetable*, at <http://wipo2.wipo.int/process1/timetable/index.html> (last visited Apr. 17, 2001). Note that although other issues were covered, such as famous domain names and which data to give on registering the name, this paper will only discuss dispute resolution procedure.

93. See WIPO, *supra* note 90.

94. See *id.*

95. See *id.*

96. See WIPO, *Panel of experts*, at <http://wipo2.wipo.int/process1/experts/index.html> (last visited Apr. 17, 2001).

97. See WIPO, *WIPO RFC-2, Request for Comments on Issues Addressed in the WIPO Internet Domain Name Process* (Sept. 14, 1998), at <http://wipo2.wipo.int/process1/rfc2/index.html> (last visited Dec. 30, 2001).

discussions going on across the world<sup>98</sup> and to restrict the process to the international protection of intellectual property, not Internet governance.<sup>99</sup> RFC-2 listed the issues that the domain name process would cover and asked for comments on their substance.<sup>100</sup> It listed as issues, among others, the inclusion of a dispute resolution clause<sup>101</sup> and a choice of *forum* clause<sup>102</sup> in the registration contract. The issues were debated in light of the comments, both with the panel of experts and in a number of regional hearings conducted in San Francisco (U.S.), Brussels (Belgium), Washington D.C. (U.S.), Mexico City (Mexico), Cape Town (South Africa), Asuncion (Paraguay), Tokyo (Japan), Hyderabad (India), Budapest (Hungary), Cairo (Egypt) and Sydney (Australia). The importance of the experts should not be overestimated, however. Although WIPO put a good faith effort into having a broad representative basis, the experts usually received the papers they were to comment on only shortly before the meetings and the reports themselves were drafted privately by WIPO staff.<sup>103</sup>

The next step of the process was the publication of an Interim Report (also known as WIPO RFC-3) on December 23, 1998.<sup>104</sup> Formed on the basis of all of the comments received,<sup>105</sup> the Interim Report covered domain name dispute resolution in Chapter 3.<sup>106</sup> The Report recommended that the registration agreement include a clause submitting the domain name disputes of the registrant both to the jurisdiction of her country of domicile and the country where the registration authority is located, provided that those countries are party to the Paris Convention or the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).<sup>107</sup>

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98. *See id.* ¶ 3.

99. *See id.* ¶ 4.

100. *See id.* ¶ 11.

101. *See id.* ¶ 14.1(v).

102. *See id.* ¶ 14.1(iv).

103. *See* A. Michael Froomkin, *Semi-Private International Rulemaking: Lessons Learned from the WIPO Domain Name Process*, (Aug. 26, 1999), at <http://www.law.miami.edu/~froomkin/articles/TPRC99.pdf> (last visited Nov. 6, 2001).

104. *See* WIPO, THE MANAGEMENT OF INTERNET NAMES AND ADDRESSES: INTELLECTUAL PROPERTY ISSUES, *Interim Report of the WIPO Internet Domain Name Process*, (Dec. 23, 1998), at <http://wipo2.wipo.int/process1/rfc/3/interim2ch3.html> (last visited Nov. 6, 2001).

105. *See* WIPO, *supra* note 92.

106. *See* WIPO, *supra* note 104, ¶ 107 et seq.

107. *See id.* ¶ 118.

Because of the shortcomings of litigation in some countries,<sup>108</sup> the Interim Report suggested a uniform Internet-based<sup>109</sup> administrative dispute-resolution proceeding (“ADR”) modeled on arbitration procedures.<sup>110</sup> This ADR proceeding would consider not only all of the rights of the parties, but also would consider all cases of alleged violations of IP rights in domain name matters.<sup>111</sup> The Interim Paper suggests that the proceeding would address only remedies relating to the status of the domain name, it would not preclude litigation or *de novo* review of the dispute itself.<sup>112</sup> If a court “of competent jurisdiction” makes a decision that differs from an ADR determination, then the court’s decision prevails over the ADR proceeding.<sup>113</sup> The Interim Report suggests that the law governing each of the above decisions would be chosen in light of all the circumstances and with reference to guiding principles yet to be determined.<sup>114</sup> The complainant would pay “the initial administration fee, as well as the full advance payment of the fees of the decision-maker and any anticipated expenses” at the start of the proceedings, but the decision-maker would allocate the costs according to the outcome (the loser pays all).<sup>115</sup> WIPO does not regard the ADR proceeding as arbitration. It explicitly states that arbitration should be optional<sup>116</sup> because of the finality of arbitration awards and because the confidential nature of arbitration proceedings was deemed disadvantageous as “consistency in decision-making and the development of appropriate principles for the resolution of domain name disputes was of great importance and militated in favor of the publication of ADR decisions wherever possible.”<sup>117</sup> WIPO recognizes that the legal validity of its ADR proceeding might be disputed, but finds support for its proposal in public policy. In addition, WIPO strengthens the validity of the proceeding with measures aimed at

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108. See WIPO, *The Management of Internet Names and Addresses: Intellectual Property Issues, Interim Report of the WIPO Internet Domain Name Process*, ¶ 120 (Dec. 23, 1998), at <http://wipo2.wipo.int/process1/rfc/3/interim2ch3.html> (last visited Dec. 30, 2001).

109. See *id.* ¶ 182.

110. See *id.* ¶ 123(ii).

111. See *id.* ¶ 151.

112. See *id.* ¶ 122(iv).

113. See *id.* ¶ 122(ix).

114. See *id.* ¶ 198, 201.

115. See *id.* ¶ 193.

116. See *id.* ¶ 134.

117. *Id.* ¶ 133.

safeguarding the interests of all parties.<sup>118</sup>

Further regional hearings and a panel of experts discussed the Interim Report.<sup>119</sup> A. Michael Froomkin, a member of this panel, has harshly criticized the report. He argues that although the option of litigation would remain open for both sides in theory, only the winner could litigate. It appears that the loser would not have a cause of action because the winner had neither committed a tort nor violated a contract in obtaining the domain name through the "administrative proceeding."<sup>120</sup> Froomkin also expresses his fear that registrants would abandon valid registrations for fear of being dragged into a loser-pays-all arbitration proceeding.<sup>121</sup> It is very possible that this argument is one of the reasons that the loser-pays-all possibility has not been adopted in the final UDRP. A further shortcoming of the suggested ADR proceeding is that the registrant could be forced into arbitration by any third party, and differences between commercial and non-commercial use are neglected. This might render the adhesive ADR clause unconscionable.<sup>122</sup> Finally, Froomkin does not approve of the enlargement of the scope of the proceeding; suddenly all IP rights, and not just cybersquatting, are supposed to be covered<sup>123</sup> and it remains unclear which law would apply.<sup>124</sup> WIPO's final report<sup>125</sup> responds to some of Froomkin's arguments while retaining most of the principles of the Interim Report.

The final report still suggests that the ADR proceeding should not deny access to litigation<sup>126</sup> or have a mandatory value as precedent for national courts whose decisions prevail in case of

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118. *See id.*

119. *See* WIPO, *supra* note 92.

120. *See* A. Michael Froomkin, *A Critique of WIPO's RFC 3* ¶ 102, 121 et seq. (Mar. 14, 1999), available at <http://www.law.miami.edu/~amf/critique.htm> (last visited Dec. 30, 2001) (also note his criticism of the change of *forum* after an ADR proceeding: ¶ 119 et seq.)

121. *See id.* ¶ 8. Froomkin presents a scenario in paragraph 8, which chillingly illustrates the seriousness of this procedural pitfall where the loser could be forced to litigate in a foreign country under legal procedures with which he is not familiar.

122. *See id.* ¶ 125 et seq.

123. *See id.* ¶ 134.

124. *See id.* ¶ 155 et seq.

125. *See* WIPO, *The Management of Internet Names and Addresses: Intellectual Property Issues. Final Report of the WIPO Internet Domain Name Process*, ¶ 169 (Apr. 30, 1999), at <http://wipo2.wipo.int/process1/report/pdf/report.pdf> (last visited Oct. 31, 2001).

126. *See id.* ¶ 140.

conflict with outcomes of the ADR proceeding.<sup>127</sup> In the registration contract, the registrant should submit to the jurisdiction of the country where he or she is domiciled and to the country of the registrar, as well as to the mandatory ADR proceeding.<sup>128</sup> While the proceeding should be uniform for all gTLDs,<sup>129</sup> the proceeding should only address the abusive registration of domain names,<sup>130</sup> that is, the bad faith registration of a name confusingly similar to a trademark in which only the complainant, not the registrant, has rights and interest.<sup>131</sup> To determine whether a so-defined abusive registration took place, the panels would apply the laws they determined to be appropriate,<sup>132</sup> a rather obscure provision of conflict of laws. Because of the now limited scope of possible panel decisions, WIPO considered the allocation of costs to the loser besides cancellation and a transfer of the domain name as appropriate remedies,<sup>133</sup> but the complainant would pay fees and costs at the commencement of the procedure.<sup>134</sup> Panels should consist of three decision-makers appointed by the procedure provider.<sup>135</sup> The report constitutes the result of WIPO's domain name process and served as a recommendation to what the White Paper called "the new corporation," ICANN.

This is the right moment to stop and reflect upon the WIPO process and its peculiarity. WIPO, an international organization that usually administered international treaties and prepared new ones, was suddenly drafting proposals for how to structure a contractual agreement between a registrar, such as a private corporation, and a registrant, which can be a consumer. This alone is remarkable, but other international bodies are engaging in similar activities. One example is the International Chamber of Commerce ("ICC"), which drafts the Incoterms,<sup>136</sup> establishing

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127. *See id.* ¶ 150(v).

128. *See id.* ¶ 147, 162.

129. *See id.* ¶ 157.

130. *See* WIPO, *The Management of Internet Names and Addresses: Intellectual Property Issues. Final Report of the WIPO Internet Domain Name Process*, ¶ 169 (Apr. 30, 1999), at <http://wipo2.wipo.int/process1/report/pdf/report.pdf> (last visited Oct. 31, 2001).

131. *See id.* ¶ 171.

132. *See id.* ¶ 177.

133. *See id.* ¶ 188.

134. *See id.* ¶ 227.

135. *See* WIPO, *supra* note 8, ¶¶ 207, 209.

136. *See* ICC, *International Commercial Practice*, at [http://www.iccnk.net/icc/procommissions/icc\\_commercial.htm](http://www.iccnk.net/icc/procommissions/icc_commercial.htm) (last visited Oct. 6, 2001).

commercial terms that are commonly used in contracts. The ICC closely cooperates with the United Nations Commission on International Trade Law ("UNCITRAL") that, besides drafting model laws, also promotes "codification and wider acceptance of international trade terms, provisions, customs and practices."<sup>137</sup> So what is it that makes WIPO's mission so different that Froomkin warns these "creative procedures" should be viewed with alarm because of a lack of democratic control and due process,<sup>138</sup> when the ICC has been working away quietly since 1966?<sup>139</sup>

There are two reasons why WIPO's mission and the UDRP are far more disconcerting than the Incoterms. First, the Incoterms are trade rules included in contracts between merchants, not in consumer contracts. Registrants of domain names under gTLDs can be consumers, however. Secondly, there is no provision that anyone actually has to use the Incoterms. On the other hand, because all registrars will be forced by their accrediting contract with ICANN to include the UDRP in their contracts with registrants, registrants will not have a choice. These differences will play an important role in the discussion below.

At first sight, it seems somewhat obscure why WIPO should be involved in such a formal process and why the parties involved did not try to sign a treaty rather than choosing semi-private international rules. The treaty could have contained the provisions of the UDRP and could have been declared self-executing (or transformed into national laws). The reasons for choosing the WIPO proceedings can only be guessed.

On the one hand, there is a good chance that it was not a conscious choice. The notion of alternative dispute resolution has pervaded the debates ever since NSI adopted measures against cybersquatting. At that moment, the issue was mostly limited to the U.S. and was regarded as a U.S. problem. Thus, fair arbitration seemed like a huge step forward. In order to go to arbitration, one only had to include an arbitration clause in the registration agreement. The MoU and the White Paper adopted

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137. See UNCITRAL, *United Nations Commission on International Trade Law (UNCITRAL)*, at <http://www.uncitral.org/en-index.htm> (last visited Apr. 18, 2001).

138. See Froomkin, *supra* note 103, at 3.

139. See UNCITRAL, *One World of Commerce: Towards One Commercial Law*, at <http://www.uncitral.org/english/commiss/index.htm> (last visited Apr. 22, 2001).

this approach. The reason that this clause suddenly transformed into international law is because of the solution adopted on a second issue—people wanted competition in registrars. Now, to solve both problems, it seems like a simple solution to incorporate a provision into the accreditation requiring the registrars to include an arbitration clause in the registration contract.

On the other hand, even if the people involved in the process had seriously considered international treaties, they probably would not have opted for that solution. In international treaties, all the countries involved have to reach an agreement. The WIPO domain name process was far more informal, with countries authorizing WIPO to proceed, and then only appearing as commentators.<sup>140</sup> Looking at how much governments and the people involved in the process saw a need for a fast solution to the problems, they probably did not like the idea of going through a lengthy process.

The rest of the development of the UDRP is quickly told. The recommendations in Chapter 3 of the WIPO report were referred to the ICANN Domain Name Supporting Organization (DNSO).<sup>141</sup> The DNSO formed “Working Group A” (WG-A) that studied the recommendations and issued its final report to the Names Council, suggesting an ICANN accreditation procedure for dispute resolution providers.<sup>142</sup> Further suggestions included drafting a provision that would end UDRP proceedings upon notice of pending litigation, and would refer some issues back to WIPO for clarification.<sup>143</sup> The majority of the Names Council voted in favor of submitting the WG-A Final Report as a community consensus recommendation, but put in the caveat that “WIPO’s RFC process . . . involved extensive international consultations . . . not possible in the few weeks allotted to WG-A. The WIPO Final Report may be considered to represent a consensus of most interested stakeholders.”<sup>144</sup> After three weeks, the ICANN staff

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140. See Froomkin, *supra* note 103, at 15 (comparing international treaties and the WIPO process).

141. See ICANN, *Timeline for the Formulation and Implementation of the Uniform Domain-Name Dispute-Resolution Policy*, at <http://www.icann.org/udrp/udrp-schedule.htm> (last visited Mar. 15, 2001).

142. See WG-A, *WG-A Final Report to the Names Council – Revised Draft*, at <http://www.dnso.org/dns/notes/19990729.NCwga-report.html> (last visited July 29, 1999).

143. See *id.*

144. Provisional Names Council, *WG-A Final Report to the ICANN Board*, at <http://www.dnso.org/dns/notes/19990804.NCwga-to-ICANN.html> (last visited Aug. 3, 1999).

proposed to ICANN to adopt the WIPO Chapter 3 proposal as suggested by the Names Council, for the first time using the name UDRP.<sup>145</sup> ICANN convened a small drafting committee. This committee was expressly instructed to use a suggestion for a Dispute Resolution Policy as a basis of their work that was submitted to ICANN by registrars, that is, one of the future parties to the contract. The instructions also pointed to the threat of reverse domain name hijacking (big companies frightening small ones, or consumers, into giving up domain names they legitimately registered), and prescribed that the following factors should be considered in determining bad faith:

(a) Whether the domain name holder is making a legitimate noncommercial or fair use of the mark, without intent to misleadingly divert consumers for commercial gain or to tarnish the mark

(b) Whether the domain name holder (including individuals, businesses, and other organizations) is commonly known by the domain name, even if the holder has acquired no trademark or service mark rights; and

(c) Whether, in seeking payment for transfer of the domain name, the domain name holder has limited its request for payment to its out-of-pocket costs.<sup>146</sup>

The drafting committee published its report on implementing documents for the UDRP on September 29, asking for public comments until October 13, 1999.<sup>147</sup> The ICANN Board approved both the Uniform Domain Name Dispute Resolution Policy and the Rules for Uniform Domain Name Dispute Resolution Policy on October 24, 1999.<sup>148</sup>

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145. See ICANN, *ICANN Staff Report: Dispute Resolution Policy for gTLD Registrars*, at <http://www.icann.org/santiago/udrp-staff-report.htm> (last visited Aug. 24, 1999).

146. ICANN, *Meeting of the Initial Board August 26, 1999*, at <http://www.icann.org/minutes/minutes-26aug99.htm#99.81> (last visited Aug. 26, 1999).

147. See UDRP § 4 a. See also ICANN, *Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy*, at <http://www.icann.org/udrp/staff-report-29sept99.htm> (last visited Sept. 29, 1999).

148. See ICANN, *Internet Corporation for Assigned Names and Numbers Minutes of Special Meeting of the Initial Board October 24, 1999*, at <http://www.icann.org/minutes/minutes-24oct99.htm#99.112> (last visited Oct. 24, 1999).

D. THE SECOND DOMAIN NAME PROCESS AND THE CREATION OF  
NEW INTERNATIONAL LAW

Triggered by a letter from the Australian Government,<sup>149</sup> WIPO started a Second Domain Name Process on July 28, 2000.<sup>150</sup> The process aims at treating some of the remaining conflicts about domain names, such as conflicts about place names or names of international organizations. While it is certainly a desirable goal to have a uniform procedure for solving all issues surrounding domain names, it is time to stop and ask some questions before we charge ahead full speed. One of these questions was asked in a comment on the issue of geographical names submitted by Christa Worley: Does WIPO want to make new international law through its second procedure?<sup>151</sup> In the first domain name process, WIPO insisted that it did not want to create new intellectual property rights.<sup>152</sup> In response to the question, WIPO refrained from formulating recommendations concerning the protection of country names and municipalities in the Interim Report, but hinted that WIPO regards these rules as necessary and would be willing to suggest incorporation of such rules into the UDRP.<sup>153</sup>

In the final report WIPO recognized the lack of international law in this area and recommended discussion in the appropriate intergovernmental *fora*.<sup>154</sup> By allegedly refraining from creating new law, ICANN implies that the UDRP has thus far not changed international law. However, by looking at some of the decisions handed down in UDRP proceedings, the position that the UDRP does not create new international law seems already somewhat out of date.

While it was believed that the first WIPO process and the UDRP did not cover personal names, a panel held that Julia Roberts has a common law trademark in her name and

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149. See Letter from Richard Alston, Minister for Communications, Information Technology and the Arts, to Dr. Kamil Idris, Director General, WIPO (June 28, 2000).

150. See WIPO, *supra* note 2.

151. See Christa Worley, *Comment to WIPO's RFC-2* (Dec. 29, 2000), at <http://wipo2.wipo.int/process2/rfc/rfc2comments/2000/msg0032.html>.

152. See WIPO, *The Recognition of Rights and the Use of Names in the Internet Domain Name System. Interim Report of the Second WIPO Internet Domain Name Process*, at <http://wipo2.wipo.int/process2/rfc/rfc3/pdf/reportannexes.pdf> (last visited Apr. 12, 2001).

153. See *id.* ¶¶ 280, 282.

154. See WIPO, *supra* note 3, ¶ 288.

transferred the domain name to her.<sup>155</sup> It was also believed that geographical names were not covered. Yet, because of over a thousand registered trademarks in Barcelona, the City of Barcelona achieved a transfer of "Barcelona.com."<sup>156</sup>

My intention is not to criticize the panels rendering these decisions, but it is well known that ever since *Marbury v. Madison*,<sup>157</sup> courts have developed a tendency to enlarge the scope of their jurisdiction. Nor is it my intention to criticize the outcome of the cases. My criticism is pointed at the way in which these results are achieved. Is the procedure used able to achieve the desired results validly, or should a new way to get the desired results be tried? With the current legal construction, the UDRP risks failure, because in some countries it will be held invalid. Looking at the possible future enlargement of the UDRP, it is time to thoroughly evaluate the current approach.

### III. TODAY'S DOMAIN DISPUTE SYSTEM

Even though the provisions written by WIPO, a public international organization, were never included in an international treaty, ICANN adopted many of these provisions in its UDRP. ICANN now requires accredited registrars in the accreditation agreement to include the UDRP in the registrar's contract with registrant.

The UDRP requires the registrant to

submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that (i) [the registrant's] domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and (ii) [the registrant] ha[s] no rights or legitimate interests in respect of the domain name; and (iii) [the registrant's] domain name has been registered and is being used in bad faith. In the administrative proceeding, the complainant must prove that each of these three elements are [sic] present.<sup>158</sup>

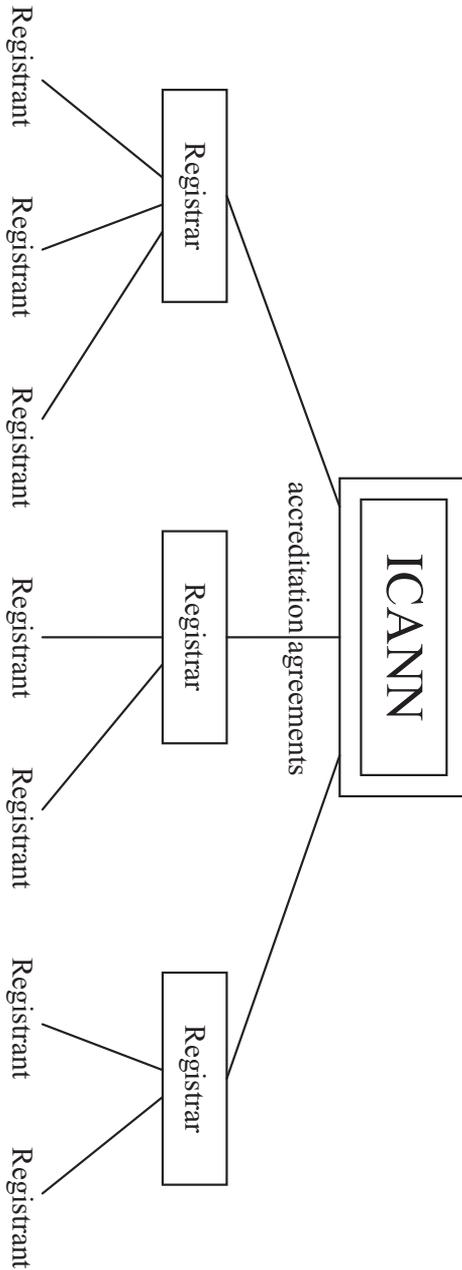
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155. See *Julia Fiona Roberts v. Russell Boyd*, Case No. D2000-0210 (WIPO arbitration), (May 29, 2000), at <http://domainfights.com/1/jkl/juliaroberts.shtml> (last visited Dec. 30, 2001).

156. See *Excelentísimo Ayuntamiento de Barcelona v. Barcelona.com Inc.*, Case No. D2000-0505 (WIPO arbitration) (June 9, 2000), at <http://domainfights.com/1/bc/barcelona.shtml> (last visited Dec. 30, 2001).

157. 5 U.S. 137 (1803).

158. Uniform Domain Name Dispute Resolution Policy § 4(a) (1999), at



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<http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited Dec. 30, 2001).

ICANN does not require parties to submit their domain name disputes to a certain jurisdiction in the UDRP, but it does oblige registrars to force registrants to submit to the jurisdiction of not only the location of the registrar, but also the domicile of the registrant.<sup>159</sup> To establish legitimate rights for purposes of UDRP section 4 (a)(ii) the registrant must prove any of the following:

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
- (ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- (iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.<sup>160</sup>

On the other hand, the following constitutes evidence of bad faith for the purposes of UDRP section 4(a)(iii):

- (i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
- (ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or
- (iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or

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159. See ICANN, *Registrar Accreditation Agreement* ¶ II. J. 7. h (November 4, 1999), at <http://www.icann.org/nsi/icann-raa-04nov99.htm#IID> (last visited Dec. 30, 2001).

160. Uniform Domain Name Dispute Resolution Policy § 4 c (1999), at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited Dec. 30, 2001).

location or of a product or service on your web site or location.<sup>161</sup>

One of the ICANN-accredited administrative-dispute-resolution service providers conducts the proceedings. The complainant can choose the provider,<sup>162</sup> but must pay all fees.<sup>163</sup> The complainant can choose between a one and a three-member panel,<sup>164</sup> but if the complainant elects a one-member panel, then the registrant can elect a three-member panel.<sup>165</sup> If the registrant elects a three-member panel, then it must carry one-half of the cost.<sup>166</sup> Finally, § 4 k of the UDRP provides that the proceedings do not prevent either party from appearing before a regular court at any time either before or after the proceedings.<sup>167</sup> The registrar postpones the transfer of a domain name ordered by the panel for ten days to give the registrant the possibility to sue the complainant.<sup>168</sup>

Ever since WIPO's first domain name process, various Internet interests have debated on a global basis the policy issues involved in the UDRP.<sup>169</sup> This note will focus on the validity of the inclusion of the UDRP in the contract under European law and the consequences of a nullity.

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161. *Id.* § 4(b).

162. *See* Rules for UDRP § 3(b)(iv); Rules for UDRP § 5(b)(iv); Rules for UDRP § 19(a); UDRP §4(k), §4(d). This clause illustrates the problems that some UDRP provisions will pose. Few jurisdictions will allow one party to choose the "judge" in a matter of the contract. Due to spatial constraints, this issue will not be discussed.

163. *See id.* § 4(g).

164. *See* Rules for Uniform Domain Name Dispute Resolution Policy § 3(b)(iv) (1999), at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last visited Dec. 30, 2001).

165. *See id.* § 5(b)(iv).

166. *See id.* § 19(a).

167. *See* Uniform Domain Name Dispute Resolution Policy § 4(k) (1999), at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited Dec. 30, 2001).

168. *See id.*

169. Some of the most valuable comments are those submitted for WIPO's request for comments in the first domain name process. WIPO unfortunately erased the link to those comments from its main pages. The comments are, however, still accessible on WIPO's web-site. *See* WIPO, *browse comments*, at [http://wipo2.wipo.int/dns\\_comments/rfc3](http://wipo2.wipo.int/dns_comments/rfc3) (May 4, 1999). The WIPO-Interim Report received praise from some international commentators, *see* Annette Kur, *Neue Perspektiven für die Lösung von Domainnamen-Konflikten: Der WIPO-Interim Report*, 1 GEWERBLICHER RECHTSSCHULTZ UND URHEBERRECHT INTERNATIONALER TEIL [GRUR INT.] 1999, 212 (1999).

#### IV. WHERE TO CHALLENGE THE UDRP AND WHY IS THE UDRP'S NULLITY UNDER EUROPEAN LAW RELEVANT

At this point the reader might stop and question the relevance of this. Does it matter if Europeans hold the UDRP invalid? Why should Americans be concerned if European law voids the UDRP in contracts with European registrars? After all, in the year 2000 only forty-eight UDRP cases involved German or French respondents.<sup>170</sup>

First, the issues presented here are not unique to the cited legal systems. Many countries have consumer protection laws as well as other laws that might declare the UDRP invalid. It is germane that in 2000, 48.8% of all UDRP respondents were not from the U.S.,<sup>171</sup> with this figure likely to rise.

Furthermore, the uniqueness of domain names causes a novel problem. Both Americans and Europeans can block a U.S. trademark holder's domain name. Under the SRS, all registrars, whether European or American, register the gTLDs in the same file. If the American called on a UDRP provider, the registrant could oppose the jurisdiction of the UDRP panel. Even though the registrant signed a contract containing the UDRP with his registrar, they could argue the UDRP clause was void, and therefore, the contract does not contain the UDRP and the UDRP panel lacks jurisdiction.

The registrant might raise the defense in several *fora*. The first and most obvious place to challenge the panel's jurisdiction would be within the UDRP proceeding itself. The cases adjudicated so far make the outcome of such an opposition somewhat unclear. On the one hand, in *Quixtar Investments, Inc. v. Scott A. Smithberger and QUIXTAR-IBO*,<sup>172</sup> a WIPO panel held that it could not adjudicate over parties that have not agreed to the UDRP,<sup>173</sup> implying that the court had to look at whether the respondent agreed to the UDRP terms. If the terms are void under the governing law, then the respondent should be deemed not to have agreed to such terms.

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170. See WIPO Arbitration and Mediation Center, *Domain Name Dispute Resolution Service in 2000*, at [www.wipo.int/publications/arbitration-mediation/Brochure/brochure.pdf](http://www.wipo.int/publications/arbitration-mediation/Brochure/brochure.pdf) (last visited Nov. 6, 2001).

171. See *id.*

172. See generally Case No. D2000-0138 (2000), at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0138.html> (last visited Dec. 30, 2001).

173. See *id.* ¶ 5.

On the other hand, in *R & A Bailey & Co. v. WYSIWYG*,<sup>174</sup> the respondent, who had registered his SLD on April 2, 1999,<sup>175</sup> five months before ICANN established the UDRP, was forced to take part in a UDRP proceeding. The respondent raised the defense that an application of the UDRP would be retroactive and would violate the U.S. Constitution, especially the due process and the takings clauses.<sup>176</sup> The UDRP panelist pointed out that the panel was not a U.S. court, and that the panel neither had the jurisdiction to pass on U.S. constitutional issues nor the will to speculate about the outcome of such an issue.<sup>177</sup> The panelist then reminded the respondent that he could still sue and thus preserve his right to the domain name.<sup>178</sup>

*Bailey* suggests that a UDRP panel will not pass on any defense involving foreign law, but in *Bailey* the clause including the dispute resolution itself was not at issue. Even if *Bailey* can be held to ban defenses based on foreign law, the case is not very convincing. In cases where a conflict of law exists, judges deal with foreign legal systems and foreign law on a regular basis, even though they are not trained in those legal systems. If the panel did not address the registrant's defense, the panel could impose a contractual provision (the UDRP) on a person even though the provision was void under the governing law. But if such a provision is void, the registrant never agreed to the UDRP. Nevertheless, he could be dragged into a UDRP proceeding in which the registrar would enforce the decision. Because this is such a troubling notion, it is unlikely that a panelist would follow *Bailey*.

The defenses mentioned above were never raised, but there are cases in which European consumers responded in UDRP proceedings.<sup>179</sup> There are two reasons that these cases did not involve the defenses mentioned. First, most of the cases that have

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174. Case No. D2000-0375 (2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0375.html> (last visited Dec. 30, 2001).

175. See *id.* ¶ 7.

176. See *id.*

177. See *id.*

178. See *id.*

179. See, e.g., *Red Bull GmbH v. Harold Gutch*, Case No. D2000-0766 (2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0766.html> (last visited Dec. 30, 2001) (respondent was a German math student and represented himself); *Mission KwaSizabantu v. Benjamin Rost*, Case No. D2000-0279 (2000), at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0279.html> (last visited Dec. 30, 2001) (again respondent was not represented by counsel).

gone to UDRP proceedings so far have involved registration contracts with NSI, a U.S. corporation. The SRS registration procedures are very recent and, as a result, there have been few cases involving foreign registrars.<sup>180</sup> Also, in most UDRP cases, the defendant represents himself in the proceeding and is not aware of such a defense. Finally, there is the problem of specialization. Often frontiers between different areas of law are harder to surmount by specialists than by generalists. The specialists tend to overlook that the general principles they learned as a young student might apply to the case.

If the registrant does not prevail in her challenge in the UDRP proceeding itself, she can raise the jurisdictional issue in a second *forum*, her own national court. The registrant could sue the complainant for a declaratory judgment stating that she never validly agreed to the UDRP. The judgment would imply that the registrant is not bound to take part in the UDRP proceedings and, as a result, her rights cannot be determined in such a proceeding. Such a decision would likely terminate the UDRP proceedings because the UDRP allows the registrant to appeal to competent national courts, whose decisions take precedence over the UDRP panel.<sup>181</sup>

Another concern is that if the UDRP's application violates consumers' rights, then the standard of fairness is not maintained and the reputation of the system is hurt. Because the UDRP is a dispute resolution proceeding that can result in the transfer of a domain name, such transfer seems justified only if the proceeding is fair. In light of WIPO's second Internet domain name process on further domain name issues (the unfair or abusive use of personal names and trade names), an evaluation of the issue is all the more pressing.<sup>182</sup> It is conceivable that ICANN intends to increase the jurisdiction of UDRP panels.<sup>183</sup> Before such an

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180. See UDRP § 4(k); see also ICANN, *Registrar Accreditation: History of the SRS*, at <http://www.icann.org/registrars/accreditation-history.htm> (last modified Dec. 6, 1999).

181. See generally Uniform Domain Name Dispute Resolution Policy § 4(k) (1999), at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited Dec. 30, 2001) (stating that the parties may submit the dispute to a "court of competent jurisdiction for independent resolution" and if the Administrative Panel is notified that such a dispute has been submitted, then it will take no further action until it receives detail of the court's decision).

182. See WIPO, *WIPO2 RFC-2. Request for Comments on Issues Addressed in the Second WIPO Internet Domain Name Process* ¶ 16, at <http://wipo2.wipo.int/process2/rfc/rfc2/index.html> (last visited on Oct. 13, 2000).

183. See generally *id.* ¶ 20 (raising question as to whether any protection

increase takes place, the legality of the process should be evaluated.

## V. THE VALIDITY OF THE UDRP UNDER FRENCH AND GERMAN LAW

Despite the peculiar history of the UDRP, one should not forget that the UDRP is nothing but a part of the contract between registrar and registrant. As a result, contract law will determine its validity.

While it is likely that the UDRP could be valid under U.S. law, one could cite several reasons why the UDRP is not legally valid in many other countries. The reason for this is that many legal systems are significantly more restrictive of contractual freedom than the U.S. system. While foreign courts typically exert little influence on U.S. companies not trading abroad, foreign legal systems can influence the UDRP significantly. Due to the global character of most of the fourteen gTLDs, a registrant registering domains via European registrars will block a domain name for American companies as well as for European companies. As a result, Americans must know how and if they can force those cybersquatters into UDRP proceedings. Also, U.S. cybersquatters can contact foreign registrars through the Internet to evade the UDRP, if foreign law governs those contracts and the UDRP is void under such law.

Commentators who have addressed the first domain name process, such as Axel Horns<sup>184</sup> and A. Michael Froomkin,<sup>185</sup> have raised (rather vague) doubts about whether the inclusion of the binding UDRP would be valid under consumer protection law. Froomkin suggests that under U.S. law “the balance tilts towards a finding of unconscionability.”<sup>186</sup> But the hurdle of U.S. consumer law pales if you compare it to the wall of European consumer protection law. It is a shocking truth that the issue of the validity of the UDRP under consumer protection law has never been evaluated. WIPO mentions the concern briefly in its final paper, but brushes it aside by claiming that the UDRP would give only

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against abusive registration as a domain name should be accorded to personal names and listing myriad related issues).

184. See Axel H. Horns, *WIPO RFC-2 Comment* ¶ 16 (comments), at [http://wipo2.wipo.int/dns\\_comments/rfc2/0000.html](http://wipo2.wipo.int/dns_comments/rfc2/0000.html) (last visited Dec. 30, 2001).

185. See Froomkin, *supra* note 120, ¶ 129.

186. *Id.*

very limited jurisdiction to an arbitration panel.<sup>187</sup> WIPO's reassurance is hardly convincing: European consumer legislation has different grounds for voiding clauses such as those contained in the UDRP, many of these would be banned in their entirety. The sole fact of granting jurisdiction to a panel in the contract could make the "arbitration" clause void. Such a finding would not depend on the limits of the jurisdiction granted.

Surprisingly, the European Union itself does not mention the issue in its comment to the RFC 3.<sup>188</sup> This might be due to a lack of awareness of (and interest in) high-tech issues outside of the competent department.

Legislation in European countries can have two sources. It can be initiated by the nation's legislature or by the European Union. In the latter case it usually has to be transformed into national law. The consumer protection system relies partly on such legislation initiated by the E.U. and transformed into national law,<sup>189</sup> such as European Council Directive 93/13/EC on unfair terms in consumer contracts, that is common to all E.U. member states and partly on additional national legislation that varies from country to country.

The approach selected in the following analysis is an issue by issue approach. The reason for this approach is that it facilitates the comparison of several legal systems and allows us to see which problems deserve the most attention.

The first question that needs to be answered is whether the law of the E.U. member state, including the consumer protection legislation, is applicable to the registration contract that includes the UDRP. Since the SRS allows competition for registrars, there are now European registrars.<sup>190</sup> As a general statement, we will

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187. See WIPO, *supra* note 8, ¶ 159. The same ease at brushing aside the comments can be seen in the Interim Report. See WIPO, *supra* note 104, ¶ 144.

188. See European Community and its Member States, *Reply from the European Community and its Member States to Request for Comments on Issues Addressed in the WIPO Internet Domain Name Process (WIPO RFC-3)*, at [http://wipo2.wipo.int/dns\\_attachments/rfc3/attach921853817.doc](http://wipo2.wipo.int/dns_attachments/rfc3/attach921853817.doc) (last visited Nov. 11, 2001).

189. See *e.g.* National Consumer Agency of Denmark, *COUNCIL DIRECTIVE 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts*, at [http://www.fs.dk/uk/acts/eu/pdf/urko\\_en.pdf](http://www.fs.dk/uk/acts/eu/pdf/urko_en.pdf) (Apr. 5, 1993); the site is also accessible via <http://www.fs.dk/uk/acts/eu/kont-uk.htm> (both last visited Oct. 30, 2001).

190. See ICANN, *List of Accredited and Accreditation-Qualified Registrars*, at <http://www.icann.org/registrars/accredited-list.html> (last modified Nov. 8, 2001).

find that a contract between a registrant and a European registrar will in most cases be adjudicated under the law of the registrar's country. In many cases this will be because the form contract elects that law as applicable.<sup>191</sup> If it does not, and the *forum* is a European court, the court will resort to its rules on conflict of law. It will then apply the national law that incorporated Article 4(2) of the Rome Convention on the law applicable to contractual obligations<sup>192</sup> that prescribes that, absent a choice of law clause, a contract is governed by the law of the party whose performance is characteristic of the contract. The characteristic performance is usually the one not consisting of simple payment, as in the registration of the SLD. The registrar performs the registration of the SLD, so the Rome Convention prescribes applying the registrar's law. Therefore, for almost all cases where the domain name was registered by a European registrar, the law of the registrar's country will apply. A more detailed answer to the question of the applicable law will be given within the issue because the applicable conflict-of-law rules change from issue to issue.

#### A. THE NOTION OF THE CONSUMER

One of the notions that will occur again and again in our analysis is the notion of the "consumer." Many of the challenges to the UDRP apply only if the registrant is a consumer. So what exactly is this ominous being that European legal systems so highly protect? Could we argue that a cybersquatter is automatically not a consumer, thus evading all the consumer protection challenges to the UDRP?

The notion of the consumer is hard to grasp. Several recent European laws provide different protections for this fragile personality and the incoherence between these laws certainly does not help very much when trying to figure out who qualifies for this

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191. Of the German registrars, Schlund + Partner, EPAG, Secura GmbH, TMAG, CSL GmbH (all operating and accredited companies) elected German law in their standard form contracts. See <http://www.schlund.de/agb.htm> (all last visited Nov. 11, 2001); [http://www.epag.de/epnic\\_agb.htm](http://www.epag.de/epnic_agb.htm); <http://www.domainregistry.de/AGB.html>; <http://www.icann.org/registrars/accredited-list.html> (last modified Nov. 8, 2001).

192. See LAW & E-COMMERCE, *Applicable Law/Jurisdiction*, at <http://europa.eu.int/ISPO/e-commerce/legal/favorite.html> (last modified Dec. 5, 2000). See also European Union, *EC Convention on the Law Applicable to Contractual Obligations (Rome, 1980)*, at <http://www.jus.uio.no/lm/ec.applicable.law.contracts.1980/doc.html> (last visited Nov. 11, 2001).

status. Indeed, Germany has been trying for years now to bring all the consumer legislation together, include them into the "Bürgerliches Gesetzbuch" (BGB), and provide a definition of "consumer" that applies consistently to all the different consumer protection laws. The latter part of the project has succeeded with the implementation of the EC directive on distance contracts (97/7/EC).<sup>193</sup> The inclusion of consumer protection legislation into the BGB was achieved with the reformation of obligation law on January 2, 2002.<sup>194</sup>

## 1. German Law

On June 1, 2000 the definition of "consumer" was introduced as Section 13 into the general part of the Bürgerliches Gesetzbuch (BGB). The statutory language defining consumer translates as "every natural person, that concludes a deal for a purpose that is neither part of her business, nor part of her independent professional activity."<sup>195</sup> The term "business" has quite a special meaning under German law. Unfortunately, the meaning can vary from one area of law to another.<sup>196</sup> General requirements seem to be that the activity is for pay,<sup>197</sup> though not necessary for making a profit,<sup>198</sup> and that it lasts for an indefinite or at least a long time span (such as running a shop), meaning, that it is not just an occasional dealing for profit.<sup>199</sup> Finally, it may not be scientific or artistic, since those activities would count as

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193. See *Directive 97/7/Ec of the European Parliament and of The Council of 20 May 1997 on the protection of consumers in respect of distance contracts* (May 20, 1997), at [http://europa.eu.int/comm/consumers/policy/developments/distsell/dist01\\_en.pdf](http://europa.eu.int/comm/consumers/policy/developments/distsell/dist01_en.pdf) (last visited Dec. 30, 2001). Article 2 of the directive defines a "consumer" as "any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business or profession." *Id.* For the transformation into German law, see e.g., Deutscher Bundestag, *Beschlussempfehlung und Bericht des Rechtsausschusses (6. Ausschuss) zu dem Gesetzentwurf der Bundesregierung - Drucksachen 14/2658, 14/2920, DRUCKSACHE 14/3195* (2000).

194. The BGB as now valid is published in its entirety in BGBl. 2002, 42.

195. BGB § 13 (1998) (translation by the author).

196. See CLAUS-WILHELM CANARIS, *HANDELSRECHT* § 2, ¶ 1 (23rd ed. 2000).

197. See *id.* § 2, ¶ 3; HELMUT HEINRICHS, *BÜRGERLICHES GESETZBUCH* §196, ¶12, in *BÜRGERLICHES GESETZBUCH* 191 (Otto Palandt et al. eds., 57th ed. 1998).

198. See CANARIS, *supra* note 196, § 2, ¶ 14.

199. See CANARIS, *supra* note 196, § 2, ¶ 6; HEINRICHS, *supra* note 197, § 196, ¶ 12.

“professions.”<sup>200</sup>

So when is a cybersquatter a consumer under this provision? That would depend on what kind of cybersquatter one is dealing with. There is the person who registers hundreds of domain names and tries to sell them. His activity would probably be held to constitute a business: it is of some importance, aimed at making money, and is of some constancy over time. Then there are those who try to sell only a few or just one domain name. This category could hardly pass under the term “business.” After all, they only occasionally engage in their activity, although they do so for money.

Finally, some people register a domain name not to sell it, but for other purposes. The purpose could be that the registrant is a business and wants to use it for the business in either a fair way (as it's own site in good faith) or unfairly (by registering a competitor's site). This would undoubtedly be part of the registrant's business; the registrant would not be a consumer. The registrant might also register the name for other purposes not related to his business activity – that may be free speech or to anger a corporation. For whatever reason it is, as long as it is not for money, the registrant is acting as a consumer.

The result is that, under German law, even the occasional cybersquatter is still a consumer, only the bad-faith registrant of hundreds of domain-names and a person who registers names to advertise her own or her principle's business could possibly not be seen as a consumer.

## 2. French Law

Unfortunately, French law still has great difficulty defining exactly what constitutes a consumer.<sup>201</sup> The general rule seems to be that the consumer is an individual, even if the individual is a professional, who contracts for his personal needs.<sup>202</sup> Thus, the French law incorporates the economical difference of intermediate and final consumer. Only the final consumer, the one who contracts to fulfill his personal needs, is a consumer under the classical doctrine.<sup>203</sup>

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200. See CANARIS, *supra* note 196, § 2, ¶ 8.

201. See GÉRARD CAS & DIDIER FERRIER, *TRAITÉ DE DROIT DE LA CONSOMMATION* ¶ 8 (1986).

202. See PIERRE GODÉ, *DICTIONNAIRE JURIDIQUE CONSOMMATION* 114 (1983).

203. See CAS, *supra* note 201, ¶ 8.

This said, the general tendency of both jurisprudence and legislation is to enlarge the notion of the consumer. After all, if a baker buys envelopes for his business, he is just as much a specialist as a private person, and deserves just as much protection, as some commentators note.<sup>204</sup> For the purpose of abusive contract clauses, the legislature stepped in and made the category of protected people even broader. French law provides that the law protecting against abusive contract clauses is applicable to “contracts between professionals and non-professionals or consumers.”<sup>205</sup> Some commentators make sense of this terminology by saying that non-professionals are professionals acting within their profession, but contracting in a matter where the other party is a specialist and the professional is not.<sup>206</sup>

A cybersquatter who registers the domain name just to sell it, would not be the “final consumer” of the domain – indeed, his only goal is the resale. It seems, therefore, that under the classical French notion of consumer, a cybersquatter, for the purposes of resale, is not a consumer. Neither is the person who registers a domain name to advertise for his or his principle’s business, since he would not be contracting for his “personal” need. Only a cybersquatter registering for different purposes would count as a consumer.

The situation would be different under the act against abusive contract clauses if one is to believe the above-mentioned commentators. Under this more recent and broader concept of consumer, the notion of consumer depends on whether the party to the contract is a specialist in the subject of the contract. Considering the large-scale cybersquatters, registering hundreds of domain-names, they certainly are specialists in the matter, and they would not likely be defined as consumers. The situation is different for occasional registrants. They are not professionals engaged in the domain name business and therefore would count as consumers under the above definition.

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204. *See id.*

205. Law No. 78-23 of January 10, 1978 (French law on the protection and information of consumers of products and services).

206. *See CAS, supra* note 201, ¶ 8. The real meaning of this provision is hotly contested. *See id.*

## B. THE LANGUAGE ISSUE

Suppose you go to your bank and want to open a new checking account. The bank manager discusses all the issues with you and then reaches for his standard forms for you to sign. Halfway through your name you decide to glance at the contract and realize that the whole contract is in Japanese. Angrily, you leave the bank for the town's other bank, but they show you the same Japanese contract. Upon investigation, you find out that all nations agreed that the banking business deserved closer attention and all banks needed to be accredited with a private Japanese corporation. To become accredited, they have to agree to use the Japanese standard form in all of their checking account contracts. Those terms have been worked on for decades by consumer protection agencies and governments and are regarded by everyone as the fairest terms possible. Nevertheless, you would be enraged. You do not speak Japanese and, even though specialists agree about the fairness of the terms, at the very least you would like to know which terms you signed and rightly so.

Admittedly, English is spoken by far more people in the world than Japanese, but not all people would be comfortable to contract in English. The UDRP, however, is in English. ICANN's accreditation agreement forces the registrars to adhere to the policy adopted by ICANN,<sup>207</sup> which was the English language version of the UDRP. Let us assume that a registrar uses its own translation of the UDRP. However, translations are never completely identical with the original version. Often times, even words that are supposed to be literal translations of others turn out to be different. This is especially true for legal terms. A "trademark" will only be identical with a German "Marke" if the legal concepts are completely identical – which they are not. So a registrar using its own translation would have a slightly different policy than the one it is contractually obligated to impose on its customers. In other words, it would be in violation of its own contract with ICANN. The practical result of this legal analysis is that when a non-English speaking consumer signs a contract in his language that indicates that he also agrees to ICANN's UDRP, the UDRP is either linked or included in English in the contract. Only one of the companies surveyed included in the contract a

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207. See ICANN, *Registrar Accreditation Agreement*, (II)(D)(1)(b), (K), at <http://www.icann.org/nsi/icann-raa-04nov99.htm> (posted Nov. 9, 1999) (last visited Dec. 30, 2001).

translation of the UDRP, but at the same time indicated that this is only a "translation" – which presumably means that, if in doubt, the English language version prevails.<sup>208</sup> Consumer-protection legislation invalidates these English provisions.<sup>209</sup>

## 1. German Law

The German law collected statutes pertaining to standard contract terms in the "Gesetz zur Regelung des Rechts der Allgemeinen Geschäftsbedingungen ("AGBG")," which has now been included in the BGB. Many of the provisions of this law stem from the previously mentioned European Council Directive 93/13/EC.

The first question we have to ask as to this law is, does this German provision apply to contracts between the registrant and the registrar? If the consumer will sue in front of a German court, that court will apply German law to the contract if German law was elected (Article 27 of the "Einführungsgesetz zum Bürgerlichen Gesetzbuch" ("EGBG")) or if the party whose performance is characteristic (not paying money) for the contract,<sup>210</sup> is situated in Germany (EGBG Art. 28, ¶ 2). That means that if the registrar is German, German law will apply.<sup>211</sup>

The definition of standard contract terms, as in adhesive contracts, is put down in section 1 of the AGBG (now BGB § 305, ¶ 1): pre-formulated terms used for many contracts and imposed by one party, instead of freely negotiated between the parties. Registrars will certainly concur that the UDRP, as part of the

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208. In the author's search of all the French and German registrars accredited with ICANN, all of these approaches actually occurred. The accredited registrars can be found at <http://www.icann.org/registrars/accredited-list.html> (last modified Nov. 8, 2001).

209. Note that this question is to be treated separately from the issue of whether the arbitration itself has to be in the language of the country. It seems, however, that the outcome would be quite similar, although it would rely on different principles. Unfortunately, it would make this paper unreasonably long to cover all the areas that might lead to an invalidation of the UDRP. It does seem that a clause providing for arbitration in a language the contractee do not speak in a standard term contract in Germany would be void under AGBG § 3 which strikes down "surprising" clauses.

210. See ANDREAS HELDRICH, EINFÜHRUNGSGESETZ ZUM BÜRGERLICHEN GESETZBUCH § 28, ¶ 3, *in* BÜRGERLICHES GESETZBUCH 2288 (Otto Palandt et. al. eds., 57th ed. 1998).

211. Note that the registrar cannot escape this obligation by electing another law to apply. See EGBGB Art. 29 and EGBG Art. 29(a) (consumer-protection laws).

contract they concluded with the consumer, contains pre-formulated terms for use in many contracts and that are not freely negotiated. They will likely argue that they do not impose these terms, but rather ICANN, which is an independent organization. When the German law speaks of “imposed by one party,” however, it does not mean that the terms have to originate from that party, but rather that they have to count as theirs, which is also the case if the one party takes over provisions drafted by a third party.<sup>212</sup> In contracts between consumers and businesspeople<sup>213</sup> standard terms will generally be presumed to be imposed by the merchant, unless the consumer introduced them.<sup>214</sup> Even terms drafted by international organizations, such as the IATA for aviation, and in worldwide circulation, cannot escape scrutiny by the AGBG (which are now BGB §§ 305-310).<sup>215</sup> Thus, it is certain that the WIPO-drafted UDRP counts as standard contract terms and is subject to analysis.

As standard terms, the UDRP will only become part of the contract if the registrar made an express reference to it, and the other party has the opportunity to learn of the provisions without undue effort.<sup>216</sup> No one genuinely doubts that a clickable link in the contract, stipulating that the customer agrees to the contract terms and also linking to the terms, will suffice as an express reference.<sup>217</sup> But does an English-language contract give the consumer the possibility to learn the provisions without undue effort? German courts require that the clause possess a minimum of readability.<sup>218</sup> In the question of the language, it is sufficient if

212. See PETER SCHLOSSER, GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN § 1, ¶25, in J. VON STAUDINGERS KOMMENTAR ZUM BÜRGERLICHEN GESETZBUCHEN MIT EINFÜHRUNGSGESETZ UND NEBENGESETZEN, (Michael Martinek ed., 13<sup>th</sup> ed. 1998).

213. A natural or legal person acting in its professional or business capability. See BGB § 14.

214. See AGBG § 24(a) (now BGB § 310, ¶ 3).

215. See MICHAEL COESTER, J. VON STAUDINGERS KOMMENTAR ZUM BÜRGERLICHEN GESETZBUCH MIT EINFÜHRUNGSGESETZ UND NEBENGESETZEN. GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN, AGBG § 9, ¶ 18 (Michael Martinek ed., 13th ed. 1998).

216. See AGBG § 2 (now BGB § 305, ¶ 2). Again, the note will only cover issues arising if the registrant is a consumer. AGBG § 2 does not apply to businessmen and professionals acting in those capacities. See AGBG § 24 (now BGB § 310, ¶ 1).

217. See Schlosser, *supra* note 212; AGBG § 2, ¶ 33 (a). See also Martin Löhnig, *Die Einbeziehung von AGB bei Internet-Geschäften*, NJW 1688 (1997).

218. See OLJ Hamburg, NJW-RR 1440 (1986). See also H.J. Kötz, MÜNCHENER KOMMENTAR ZUM BÜRGERLICHEN GESETZBUCH. BAND 1

the contract terms are drafted in the language of the negotiation.<sup>219</sup> If there is no negotiating language, the user of the terms must provide a version that is written in a language understandable to the customer.<sup>220</sup> For contracts between a German user of standard terms and German customers, the text will suffice as understandable only if drafted in German.<sup>221</sup> Usage of a different language (usually English) will only suffice if it is short, easily understandable text and the consumers of the good at issue can be expected to read it.<sup>222</sup> It is certainly arguable that a lot of German Internet users will possess a working knowledge of English. Since the Internet is reaching more Germans, an increase in the number of Germans eager to register domain names results. However, it is unlikely that *all* of those Germans will understand English. Furthermore, even though the UDRP is well drafted, it is hardly an easily readable document for the average consumer. An average person will have a hard time understanding fair use and bad faith concepts in his native language; to demand that he understand them in a foreign language is too much to ask. It is highly probable that a German court will declare the requirements of AGBG section 2 (BGB § 305, ¶ 2) unfulfilled and declare the UDRP void and inapplicable to the consumer if the consumer is not a native English speaker. Two possibilities exist to circumvent this. First, ICANN could provide "official translations" of the UDRP or, second, ICANN could allow the registrars to use their own translation. It will be necessary that the contract between the registrant and the registrar be in German if both the registrar and the registrant are German.

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ALLGEMEINER TEIL (§§ 1-240), AGB-GESETZ, AGBG § 2, ¶ 14 (a) (Franz Jurgen Sacker ed., 3d ed. 1993).

219. See BGH NJW 1489 (1983). See also MANFRED WOLF, AGB-GESETZ. GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN, § 2, ¶ 28 (Manfred Wolf et al. eds., 2d ed. 1989).

220. See MANFRED WOLF, AGB-GESETZ GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN, § 2, ¶ 28 (Manfred Wolf et al. eds., 2d ed. 1989).

221. See Peter Ulmer, AGB-GESETZ. KOMMENTAR ZUM GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN, § 2, ¶ 51 (Peter Ulmer ed., 4th ed.). See also LG Berlin NJW 343 (1982) (translation by author).

222. See *id.*

## 2. French Law

French contempt for the use of other languages on French territory is legendary. Their intolerance of English contracts with French consumers is, then, hardly a surprise. French law ensures that not only the information in the contract be complete, but also that its presentation be made in a way that the consumer understands the information.<sup>223</sup>

Until 1994, it was the law No. 75-1349 of December 31, 1975 that mandated the use of French in contracts about goods or services. In 1994 it was replaced by the law No. 94-665 of August 4, 1994 regarding the use of the French language.<sup>224</sup> The law has the dual purpose of protecting the French language and protecting the French consumer.<sup>225</sup> It provides that, *inter alia*, the designation, offer, presentation, and the warranty of a good or service have to be in French.<sup>226</sup> Though the law was hotly contested, and parts of it were declared unconstitutional,<sup>227</sup> the cited provision is still valid law. All documents designed to inform the consumer, including adhesion contracts, fall under this provision.<sup>228</sup> Moreover, the law contains its own choice-of-law rule; it will be applicable for all services offered in France. That is, it will be applicable to the UDRP for contracts between French registrars and their customers.<sup>229</sup> The French registrar offers its

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223. See CAS, *supra* note 201, ¶ 419 et seq.

224. See Ministère de la Culture, *Loi n° 94-665 du 4 août 1994 relative à l'emploi de la langue française*, (July 3, 1995), available at [http://www.culture.fr/culture/paca/services/text\\_lois/lois/loi\\_lang\\_fr.htm](http://www.culture.fr/culture/paca/services/text_lois/lois/loi_lang_fr.htm) (last visited October 30, 2001) (all translations are by the author).

225. See JEAN CALAIS-AULOY, *DROIT DE LA CONSOMMATION* 45 (2d ed. 1986).

226. See *id.* (Dans la désignation, l'offre, la présentation, le mode d'emploi ou d'utilisation, la description de l'étendue et des conditions de garantie d'un bien, d'un produit ou d'un service, ainsi que dans les factures et quittances, l'emploi de la langue française est obligatoire) (translation by author).

227. See Conseil Constitutionnel, *Décision n° 94-345 DC du 29 juillet 1994 - Loi relative à l'emploi de la langue française*, (July 29, 1994), available at [http://www.conseil-constitutionnel.fr/wconsti/WCC\\_debut.ow](http://www.conseil-constitutionnel.fr/wconsti/WCC_debut.ow) (last visited Dec. 30, 2001).

228. See Ministère de l'Économie, des Finances et de l'Industrie, *Langue française et consommation*, (April 23, 2001), at <http://www.finances.gouv.fr/DGCCRF/consommation/ficonso/B29.htm>. (last visited April 23, 2001). The provisions of the law are clarified in a circular of the Prime Minister: Circular of March 19, 1996, at <http://ccat.sas.upenn.edu/~haroldfs/540/handouts/french/circ-gb.htm> (last visited Dec. 30, 2001) (English translation).

229. It would be interesting to hear the opinion of a French court of exactly what this is supposed to mean in the Internet age. Does a U.S. company

services in France to French consumers. The UDRP is a part of that offer and should therefore be in French. Looking at this rather clear legal situation it is surprising that none of the working French registrars actually offered a French translation of the UDRP—all were content with a link to the English-language UDRP. This is all the more surprising, since the law No. 95-240 of March 3, 1995<sup>230</sup> actually provides civil penalties for a violation of the law.

In addition to this rigorously debated language law, France provides in Article L. 133-2 of the Code de la Consommation that contracts between consumers and professionals have to be drafted such that they are clear and easily understood.<sup>231</sup> The application of this law leads to “relative nullity,” that is, only the consumer will be able to claim that the provisions are void.<sup>232</sup> Since these laws are based on the same directive as the German statutes,<sup>233</sup> it is probable that they would be applied in the same way.

### C. SPECIAL RULES FOR ARBITRATION

Initially, U.S. law banned arbitration. Now, however, it favors arbitration as a means of settling contract disputes.<sup>234</sup> This holds even in contracts where a potential disparity in bargaining power exists.<sup>235</sup> Although the standard contract defenses, such as unconscionability, remain applicable to arbitration clauses, these defenses apply only in rare circumstances.<sup>236</sup>

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offering domain names have to advertise in French or include a disclaimer that it will not accept French customers? These questions pertain to the problem of jurisdiction in the Internet that still awaits a practical solution.

230. See *Décret pris pour l'application de la loi relative à l'emploi de la langue française, Décret n<sup>o</sup> 95-240 du 3 mars 1995*, available at <http://ccat.sas.upenn.edu/~haroldfs/540/handouts/french/decret.htm>.

231. See JEAN-PIERRE PIZZIO, CODE DE LA CONSOMMATION 198 (2d ed. 1996).

232. See *id.* at 75.

233. See Directive 93/13/EEC, available at <http://www-personal.umich.edu/~rmann/Statutes/Unfair%20Contract%20Terms%20Directive.PDF>. (last visited Oct. 31, 2001).

234. See *generally* Circuit City Stores, Inc. v. Saint Clair Adams, 121 S. Ct. 1302 (2001) (holding that the FAA allows arbitration clauses in employment agreements).

235. See *id.* at 1318 (Justices Stevens, Ginsberg, Breyer and Souter dissenting).

236. See *generally* Powertel v. Dana C. Bexley, 743 So.2d 570 (Ct. App. FL 1999) (holding that an arbitration clause introduced after the course of action arose in a pamphlet resembling advertisement and excluding the right to litigation is unconscionable).

Not all jurisdictions view it this way. Some are rather critical towards arbitration in general. Many also require special forms for arbitration clauses or general alternative dispute resolution, especially if consumers are involved. One of the main problems raised is whether the UDRP is to be treated as arbitration.

## 1. German Law

The situation of arbitration in Germany has changed significantly due to Germany's adoption of the UNCITRAL Model Law on national and international arbitration in 1997, thereby including it as sections 1025 et seq. of the Code of Civil Procedure (ZPO).<sup>237</sup> Before approaching the substantive requirements that German law poses to arbitration clauses, two issues must be addressed. The first is whether the UDRP proceeding is an arbitration proceeding. If so, only then will the German arbitration provisions apply. Second, which law will be applicable according to German conflict-of-laws doctrine?

### a. The UDRP as Arbitration

The first question is both one of the most challenging and most important. Does German arbitration law apply or is the UDRP proceeding something different, just a contractual provision like mediation, to which arbitration law does not apply? The ZPO defines "arbitration" in section 1029. The definitional language translates as, "arbitration is an agreement of the parties, to submit all or single disputes arisen or arising between them in relation to certain contractual or non-contractual legal relations to an arbitration panel for a decision."<sup>238</sup> An effect of such an arbitration agreement is that a court will not rule on an issue that is subject to the agreement.<sup>239</sup>

The UDRP was modeled after arbitration,<sup>240</sup> but ICANN seems to prefer the designation "administrative dispute resolution," to distinguish its articulated procedures from arbitration procedures. This designation alone is not enough to prevent the application of arbitration law, as the parties' designation of the proceeding is not

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237. See Jan Albers, ZIVILPROZESSORDNUNG, Grundz § 1025 No. 2 (Adolf Baumbach et al. eds., 58th ed. 2000).

238. Translation by the author.

239. See ZPO § 1032, ¶ 1.

240. See *supra* note 110.

binding. Of sole importance is the determination of whether the requirements of the German definition of arbitration law are fulfilled. Several characteristics of the UDRP are quite different from common arbitration agreements.

The UDRP is not an agreement of the parties to submit their own disputes to arbitration. The parties who agree on the proceedings (registrar and registrant) are not the future parties of the proceedings, but rather create a right for a third party, namely the complainant, to sue the registrant. Even though the agreement is the only reason why the registrant must participate in the UDRP proceedings, and the novel construction is even harder on the consumer than a typical arbitration clause since he submits to a proceeding with any third party, it is probably not arbitration in the classical sense.<sup>241</sup>

Another very compelling argument against applying arbitration law is that arbitration clauses prevent the matter from being litigated in court.<sup>242</sup> The UDRP expressly permits the parties to go to court either before or after the UDRP proceeding,<sup>243</sup> which apparently means that it prevents litigation only during the course of the panel proceedings itself. Therefore, taking the language of the UDRP seriously, there is some effect on court jurisdiction, albeit a very limited one. It is questionable whether this would be sufficient to make the UDRP proceeding an "arbitration" proceeding according to German law. One further difference from common arbitration is that the results of UDRP proceedings are published, whereas arbitration proceedings tend to be conducted in private.<sup>244</sup>

Finally, the question arises as to whether the fact that section 4 k of the policy explicitly allows either of the two parties to sue *de novo* in front of a regular court prevents the UDRP from being "arbitration." Whereas in the U.S. "non-binding arbitration" is now a standard term, German law seems to have more trouble

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241. See Froomkin, *supra* note 120 at ¶ 127. Note that Froomkin applies arbitration precedence on UDRP proceedings.

242. See KLAUS PETER BERGER, INTERNATIONAL WIRTSCHAFTSSCHIEDSGERICHTSBARKEIT 55 (1992).

243. See UDRP § 4(k). The relevant language reads: "[t]he mandatory administrative proceeding requirements set forth in paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded." *Id.*

244. See ROLF A. SCHÜTZE, SCHIEDSGERICHT UND SCHIEDSVERFAHREN ¶ 13 (2d ed. 1998).

with the notion. There is, however, a case that was litigated in 1934 that involved non-binding arbitration.<sup>245</sup> The parties in that case stipulated that the decision of the arbitrator would become final if a suit was not filed within three weeks of the decision of the arbitration.<sup>246</sup> The court decided to apply the requirements of arbitration law to the clause.<sup>247</sup>

Also, the question arises exactly how non-binding the UDRP will turn out to be. While it is true that the loser in the proceeding can still go to court, it is unclear as to under which law a registrant can sue after he lost his domain name. Even worse, if the registrant misses his deadline for suing (ten days),<sup>248</sup> the registrar will cancel the registrant's registration and he will lose his domain name. Under section 4(k) of the UDRP, the registrant can still sue, but upon what grounds?<sup>249</sup> The registrant usually does not have a trademark and hence can hardly argue that it was infringed by another trademark holder who just made use of the right to a UDRP proceeding provided to him in a contract. Even though UDRP proceedings technically are not legally binding, they in fact might well turn out to be so, at least for the losing registrant.

Looking at all the differences between the UDRP and an arbitration, especially the fact that it is neither an arbitration clause between the parties of the arbitration nor a clause preventing litigation, it is fair to say that a court will hardly regard this procedure as arbitration. A court could, however, choose to apply some of the provisions of arbitration law by way of analogy. Some of those challenges will be described in the following section.

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245. See *Entscheidungen des Reichsgerichts in Zivilsachen (RGZ)* 146, 262.

246. See *id.*

247. See *id.*

248. See UDRP § 4(k). The relevant language is: “[I]f an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel’s decision before implementing that decision.” *Id.*

249. See Kurt Opsahl, *Law Professors, Academics, Students, Attorneys and Industry*, at [http://wipo2.wipo.int/dns\\_comments/rfc3/0164.html](http://wipo2.wipo.int/dns_comments/rfc3/0164.html) (last visited Oct. 30, 2001). The relevant language is: “If the original registrant does not have a trademark itself, courts will be reluctant to review the administrative decision of the arbitrators absent a claim of tort or breach of contract.” UDRP § 4(k).

b. The Challenges Under Arbitration Law

A German court would determine the applicable law by applying the provisions of the EGBG. The law applicable to the substance of the contract is determined by Articles 27 and 28 of EGBGB. As for the form of the contract, Article 11 of EGBGB provides that a contract is valid if it fulfills either the requirements of the law applicable to the substance of the contract or the requirements of the law of the place where the contract was made. Should offeree and offeror of the contract be in different countries, it is sufficient that the contract form of one of these countries has been complied with.<sup>250</sup> That is, if both the registrar and registrant reside in Germany, then the contract has to comply with German form requirements.

An arbitration clause for a consumer contract in Germany has to be signed in a separate document that contains only the arbitration clause.<sup>251</sup> This provision can no longer be invoked if the consumer argued about the substantive issues in the arbitration proceeding.<sup>252</sup> The general practice of domain name registrars obviously does not comply with the provision. The UDRP clause is usually inserted into the standard terms of the general contract between registrant and registrar, no separate file, no separate warning.<sup>253</sup> Should the courts choose to apply the statute, they would have to void the clause. It is possible that a court would choose to apply the clause by way of analogy. The form requirement under the German law is meant to show the consumer clearly that he is giving up his right to sue in the regular courts. True, this is not the case with the UDRP because of its section 4 k, but it has already been discussed that there is a strong risk that the UDRP proceedings will have a *de facto* effect

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250. See EGBG Art. 11, ¶ 2 (“Wird ein Vertrag zwischen Personen geschlossen, die sich in verschiedenen Staaten befinden, so ist er formgültig, wenn er die Formerfordernisse des Rechts, das auf das seinen Gegenstand bildende Rechtsverhältnis anzuwenden ist, oder des Rechts eines dieser Staaten erfüllt.”).

251. See Zivilprozeßordnung (ZPO) (Code of Civil Procedure) § 1031, ¶ 5 (“Schiedsvereinbarungen, an denen ein Verbraucher beteiligt ist, müssen in einer von den Parteien eigenhändig unterzeichneten Urkunde enthalten sein. Andere Vereinbarungen als solche, die sich auf das schiedsrichterliche Verfahren beziehen, darf die Urkunde nicht enthalten; dies gilt nicht bei notarieller Beurkundung.”).

252. See ZPO § 1031, ¶ 6 (“Der Mangel der Form wird durch die Einlassung auf die schiedsgerichtliche Verhandlung zur Hauptsache geheilt.”).

253. See *supra* note 208 (listing of the German registrars provided on the website).

of taking away the possibility of litigation. Also, there is the risk that a letter from WIPO stating that proceedings against him have been commenced will frighten a consumer. It seems appropriate to make absolutely certain that the consumer knows about this risk. This goal could be reached by applying the prescribed form. So while it is far from certain that a German court would go this way, it is at least a possibility.

A further provision that could come up is the first paragraph of section 1029 of ZPO that prescribes that in an arbitration clause disputes are submitted for a decision, the final determination of an issue by an arbitration panel.<sup>254</sup> The *Reichsgericht* (the Imperial Court) held in the above-mentioned case<sup>255</sup> that the law does not allow the parties to get an arbitration award and then go to court *de novo*.<sup>256</sup> The overruled trial court had argued that such an interpretation of the law would be formalistic.<sup>257</sup>

It seems quite improbable that a court would apply this interpretation of the provision by the *Reichsgericht* to the UDRP. The law of alternative dispute resolution has changed and mediation, med-arb, and mini-trials, have made their way onto the continent.<sup>258</sup> While the *Reichsgericht* saw non-binding arbitration as an abuse of proceedings (evidently because it did not necessarily lead to closure), courts nowadays are receptive to more creative approaches to resolving disputes.

Summing up the German law, even though a court would not hold the UDRP to be arbitration, there is a chance that it would apply the provisions pertaining to the form of arbitration clauses in consumer contracts to the UDRP. If a court chooses to do so, taking into account how German registrars handle the UDRP clause at present, the court would have to find the UDRP clause void in most cases.

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254. See ZIVILPROZESSORDNUNG § 1029, ¶ 14 (Adolf Baumbach, Wolfgang Lauterbach, Jan Albers & Peter Hartmann eds., 1999).

255. See RGZ 146, 262 (1934).

256. See *id.*

257. See *id.*

258. See Weigand, *Alternative Streiterledigung*, BB 1996, 2106 *et seq.*

## 2. French Law

French arbitration law<sup>259</sup> has the uncommon feature of distinguishing between submitting an already arisen conflict to arbitration (*droit de compromettre*) and submitting conflicts that have yet to arise (*clause compromissoire*).<sup>260</sup> While the first one is allowed, Article 2061 of *Code civil* (Civil Code) simply forbids the latter one.<sup>261</sup> Article 631 of *Code de commerce* (Commercial Code) exempted commercial matters from the ban.<sup>262</sup> The rationale behind the ban of arbitration clauses in non-commercial matters is that one party should not be allowed to make jurisdictional choices at the expense of social protections<sup>263</sup> of the other party.<sup>264</sup>

In the quest to apply this statute to the UDRP, the same problems arise as in the German case. The *clause compromissoire* is aimed at clauses providing for binding (and final) arbitration.<sup>265</sup> Also, arbitration in France is an agreement between future parties. It seems likely that a French court would tend to adopt the more formalistic view. Formally, the UDRP award is not binding, thus it is not an arbitration proceeding as visualized by French law.

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259. To save the reader from lengthy repetitions of similar problems, the conflict of law issue will not be examined. Suffice to say that the German conflict of law provisions are largely based on a Convention to which France is also a party. See ANDREAS HELDRICH IN OTTO PALANDT ET AL., BÜRGERLICHES GESETZBUCH pre EGBGB 27, ¶ 1 (57th ed. 1998).

260. See JEAN ROBERT, L'ARBITRAGE DROIT INTERNE DROIT INTERNATIONAL PRIVÉ ¶ 58 *et seq.* (1983).

261. A *clause compromissoire* is void if the law does not provide otherwise. See CODE CIVIL [C. CIV.] Art. 2061 (Fr.) (“Sous réserve des dispositions législatives particulières, la clause compromissoire est valable dans les contrats conclus à raison d’une activité professionnelle.”). *Clauses compromissoires* are agreements by which the parties of a contract bind themselves to submit their suits that might arise out of the contract to arbitration. See NOUVEAU CODE DE PROCÉDURE CIVILE [N.C.P.C.] Art. 1442 (Fr.) (“La clause compromissoire est la convention par laquelle les parties à un contrat s’engagent à soumettre à l’arbitrage les litiges qui pourraient naître relativement à ce contrat”). As pointed out in GILLES GOUBEAUX, PHILIPPE BIHR & XAVIER HENRY, MEGACODE CODE CIVIL Art. 2061 n. 1 (2d ed. 1997) the commercial code allows such clauses between merchants.

262. See ROBERT, *supra* note 260, ¶ 63.

263. See ROBERT, *supra* note 260, ¶ 58.

264. See generally CAS ET AL., *supra* note 201.

265. See CAS ET AL., *supra* note 201, at 43.

#### D. FAIRNESS IN CONSUMER PROTECTION

A further problem the UDRP presents is the question of the fairness of the provisions. Many arguments exist in this respect, among them is that the UDRP shifts the burden of proof. Froomkin put forth this argument in his analysis of the UDRP. In a normal court proceeding, the registrant would be the defendant and the complainant would have to prove trademark infringement. If the UDRP panel orders a transfer of the domain name, the registrant would have to sue the complainant to get it back and would bear the burden of proof.<sup>266</sup> If the UDRP is not an arbitration clause, there is little justification for this shift.

##### 1. German Law

In the AGBG (now BGB §§ 305-310), German law provides further checks on standard contract terms. In section 11 of AGBG (now BGB § 309) specific clauses are banned. AGBG Section 11, No. 15 (now BGB § 309 No. 12) specifically bans changes in the burden of proof by the user of the contract terms to the disadvantage of the other party. Any detrimental change in the burden of proof of the other party<sup>267</sup> is sufficient. Arbitration clauses do not fall under this provision, because the clause does not necessarily change the burden of proof against the other party, but they can work against the user.<sup>268</sup>

As stated above, however, the UDRP proceeding is not an arbitration proceeding. The significant difference is that both parties can sue *de novo* in court. This actually turns out to make a difference in the argument here. If the complainant loses the UDRP proceeding, he can still go to court. The UDRP leaves this right expressly unfettered in section 4(k). Therefore, UDRP proceedings do not bind courts<sup>269</sup> and courts will likely give little

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266. See Froomkin, *supra* note 120, ¶ 119.

267. See MANFRED WOLF, ERSTER ABSCHNITT: SACHLICH-RECHTLICHE VORSCHRIFTEN §11, No. 15, ¶ 6, at 1127, in GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN, (MANFRED WOLF et al. eds., 1989).

268. See DAGMAR COESTER-WALTJEN, GESETZ ZUR REGELUNG DES RECHTS DER ALLGEMEINEN GESCHÄFTSBEDINGUNGEN § 11, No. 15, ¶ 4, in J. VON STAUDINGERS KOMMENTAR ZUM BÜRGERLICHEN GESETZBUCH MIT EINFÜHRUNGSGESETZ UND NEBENGESETZEN. (MICHAEL MARTINEK, 13th ed. 1998).

269. See *Weber-Stephen Prods. Co. v. Armitage Hardware and Bldg. Supply*, 54 U.S.P.Q.2d 1766 (Dist. Ct. Ill. 2000).

deference to them. Therefore, the complainant has suffered no change in his burden of proof, nor has the registrant. Assuming that the complainant wins the proceeding, he does not have to sue; the domain name is transferred to him as a result of the proceeding. Instead, the registrant will have to go to court, and as a complainant will have to prove the case. Suddenly the burden of proof has shifted to him. The UDRP therefore allows for two outcomes. Either there is no shift in the burden of proof, or the change in the burden of proof is to the disadvantage of the registrant. From this perspective, it seems that a court will hold the UDRP in violation of AGBG section 11, No. 15 (now BGB § 309, No. 12). The strange aspect of the case is that the change in the burden of proof does not favor the other party to the contract, the registrar, but a third party, namely the complainant. But since the AGBG is meant to protect the consumer, rather than punish the user, it seems that this difference will ultimately not put the UDRP outside the scope of AGBG section 11, No. 15 (now BGB § 309, No. 12). A court might hold, however, that the UDRP proceeding is a fair proceeding with the correct rules for the burden of proof and thereby complies with AGBG section 11, No. 15 (now BGB § 309, No. 12), but such an outcome seems improbable.

The AGBG contains also a general clause against unfair standard contract terms. The language of AGBG section 9 (now BGB § 307, ¶¶ 1, 2) translates as:

- (1) Clauses in standard contract terms are void, if they disadvantage the co-contractant of the user inappropriately violating the good faith requirement. (The provision as amended now continues: An inappropriate disadvantage can result from the fact that a provision is not clear and understandable.)
- (2) An inappropriate disadvantage is to be presumed if a clause
  1. does not comply with the basic idea of the statutory provision that it deviates from, or
  2. limits essential rights or duties, that result from the nature of the contract, in a way that reaching the purpose of the contract is endangered.

The outcome of an analysis of the UDRP in the light of AGBG section 9 (now BGB § 307) is hard to predict because of the provision's vagueness. Arguably, the UDRP is inherently unfair. Several arguments could lead to such a conclusion.

One possible argument turns on classifying what the UDRP is if it is not arbitration. One could argue that it is not a procedural, but rather a substantive provision. The registrar does not give the

registrant “the domain name,” it grants the domain name contingent on no UDRP panel holding against the registrant. As soon as a panel does find against the registrant, he will lose the domain name and is treated as though he never registered it. German law allows such “ending conditions,” but it can be asked whether they can be granted in standard contract terms. It could be argued that the essential duty of the registrar, granting the domain name, is limited by this contingency in such a way, that the goal of the contract, letting an individual own the domain name, is endangered, and therefore AGBG section 9, paragraph 2, No. 2 (now BGB § 307, ¶ 2, No. 2) is violated. Although the goal is achieved in many cases (most registered domain names are never challenged), it is sufficient that the goal is endangered.<sup>270</sup> It will be up to the court to decide whether to hold the contingency as already limiting the goal of the contract—in which case the goal is not endangered, or to hold the transfer of the domain name as the goal of the contract and the contingency as not sufficiently endangering or to hold the UDRP as endangering the goal.

The basis for a further argument is AGBG section 9, paragraph 1 (now BGB § 307, ¶ 1). The starting point for finding out whether a contract creates an “inappropriate disadvantage” is the law that would apply in the absence of the clause.<sup>271</sup> In that case, any third party can sue, but the party cannot seize the registrant in a dispute resolution proceeding. It is obvious that the clause causes a disadvantage for the registrant. To find out whether this disadvantage is inappropriate all interests of the parties are considered.<sup>272</sup> The interests of consideration include the ability of the user to simplify his procedures. However, these interests cannot prevail against more important interests of the customer.<sup>273</sup>

The registrant does not gain anything but instead has to submit any case brought up by a third party complainant to arbitration. Further, he can lose his domain name if he loses the proceedings and does not sue fast enough. The registrant also has no choice but to accept the inclusion of the UDRP, since every registrar has to impose the UDRP in its contracts with registrants.<sup>274</sup> On the other hand, the complainant gains an

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270. See HEINRICHS, *supra* note 197, AGBG §9, ¶ 28; Wolf, *supra* note 267, § 9, S 1, at 688.

271. See Wolf, *supra* note 267, §9, ¶ 7, at 279.

272. See *id.* §9, ¶ 8, at 279.

273. See *id.*

274. See Froomkin, *supra* note 120, ¶ 130.

additional method of enforcing his trademark without giving up any right.<sup>275</sup> Arguably, the UDRP also is advantageous for the registries. Without the UDRP, the trademark lobby might successfully have forced registries to conduct trademark searches before registering a name. This would both be a disadvantage for the registrant and a significant burden on the registrar. This argument is quite hypothetical in that, although this has never happened so far, it supposes that the arbiter would find the registrar vicariously liable for trademark infringement for registering infringing domain names. Finally, it should be included in the calculation that the third-party complainant gains the right to start UDRP proceedings against the registrant without giving up any of his own rights.<sup>276</sup>

Numerous other arguments also exist. The provision grants a field day for creative attorneys. In the end, it is hard to predict whether a court would decide in favor of or against the UDRP. The court might look to the international character of the proceeding and the fact that it seems internationally accepted, and decide to uphold its validity under AGBG section 9 (now BGB § 307).

## 2. French Law

The French law again provides for very similar remedies to the German law. Article L. 132-1 Code de la Consommation (as part of the European consumer protection legislation effort<sup>277</sup>) bans clauses in consumer contracts that have the effect of creating a significant disadvantage to the consumer in his rights or duties. The Annex of the Code de la Consommation<sup>278</sup> bans specific clauses, among them clauses that forbid or endanger the exercise of legal action or other remedies by the consumer, especially by forcing him exclusively to submit an action to an arbitration not covered by legal regulations, or by shifting the burden of proof.<sup>279</sup>

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275. See Opsahl, *supra* note 249.

276. Since he never signs a contract then he gives up no right, all the options available to him beforehand, suing the registrant or even the registrar are still available. However, his chances of prevailing in a lawsuit against the registrar have diminished by the registrar's provision of means of trademark protection.

277. See JEAN-PIERRE PIZZIO, CODE DE LA CONSOMMATION, 198 (2nd ed. 1996).

278. See Annexe au Code de Consommation.

279. See Annexe au Code de Consommation 1(q).

Both the statute<sup>280</sup> and the annex<sup>281</sup> are almost literal reproductions of the underlying European Council Directive (93/13/EC).<sup>282</sup>

The arguments available under Article L. 132-1 Code de la Consommation<sup>283</sup> resemble those under AGBG section 9 (now BGB § 307) with a similar uncertain outcome. A challenge under the Annex of the Code would probably not be successful. After all, the code specifically bans exclusive submissions to arbitration; thus French law would probably allow non-exclusive arbitration. The burden of proof argument would resemble the discussion under German law.

## VI. CONCLUSION

The validity of the UDRP under German and French law rests on a rather shaky foundation. This might give a respondent a defense in a UDRP proceeding, or if the arbiter denies the defense, it might at least provide a course of action in a domestic court against the proceeding. The challenges mentioned in the article are only some of those that are available under French and German law. Further provisions within the UDRP can raise tremendous concern under these laws. The fact that the complainant chooses the dispute resolution provider makes it a rational decision for the provider to be as complainant-friendly as possible and creates an inherent unfairness<sup>284</sup> that a court might be eager to remedy. A court could do so under the sweeping powers granted by the consumer-protection legislation. Rule 15(a) of the Rules for Uniform Domain Name Dispute Resolution Policy allows a UDRP panel to apply “the principles of law that it deems applicable.”<sup>285</sup> This bizarre conflict of law rule stands in stark contrast to the conflict of law rules of some countries that demand

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280. See Pizzio, *supra* note 277.

281. See Annexe au Code de Consommation

282. See Council Directive 93/13/EC (Apr. 5, 1993), at <http://www.fs.dk/uk/acts/eu/kont-uk.htm> (last visited Oct. 31, 2001).

283. See JEAN-PIERRE PIZZIO, CODE DE LA CONSOMMATION, (2d ed. 1996).

284. Michael Geist made an analysis of the detrimental effects of the current selection of the dispute resolution provider by the complainant. See Michael Geist, *Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP*, at <http://aix1.uottawa.ca/~geist/frameset.html> (last visited Aug. 2001).

285. See ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy* (Oct. 24, 1999), at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (last visited Dec. 30, 2001).

an explicit election of applicable law or at least a certain determination of the applicable law from the circumstances of the case.<sup>286</sup> Therefore, a country could hold this provision void. Further, the German and French legal systems are not the only ones under which the UDRP might turn out to be dubious. South American countries have consumer protection laws, just as every E.U. country does, every country has its own priorities, its own quirks and ideas and the UDRP – as it is constructed today – will have to comply with at least all of the legal systems where registrars are located. One thing is clear: legal uncertainties make application of the UDRP unpredictable and could prevent the UDRP from operating as the expedient proceeding originally intended. Fortunately, this has not yet happened.

Can this dilemma be solved before the efficiency of the UDRP is damaged, and if so how? ICANN can deal with the language issue by drafting official translations of the UDRP. ICANN could no longer impose the English UDRP on a newly accredited registrar, but rather the UDRP in the language of the registrar. In the alternative ICANN could allow registrars to draft their own translations. This provision would be the cheapest possible way for ICANN out of the language dilemma but has the obvious disadvantage of risking the uniformity of the proceeding if a registrar's translation turns out to be very inexact. It also risks significant policing costs, since ICANN could only control the quality of the translations by regularly checking the websites of the registrars.<sup>287</sup>

This would not solve the other problems that the UDRP poses in consumer protection laws. Several outcomes seem possible here. The first one is that nothing is changed. Although there is a significant risk that national courts might void parts of the UDRP, chances are that only a few provisions would be held void and the courts could go out of their way to save as many provisions as possible. This is especially true since the UDRP is commonly and internationally used and so courts might be willing to interpret national laws in a way so that the UDRP does not violate them.

Froomkin suggested that the mandatory submission to UDRP proceedings could be limited to and would not be unfair for large-

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286. See Art. 27, ¶ 1 of the German EGBGB, which demands that the applicable law be determined by explicit election, or be determinable with sufficient certainty from the terms of the contract or the circumstances of the case. Due to spatial constraints not all issues can be raised in this article.

287. At this point, policing the UDRP is a separate and quite serious issue. It is not clear to what extent ICANN really engages in policing the UDRP.

scale cyber-pirates.<sup>288</sup> Such a restriction alone does not suffice. Even if the proceedings would be restricted to the worst cases of cybersquatting, a complainant's allegation of facts fulfilling the requirements could force an innocent defendant into the UDRP proceedings. Thus, a restriction of the UDRP to the worst cases of cybersquatting does not make the clause fair or the grant of jurisdiction any more justified. There are, however, some valid implementation plans. For example, Froomkin suggests limiting the proceeding to registrants of at least three domain names.<sup>289</sup> Such a provision could require the proof of this fact during the proceeding or as a preliminary step before notification of the registrant of the proceeding against them. The latter solution is preferable, because the former leads to the registrant being unnecessarily frightened off by the notice of commencement of proceedings. The merit of such a solution is that it might be possible to exclude consumers from the UDRP, thereby raising the chances of courts finding it to be valid. However, as not all the challenges to the UDRP rely on provisions solely applicable to consumers – the threat that the courts of some countries could hold some provisions of the UDRP as void would still linger.

The third solution would be to go a step back and make the UDRP optional instead of mandatory. This route has properly been rejected by ICANN and the WIPO final paper. A bad faith registrant, the person intended to be subject to the UDRP, would certainly not submit to the proceedings, rendering the proceedings a toothless tiger.<sup>290</sup>

A drastic step to resolve the problem is the abolition of all gTLDs.<sup>291</sup> If only ccTLDs remain, the nation the ccTLD was created for could regulate it and the complicated international issues that the UDRP was created to remedy do not arise. Considering the number of companies that have already registered .com domain names, however, this solution seems most likely to fail.

The fourth route is an international treaty, putting the UDRP into a traditional legal form. This would certainly take away a lot of the flexibility of the current norm-making procedure. On the

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288. See Froomkin, *supra* note 120, ¶ 99.

289. See Telephone interview with A. Michael Froomkin, Professor of Law, University of Miami (June 5, 2001).

290. See WIPO, *supra* note 2, at 158.

291. See Conseil d'Etat, *supra* note 82 (showing the inconsistency of the international character of the Internet and the gTLDs and suggesting abolition of the gTLDs .mil, .gov, and .edu in footnote 66).

other hand, it would be the best way to create an internationally valid, and accepted, fast proceeding to settle domain name disputes. Taking into account the fact that part of the intention in creating the UDRP process was to create a reliable process the effort would be worth it. The current process potentially lacks the reliability that trademark holders wished for originally.

Whatever solution will be adopted, it is important that more international attorneys get involved in the process. Already in 2000, 48.8% of all respondents in UDRP proceedings are not from the U.S.<sup>292</sup> and with this number likely increasing as the Internet becomes increasingly the global medium it promised to be, the UDRP has to be provided immunity from challenges such as the ones mentioned above, if it is to prevail.

It is appropriate to end this piece on a note of caution. As technology advances, legal issues can gain in importance, but they can also lose their importance. The Code of the Internet,<sup>293</sup> and its technical structure, change constantly and might make current means of addressing pages superfluous. Maybe one day no one will type in "mcdonalds.com," but will instead "thumb" through Internet yellow pages. However, problems have arisen in the present, and referring to the fact that they might be resolved in the future is of little help. "We are here and it is now. Further than that all human knowledge is moonshine."<sup>294</sup>

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292. See WIPO Arbitration and Mediation Center, *Domain Name Dispute Resolution Service in 2000*, at <http://arbiter.wipo.int/domains/brochure.pdf> (last visited Oct. 31, 2001).

293. See Lessig, *supra* note 10.

294. See H.L. Mencken, at <http://www.quotationspage.com/quotes.php3?author=H.+L.+Mencken> (last visited May 17, 2001).

