

Law.es

International Legal & Consulting Services

Respond to:
Paul Raynor Keating, Esq.
Paul@law.es
Tel. +34 93 368 0247

Monday, November 16, 2009

ICANN

4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

RE: *Comments to CAC Proposed Amendment to Supplemental Rules.*

The following comments are provided in connection with CAC's recent proposal to amend its supplemental rules.

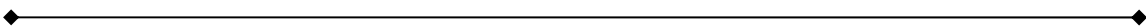
About the Author

Paul Keating is an attorney licensed by the State of California. He has actively practiced in the field of intellectual property since 1983. Since 1997 Mr. Keating has been active as an attorney in the domain name industry and regularly represents both registrants and registrars. Mr. Keating has a full-range transactional practice that includes mergers and acquisitions of registrants and registrars, million dollar domain name sales and structuring/documentation for non-registrar domain name service providers (including auction and escrow sites). Mr. Keating also regularly appears as counsel in numerous UDRP, ADR, and DRS matters as well as formal litigation proceedings involving intellectual property and particularly trademarks and domain names. He has also completed a number of arbitration courses at WIPO. Formerly an equity partner in Carroll, Burdick & McDonough, LLP in charge of the Business Group, Mr. Keating sold his interest in the firm in 1999 and relocated to Barcelona Spain where he maintains an active practice in the domain name industry.

GLOBAL COMMENT

First, it is noted that "CAC" stands for "Czech Arbitration Court". This is a name which I personally find to be materially misleading. The CAC is an economic entity. It is neither sponsored nor holds any relationship to any governmental judicial forum.

Second, the CAC has repeatedly evidenced its desire to attract complainants and has repeatedly amended its Supplemental Rules in an effort to do so.



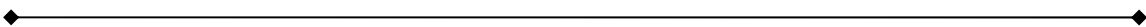
Law.es

International Legal & Consulting Services

Provider Contracts. I was recently surprised to learn that ICANN has no contracts with any of the ADR Providers who administer the UDRP process. This flies in the face of the “approved” status. It is at odds with the idea that respondents are contractually obligated to participate in the dispute process and unfortunately another example of not minding the store. Providers are free to do as they please without fear of retribution. The absence of any contractual obligations or standards for approval leaves ICANN and the Community without any means of protection. It is about time that ICANN require contractual commitments, including a best practices standard as to all Providers. For a start, it should prohibit Providers from:

- Providing any information to panelists other than the actual complaint, response and correspondence from the parties;
- Participating in any selection of panel members other than random (taxi-stand-type) selection (as per the system used by Nominet);
- Promoting a consensus view of any sort – such necessarily involves a subjective undertaking by the neutral provider as to what is or is not “consensus” and further precludes reliance on default cases to establish the “norm”;
- Producing any form of index that does not include ALL of the cases;
- Setting minimum fees to be paid to panelists;
- Requiring refunds for panelist fees when complaints have been withdrawn prior to response or panel appointment;
- Acting as a Provider when (as with NAF) found to have violated legal obligations; and,
- Prohibiting panelists from appearing before panels as representatives of any party to a UDRP.

CAC - Class-Action Complaints. The CAC apparently amended its rules to permit “class action complaints”. I am not certain when this occurred but I must have been asleep at the switch. As best I see, the argument is sustained by simply concluding that it must be acceptable because the Policy does not prohibit it. The Policy also has nothing to say about conducting discovery but that is not an excuse to expand the Policy by way of supplemental rule. And, while the Policy is silent as to any penalty for



Law.es

International Legal & Consulting Services

complainants failure to proceed (e.g. failure to timely submit the 3-member panel fee¹), I have never seen a Supplemental Rule dealing with such matters.

The entirety of the Policy speaks of “Complainant” in the singular. It also speaks of a “domain name” in the singular. The only instance in which the plural is addressed is in the Policy as follows:

Policy 3(c) states:

“(c) The complaint may relate to more than one domain name, provided that the domain names are registered by the same domain-name holder.”

Policy 10(e) states:

“(e) A Panel shall decide a request by a Party to consolidate multiple domain name disputes in accordance with the Policy and these Rules.”

It is noteworthy that the panel must consent to a single complainant filing a single UDRP regarding multiple domain names. It is not a decision to be undertaken by the ADR provider or the Complainant. It is even more noteworthy that the authors of the Policy included this statement as to multiple domain names but did not include anything remotely similar so as to permit multiple complainants to file a joint UDRP as against a respondent.

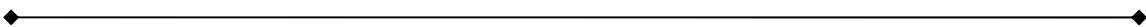
Providers are extremely limited as to what may be in Supplemental Rules:

Policy 1 (Definitions) defines Supplemental Rules with the following caveat:

“Supplemental Rules shall not be inconsistent with the Policy or these Rules and shall cover such topics as fees, word and page limits and guidelines, the means for communicating with the Provider and the Panel, and the form of cover sheets.”

The applicable term is *inconsistent* (“lacking in harmony between the different parts or elements” - © Random House, Inc. 2009). The Policy goes even further and describes the types of matters to be addressed in Supplemental Rules (fees, page length and guidelines). This indicates the limited nature of permissible supplemental rules. It is not

¹ I have had 2 UDRPs in which the Complainant refused to pay for a 3-member panel arguing that the case did not warrant the additional expense. In one case the refusal went on for 42 days but the complaint was allowed to proceed when payment was finally tendered. The Provider did nothing and the panel refused to impose any penalty.



Law.es

International Legal & Consulting Services

sufficient that the Policy is merely silent as to a matter the Providers hope to include in its Supplemental Rules.

The arrogance of having even suggested a class-action approach speaks volumes as to CAC's intentions with its new Expedited Complaint process.

CAC's Expedited Complaint Process Should be Rejected

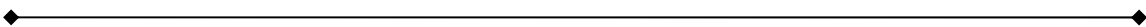
I am not opposed to an expedited UDRP process *per se* and have openly suggested at least one approach in response to the recent IRT proposal. I have also spoken out positively as to WIPO's current efforts in this regard. There is a significant difference in the above approaches and that suggested by the CAC.

First, the CAC suggestion is nothing more than an attempt to attract complaints that result in defaults. This is being accomplished by a continued watering down of the Policy and an expansion of its original intent. Whereas the process suggested to the IRT and to WIPO both allow for a less expensive filing fee in cases of an affirmative default (wherein the respondent surrenders the name early on), they presuppose that in the absence of an affirmative default, the UDRP process will continue along its normal process.

Many complainants argue that the UDRP process itself is too expensive and time-consuming. I have little sympathy for this argument. The UDRP is a contractually imposed process that purports to govern rights to an intangible – namely the domain name. While cases of clear-cut domain name abuse may exist, the entire purpose of the UDRP was to deal with such instances. It was not intended to create a domain name court and was not intended to expand the rights of intellectual property holders beyond those that existed in the “normal” world.

As NAF put it in their email to ICANN on July 6, 2009”

“The URSS is supposed to deal with “abusive uses of trademarks where there is no genuine question as to the infringing or abusive use of a mark in a domain name.” However, this is exactly the purpose of the UDRP. [fn1,2]. Historical comments related to the formulation of the UDRP, and an analysis of UDRP Paragraph 4(c), in particular, make it clear that the UDRP was not designed to deal with any situation where a respondent might possibly have a claim to the domain name. Complainants have increasingly offered Panelists a broader range of “activities” that suggest a respondent's lack of rights or legitimate interests or bad faith registration and use. Panelists have taken the opportunity, over time, to agree with



Law.es

International Legal & Consulting Services

those complainants and broaden the scope of the UDRP, but it started out as a mechanism only for clear cut cases of cybersquatting. It is easy to see how this happened—the UDRP is less expensive and faster than litigation, so if a complainant can get the remedy it seeks from the UDRP rather than court, even if the respondent’s activity might not be strictly abusive cybersquatting, why not try? This is actually evidence that the UDRP works—parties prefer the UDRP process to court. However, the FORUM does not see how the IRT’s repeated statement that the URSS is intended to deal ONLY with “abusive uses of trademarks where there is no genuine question as to the infringing or abusive use of a mark in a domain name” will stop this expansion from happening again under the URSS; it is only an intent and has no binding effect on the Panelists or practical means of enforcement.[fn 3] (<http://forum.icann.org/lists/irt-final-report/msg00178.html> - footnotes in original only).

Here, the CAC purports to allow complainants the ability to file shortened complaints for a 60% reduced fee. This itself breeds forum shopping. Complainants pick the ADR Provider. The respondent must live with that selection. The continued expansion and the pressure on panelists to “toe the line” and render decisions in line with the consensus is real and those panelists that do not do so are rendered to obscurity – being assigned only clear default cases or simply none at all. Though I have no evidence to prove it I have it on good authority that Providers deliver suggested decisions and slanted case memos (by non-attorneys) and I honestly believe that Providers are active in selecting the Presiding Chair in 3-member panels.

Now respondents are asked to accept an environment in which the complainant hands the relevant facts to the panel. The panel is then left to check “yes/no” on a form that is “automatically populated by facts from the complaint”. While there is a box for the panelist to state “additional reasons”, it presupposes that other reasons have been already provided in the form decision, a false presumption.

The Policy requires that panels fully consider complaints. That a respondent may have defaulted is not sufficient to “accept” the allegations of the complaint as true (or even correct). Policy 14(a) requires that a decision be rendered even in the face of a default. However, it does not create an automatic presumption in favor of the complainant. Even in a default, the Policy requires that the Panel “determine the admissibility, relevance, materiality and weight of the evidence.” (Policy 10(d)).

A rule of thumb I was taught 24 years ago is that it takes approximately 5 minutes to read, digest and make notations for each page of legal argument (assuming the required care is taken). The CAC proposal suggests a limit of 2,000 words which should equate to



Law.es

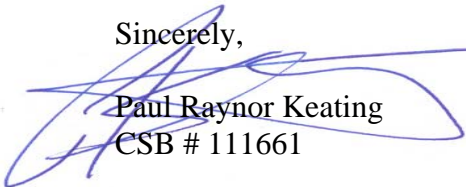
International Legal & Consulting Services

approximately 8 pages of single spaced text. The proposal also “limits” exhibits to 20 pages. The exhibits must be viewed in relation to the arguments made in the Complaint. Cases cited must be verified for authority. That is a total of 140 minutes. How does one suppose that a panelist (as opposed to his/her associate or paralegal) is going to review the complaint and determine the “admissibility, relevance, materiality and weight of the evidence” in exchange for the handsome sum of €250.00? The result will either be shoddy reading or shoddy decision making (or both).

As NAF aptly put it, the UDRP is already an abbreviated low-cost process. While complaints continue, their numbers have fallen drastically by comparison to the number of domain names under registration. (<http://domainnamewire.com/2009/11/16/rate-of-domain-cybersquatting-hits-all-time-low/>). WIPO indicates that 83% of all UDRPs are decided in favor of complainants. This number drops significantly to when only disputed or 3-member-panel UDRPs are measured. The drive to reduce costs to the complainants neglects the simple fact that those prevailing respondents paid an average of \$5,000 (plus 1,500 in filing fees) in legal fees to prevail. The argument that the system must be even further streamlined to protect complainants must be carefully weighed against the cost incurred by respondents.

If the CAC wants to offer larger refunds to complainants whose complaints are defaulted, that is their decision. However, doing so by reducing the fees paid to panelists and short-cutting the decision process is not the answer. There is definitely and inverse relationship between cost and quality. The CAC’s proposal will result in a greatly cheapened process that will be harmful to the entire community.

Sincerely,



Paul Raynor Keating
CSB # 111661

