

Dispute Resolution For Australian Domain Names

Andrew Byrne and Andrew Wiseman examine the new Australian domain name dispute resolution policy.

On 1 July 2002, the Australian domain name administrator, auDA, introduced new policy rules for domain name registration. More recently, on 1 August 2002, auDA introduced a new dispute resolution policy (the **auDRP**) to apply to all domain names registered under and governed by the new policy rules. The auDRP is modelled on the widely used Uniform Dispute Resolution Policy (**UDRP**) for generic top level domains and will have significant implications for Australian businesses with an Internet presence.

The purpose of the auDRP is to provide a cheaper and more expedient alternative to litigation for the resolution of disputes between the registrant of a .au domain name and a party with competing rights in the domain name.

ADMINISTRATION OF .AU DOMAIN NAMES

Domain names broadly fall into two categories: generic top-level domains (**gTLD**), which include, for example, the suffix .com for commercial domains or .edu for educational domains; and country code top-level domains (**ccTLD**), with a suffix that corresponds to the country which governs the use of that domain space. Examples of suffixes for ccTLDs include .au for Australia or .uk for the United Kingdom. The expression second level domain (**SLD**) refers to the portion of a domain name that identifies the specific and unique administrative owner associated with the internet address. For instance, www.aar.com.au is a second level domain comprised of the ccTLD .au.

The domain name system on the Internet is controlled at the highest level by the Internet Corporation for Assigned Names and Numbers (**ICANN**). On 10 September 2001, auDA entered into a ccTLD Sponsorship Agreement with ICAAN which gives auDA the right to administer the .au ccTLD for the benefit of the Australian Internet community. The .au ccTLD was previously

administered by Mr Robert Elz of the University of Melbourne and domain names were registered through an organisation named Melbourne IT which set a policy for the registration and use of the domain names.

auDA now licenses the registration process to multiple registries each of which must adopt auDA policies and bind domain name buyers to those policies.

COMMON DISPUTES RELATING TO DOMAIN NAMES

Domain name disputes commonly involve two parties with competing and legitimate interests in a domain name or, on the other hand, “cybersquatters” and legitimate interest holders.

Cybersquatting is the practice of registering, trafficking in, or using a domain name with bad-faith intent to profit from the goodwill of a trade mark belonging to someone else. Cybersquatters will normally register domain names incorporating common English words or words where it is possible to pre-empt that such domain names may be of commercial value to individuals or organisations in the future. For instance, an individual may become aware that Widget Company Pty Ltd does not have a gTLD domain name and may thus proceed to register www.widget.com with a view to selling it on to the company in the future for a profit.

Under the old .au domain name registration policy, applicants could only register a .au domain name where they held the same name as a company, business, partnership, trading, association or statutory body name. Company and business names were the most common vehicles. The applicants could only register the exact name or an acronym or abbreviation and could generally only register one domain name per business name or company name. Abbreviations were restricted in Clause

- 3.6 of the old policy such that:
- the domain name could only be derived from the characters contained in the commercial entity name;
 - characters could be removed from the commercial entity name to create the domain name, but the sequence of the characters could not be altered; and
 - new characters (not appearing in the commercial entity name) could not be introduced to the domain name.

While this did not prevent cybersquatting, it did require registration of a company or business name incorporating the appropriate word or acronym. There was limited opportunity for multiple .au domain name registrations from one company or business name registration.

Although the new auDA policy is still young, disputes are likely to arise in the future due to the liberalised standards for registration. Under the new policy, an applicant is able to register a domain name based on their Australian registered trade mark (or on a trade mark application) and may also register a domain name which is “closely and substantially connected” to the applicant. This new scope broadens the possibility for an individual with bad intent to establish a prima facie legitimate interest in a domain name and attain registration over it.

The new auDRP will address both new and old types of disputes. It is important to note, however, that the auDRP is implemented by incorporation in registration contracts and will therefore only apply to domain names registered on or after 1 July 2002. Nevertheless, registration of domain names under the auDA policy must be renewed every two years and so all domain names will automatically become subject to the new dispute resolution policy within that timeframe. Furthermore, registrants can voluntarily elect to be bound by the auDRP before their domain name licence is renewed. For domain names registered

before 1 July 2002, disputants need still rely on the dispute resolution mechanisms created under the old policy as an alternative to litigation.

RESOLUTION OF DISPUTES UNDER THE MELBOURNE IT POLICY

The dispute resolution mechanism under the old policy set by Melbourne IT is grossly inadequate and has been seldom (if ever) employed. The procedure is set out under Clause 5 of the old policy.

The first step under the policy requires that the originator of the dispute send notice of the dispute in writing to the administrator of the domain name. The second step requires that the originator, the administrator and any third parties must attempt to settle the dispute by negotiation and conciliation. If this fails, the parties must refer the dispute to a commercial disputes centre for arbitration and all parties must agree to be bound by the ruling of the arbiter. The costs of the dispute are borne by the originator. The dispute resolution procedure is not mandatory in that the consent of the parties to a dispute is required before that dispute can be referred to arbitration.

The terms in the old policy relating to dispute resolution are so general and uncertain that they are probably unenforceable.

OPERATION OF THE AUDRP

Under the auDRP, complaints about domain names registered after 1 August 2002 must be submitted to an auDA-approved dispute resolution service provider which then appoints a panel (single member or three members) from its listed panelists to determine the dispute. Each provider follows the auDRP Rules set out in Schedule B of the auDRP as well as its own supplemental rules. Approved dispute resolution service providers presently include: Leading Edge Alternative Dispute Resolvers; The Chartered Institute of Arbitrators - Australian Branch; The Institute of Arbitrators and Mediators Australia; and the World Intellectual Property Organisation.

Schedule A Clause 4(a) of the auDRP states that the policy is applicable for disputes where a complainant (who bears the onus of proof) asserts that:

- a domain name is identical or confusingly similar to a name, trademark or service mark in which they have rights;
 - the holder of the domain name has no rights or legitimate interests in respect of the domain name; and
 - the domain name has been registered or subsequently used in bad faith.
- Schedule A Clause 4(b) of the policy then holds that the following circumstances (particular but without limitation) will evidence registration or use of a domain name in bad faith:
- 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 another person for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
 - you have registered the domain name in order to prevent the owner of a name, trademark or service mark from reflecting that name or mark in a corresponding domain name; or
 - you have registered the domain name primarily for the purpose of disrupting the business or activities of another person; or
 - by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to a website or other online location, by creating a likelihood of confusion with the complainant's name or mark as to the source, sponsorship, affiliation, or endorsement of that website or location or of a product or service on that website or location.
- Finally, Schedule A Clause 4(c) of the policy outlines the following indicia that you hold a legitimate interest in a domain name:
- before any notice to you of the subject matter of the dispute, your bona fide use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with an offering of goods or services (not being the offering of domain names that you have acquired for the purpose of selling, renting or otherwise transferring); or

- you (as an individual, business, or other organisation) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- you are making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the name, trademark or service mark at issue.

Despite these comprehensive criteria, panels will inevitably face problems when they come to face similar problems that have been experienced by UDRP panels in determining legitimate interests or bad faith. This will be of particular interest in the context of protest sites with a political angle or sites that are based on foreign language translations of words and phrases.

COMPARISON WITH THE UDRP

The substantive provisions in the auDRP closely reflect provisions in the UDRP (which applies to gTLDs such as .com and .net) but also differ in that they take account of policy rules that only apply to .au domain names and they address practical constraints that have become apparent since arbitrations under the UDRP began in 1999.

There are a number of key difference between the policies. Firstly, the UDRP requires that domain names be both registered and used in bad faith, whereas the auDRP requires that the domain name must have been registered or subsequently used in bad faith. Secondly, the UDRP requires that the respondent show that the domain name has been used in connection with a bona fide offering of goods and services, whereas the auDRP provides that it is the use of the domain name which must be bona fide rather than the offering of goods and services. Thirdly, bad faith is generally easier to prove under the auDRP. For example, whilst the auDRP provides that registration primarily for the purposes of transferring the domain name to a third party for profit amounts to bad faith, the UDRP requires an intention to transfer the domain name to the complainant or one of its competitors for a profit. Further, whereas the auDRP provides that the registration of a domain name in order to prevent the complainant from registering the domain

name amounts to bad faith, the UDRP provides that a complainant must show that there is a pattern of conduct showing intent to prevent the complainant from reflecting its trademark in a corresponding domain name.

PRECEDENT UNDER THE UDRP AND THE AUDRP

Decisions under the audRP are not designed to be expressly binding for future panels; nevertheless, if practices in relation to the UDRP are at all indicative of practices that may come to emerge under the audRP, decisions may come to have a strong persuasive effect on panels.

Under the URDP, decisions are officially published on the Internet and this has led to a practice by panels of citing back to previous decisions. Most decisions have used the previous cases with only the weight of persuasive authority, while a

few appear to view themselves as being bound by precedent. For instance, in *Zwack Unicum Ltd. v. Duna* (zwackunicum.com) D2000-0037 the panelist cited the earlier decision in *World Wrestling Federation Entertainment Inc. v. Bosman* (worldwrestlingfederation.com) D99-0001 to establish the evidentiary burden as requiring proof of both registration and use in bad faith. The better view, and this is reflected in most UDRP decisions, is that previous decisions are merely persuasive.

As decisions become handed down by audRP panels, and assuming that those decisions are subject to formal and public disclosure, the role (if any) of previous decisions as precedent will become clear.

LITIGATION

Clause 2.2 of the audRP makes clear that the policy only applies to disputes which

meet the requirements set out in Schedule 4 Clause 4(a) (described above). Domain name disputes which do not fit within the scope of this provision may still be addressed by laws relating to passing off, misleading and deceptive conduct, and trade mark infringement. Likewise, other disputes which are very specific to domain names, such as those relating to meta tags and deep-hyperlinking, will also continue to be resolved by the courts.

As a final note, the decisions under the audRP are not subject to appeal as a function of the policy. Nevertheless, it remains to be seen whether a party could effectively appeal a decision by way of the operation of administrative law.

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ACCC v Rural Press

Janey Draper reviews the recent Full Federal Court decision in 'Rural Press' regarding misuse of market power

The Full Federal Court recently overturned the decision of Justice Mansfield in *ACCC v Rural Press & Ors* [2001] FCA 1065, a case that extended the boundaries of the misuse of market power provisions in the *Trade Practices Act 1974* and made some interesting comments and observations on exclusionary provisions.

THE RURAL PRESS STORY

The Rural Press case concerned the actions of the Rural Press and Bridge Printing (the **Rural Press parties**), owners of *The Murray Valley Standard* (the *Standard*), in pressuring Waikerie Printing, owner of *The River News*, to stay out of Bridge Printing's territory. Waikerie Printing had begun to source advertising and news in Mannum, an area normally serviced by the *Standard*. Following telephone calls, discussions, correspondence and threats by Rural Press to start publishing a new rival newspaper in the Riverland in direct competition with *The River News*, Waikerie Printing agreed to revert to its prime circulation area, which stopped 40km north of the town.

Originally, Justice Mansfield found that the Rural Press parties had misused their market power in the market for regional

newspapers in Murray Bridge and that the Rural Press parties and a competitor, Waikerie Printing, had entered into an arrangement that substantially lessened competition, in breach of section 45 of the *Trade Practices Act 1974* (TPA) and involved an exclusionary provision.

Justice Mansfield's finding on market power was curious, because the relevant conduct was consistent with competitive conduct and the action of the Rural Press parties seemed not to be connected with their power in the relevant market. Not surprisingly, the Rural Press parties appealed to the Full Federal Court. The ACCC cross-appealed on the issue of penalties.

The Full Court overturned Justice Mansfield's decision on exclusionary provisions and misuse of market power, but upheld his decision on substantial lessening of competition and, to a lesser extent, on penalties.

EXCLUSIONARY PROVISIONS

An exclusionary provision is an arrangement between competitors which prevents, restricts or limits supply to, or acquisition from, particular persons or classes of persons. Justice Mansfield found that those Mannum residents who no longer received *The River News* as a result

of the arrangement between the Rural Press parties were a 'class of persons'. On appeal, the Rural Press parties argued that the relevant class of persons should not be defined only by reference to the fact of their exclusion, but that they should share some positive characteristic. Alternatively, they argued that even if a particular class of persons was defined on the basis of exclusion only, the arrangement should still be specifically targeted at that class at the time it was made.

In finding that the arrangement did not involve an exclusionary provision, the Full Court held that the 'class of persons' must be the intended and specific object of the conduct and, unless this is so, they will not constitute a particular class for the purposes of the TPA. In this respect, the Full Court followed both Justice Finn at first instance in *South Sydney District Rugby League Club Ltd v News Ltd* (2000) 177 ALR 611 and Justice Heerey on appeal (in dissent) in *South Sydney District Rugby League Football Club Ltd v News Limited* (2001) FCA 862. That case is now on appeal to the High Court. Furthermore, the Full Court held that there was no reason to find that either party had any purpose of injuring or disadvantaging those who no longer received *The River News*, because it was the effect of the geographic zoning