

AN EMPIRICAL ANALYSIS OF FAIR USE DECISIONS  
UNDER THE UNIFORM DOMAIN-NAME DISPUTE-RESOLUTION POLICY  
*David A. Simon*

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*David A. Simon\**

*For over ten years, the Uniform Domain-Name Dispute-Resolution Policy (UDRP) has resolved nearly 20,000 domain-name disputes brought before the World Intellectual Property Organization (WIPO), a United Nations organization that arbitrates UDRP disputes. The UDRP allows the holder of a legally protectable trademark to initiate proceedings to cancel the domain name or have it transferred to the trademark owner. Domain-name holders, though, have a number of defenses, including using their domain names in a noncommercial, fair manner. Although several empirical studies have analyzed various aspects of the UDRP, none has specifically examined this fair use defense.*

*This study does what others have not. It analyzes the fair use defense in decisions before WIPO. Using WIPO's online decision database, this study found that arbitrator and respondent nationality influence the success of a respondent's fair use claim to a statistically significant degree. Specifically, respondents from the United States are more likely than those from other countries to succeed on a fair use defense. Additionally, arbitrators from the United States are more likely than those from other countries to find that a respondent's use of a domain name was fair. This means that, under the UDRP, respondents from the United States enjoy greater speech protections than those from other countries, and that arbitrators from the United States are more sympathetic to speech interests than arbitrators from other countries. To improve the UDRP, I propose two revisions. First, ICANN should adopt a choice of law provision stating that the law of the respondent's home country governs fair use disputes. Second, ICANN should implement a panel assignment provision in fair use cases that requires arbitrators to share the nationalities of the litigants.*

INTRODUCTION

Because domain names are valuable commodities,<sup>1</sup> trademark owners attempt to control those that incorporate their trademarks. Sometimes they do this by preemptively “buying up” domain names that disparage their companies or executives, or direct users to websites that do so.<sup>2</sup> But when another individual already owns such a domain name, the trademark owner must

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<sup>1</sup> See *infra* Part I.

<sup>2</sup> Bank of America recently bought domain names incorporating the name of its Chief Executive Officer, including <BrianMoynihanBlows.com>. Hayley Tsukayama, *Bank of America Buys Up Anti-BoA Domain Names*, THE WASHINGTON POST (Dec. 23, 2010), [http://voices.washingtonpost.com/fasterforward/2010/12/bank\\_of\\_america\\_buys\\_up\\_anti-b.html](http://voices.washingtonpost.com/fasterforward/2010/12/bank_of_america_buys_up_anti-b.html) (last visited Dec. 26, 2010).

try to wrestle it from the domain-name owner.<sup>3</sup> These are disputes over private censorship. They raise questions about what people on the Internet can say and how they can say it.

Although these disputes are amenable to traditional litigation, trademark owners frequently pursue a quicker, cheaper option:<sup>4</sup> they file complaints under the Uniform Domain-Name Dispute-Resolution Policy (UDRP)<sup>5</sup> with a domain-name arbitration “provider”<sup>6</sup>—such as the World Intellectual Property Organization (WIPO).<sup>7</sup> Under the UDRP, an alleged mark owner (“complainant”<sup>8</sup>) can attempt to cancel the domain name or transfer it from its owner (“respondent”<sup>9</sup>) to the trademark holder.<sup>10</sup> After filing, a panel of either one or three arbitrators decides the dispute.<sup>11</sup> A respondent, however, can assert certain defenses by showing that she has

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<sup>3</sup> *E.g.*, *Wal-Mart Stores, Inc. v. MacLeod*, No. D2000-0662 (WIPO Sept. 19, 2000) (where the respondent who registered <wal-martsucks.com> to criticize Wal-Mart lost his UDRP dispute); *Gail Guarulhos Indústria e Comércio Ltda. v. Kevin Watson*, No. D2006-0655 (WIPO July 7, 2006) (finding fair use where respondent registered <gail.com>, where his wife’s given name was Gail, and where the complainant’s business name included the word “gail”).

<sup>4</sup> *See infra* Part I.

<sup>5</sup> Uniform Domain Name Dispute Resolution Policy (Sept., 22, 2010), INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, <http://www.icann.org/dndr/udrp/policy.htm> (last visited Dec. 23, 2011) [hereinafter UDRP]. The UDRP also contains rules of procedure. Rules for Uniform Domain Name Dispute Resolution Policy (Sept., 22, 2010), INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, <http://www.icann.org/dndr/udrp/uniform-rules.htm> (last visited Dec. 23, 2011) [hereinafter UDRP Rules].

<sup>6</sup> There are four approved providers currently operating. Aside from WIPO, the three providers are the Asian Domain Name Dispute Resolution Centre, the National Arbitration Forum, and the Czech Arbitration Court Arbitration Center for Internet Disputes. *List of Approved Dispute Resolution Providers*, INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, <http://www.icann.org/en/dndr/udrp/approved-providers.htm> (last visited Dec. 23, 2011) [hereinafter ICANN, *List of Providers*]. Since providers starting hearing UDRP disputes, two have gone defunct. These providers are CPR: International Institute for Conflict Prevention and Resolution, and eResolution. *Compare* ICANN, *List of Providers, supra* (listing current and former providers), *with Decision Data, UDRPinfo.com*, <http://www.udrpinfo.com/prov.php?b=22> (last visited Feb. 27, 2011) [hereinafter *Decision Data*] (listing providers as of 2002).

<sup>7</sup> The World Intellectual Property Organization is an agency of the United Nations. *What is WIPO?*, THE WORLD INTELLECTUAL PROPERTY ORGANIZATION, [http://www.wipo.int/about-wipo/en/what\\_is\\_wipo.html](http://www.wipo.int/about-wipo/en/what_is_wipo.html) (last visited Dec. 23, 2011). Created in 1967 by the member states, WIPO’s mandate is to “promote the protection of [Intellectual Property] throughout the world.” *Id.* It is one of four currently operating UDRP providers. *See supra* note 6.

<sup>8</sup> The UDRP defines complainant as “the party initiating a complaint concerning a domain-name registration.” UDRP Rules, *supra* note 5, § 1.

<sup>9</sup> The UDRP defines respondent as “the holder of a domain name registration against which a complaint is initiated.” UDRP Rules, *supra* note 5, § 1.

<sup>10</sup> UDRP, *supra* note 5, § 3 (noting that upon receipt of a UDRP arbitration, the provider will cancel, transfer, or change the domain name).

<sup>11</sup> Arbitrators are drawn from an international pool of various ICANN- and WIPO-approved individuals. *See WIPO Domain Name Panelists*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/amc/en/domains/panel/panelists.html> (last visited Feb. 26, 2011). Thus, arbitrators of various nationalities can and do sit on the same panel. When the majority of arbitrators in a three-member panel are from the United States, I refer to the panel as a “U.S. panel.” This is true even for panels with only one arbitrator. When, however, the majority of arbitrators in a panel are from a country other than the U.S., I refer to the panel as an “other panel” or a “foreign panel.” The same title applies to single-member panels of non-U.S. arbitrators.

“rights or legitimate interests” in the domain name.<sup>12</sup> One of these defenses allows the respondent to “make 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>13</sup> This defense—which I call “the fair use defense”—is a safety-valve for (sometimes critical) speech.<sup>14</sup>

But how, exactly, does the defense work in practice? More specifically, do panels apply the fair use provision uniformly to all respondents? This Article presents empirical evidence that panels—U.S. panels in particular—apply the fair use defense more favorably to U.S. respondents than other respondents. My analysis of nearly 1,000 UDRP decisions rendered by WIPO in the years 1999 through 2010 supports this conclusion. The purpose of my analysis was to determine whether the nationality of respondents or panels influenced the outcome of fair use cases. First, I analyzed whether respondents from the U.S. won more often than those from other countries. I found that U.S. respondents won 35% of the time while other respondents won only 17% of the time. Second, I analyzed whether U.S. panels were more likely to find fair use than non-U.S. panels. My data show that U.S. panels found fair use 35% of the time. Other panels, by contrast, found fair use only 20% of the time. These data suggest that WIPO panels apply the UDRP fair-use defense more favorably to U.S. respondents than other respondents.

Although a variety of factors likely are responsible for these phenomena, I argue they occurred for two basic reasons. First, the UDRP contains a vague choice of law provision. This vagueness allowed WIPO panels to apply whatever law they “deem[] applicable.”<sup>15</sup> U.S. panels then took greater advantage of this provision than their foreign counterparts. In other words, U.S. panels began importing U.S. law—law that is (viewed as) generally more sensitive than other countries to free speech interests—into UDRP disputes with higher frequency than other panels. More than other panels, U.S. panels also applied U.S. law in cases where the respondent was from the U.S. Because U.S. law is (viewed as) more friendly to speech interests than foreign law, the use of U.S. law favored respondents.

But *why* did U.S. panels—and not foreign panels—apply their home country’s law? There are five potential reasons. First, because U.S. panels decided nearly 50% of all fair use cases, they had more opportunities than their foreign counterparts to import U.S. laws. Second, more than U.S. arbitrators, other arbitrators believe that the UDRP should be a uniform policy. To preserve uniformity, other arbitrators do not apply other countries’ local laws—be them the arbitrators, complainants’, or respondents’ law(s)—to decide UDRP disputes. Third, other

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<sup>12</sup> Compare UDRP, *supra* note 5, § 4(a)(ii) (stating as an element of the complaint that the complainant must show the respondent “ha[s] no rights or legitimate interests in respect of the domain name”), with *id.* § 4(c) (“Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii) . . .”).

<sup>13</sup> UDRP, *supra* note 5, § 4(c)(iii).

<sup>14</sup> See, e.g., Michael Froomkin, *ICANN’s Uniform Dispute Resolution Policy-Causes and (Partial) Cures*, 67 BROOK. L. REV. 605, 642-43 (2002) [hereinafter Froomkin, *Causes and Cures*] (arguing that WIPO’s “rights and legitimate interests” defense seemed to quell initial worry about whether criticism, parody, and other speech interests would be protected by the UDRP).

<sup>15</sup> UDRP Rules, *supra* note 5, § 15(a).

arbitrators do not think about what law to apply. Because they view the UDRP as precedential, they simply apply prior decisions. The UDRP contains a U.S./non-US dichotomy in terms of rules about fair use. With two rules to choose from, arbitrators did not invent new ones. Fourth, much more than U.S. panels, foreign panels decide cases involving parties of nationalities different than the (foreign) panel. Finally, many countries do not have cybersquatting laws, or trademark laws with as many speech protections as U.S. laws. Without a law—or law that is as speech friendly—to apply, panels from these countries simply rely on the language of the UDRP (which may better reflect their own countries’ laws). That is, they interpret the UDRP as a self-contained document, rather than import local legal rules or principles.

Regardless of the reason(s), the importation of U.S. law has practical consequences. As different panels applied different rules, two competing sets of rules arose in fair use cases. The first set adheres to U.S. laws. The second set is comprised of sui generis UDRP rules developed by WIPO panels. These rules then replicated as panels cited them in subsequent fair use cases. The practical effect was twofold. First, because the imported U.S. law allowed individuals greater leeway to use trademarks in domain names than WIPO rules, the rule-dichotomy privileged cases in which panels applied U.S. law. Second, this same “legal leeway” gave U.S. respondents a greater ability to “speak” than other respondents. In other words, U.S. respondents could use others’ trademarks in their domain names in more situations than other respondents because arbitrators deciding cases with U.S. respondents usually applied U.S. law.

Although fair use is an important defense for speech-interests, most empirical studies of UDRP cases do not focus how panels interpret specific provisions. Instead they examine broader issues, such as the UDRP’s fairness or its potential to suppress speech generally. Some, for example, focus on respondents’ overall success rate in UDRP actions. One study by Milton Mueller found that the UDRP disfavors speech by those who do not hold trademarks—that is, it disfavors respondents.<sup>16</sup> Mueller also noted that the UDRP, by giving complainants the ability to select an arbitration provider, encouraged forum shopping.<sup>17</sup> To support this claim, he pointed to data showing that the providers with the biggest market shares were also those with the highest complainant win rates.<sup>18</sup>

Some were not convinced by Mueller’s hypothesis. Jay P. Kesan and Andres A. Gallo, for instance, argued that provider selection is mostly a matter of provider efficiency, rather than

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<sup>16</sup> Milton Mueller, *Rough Justice: A Statistical Assessment of ICANN’s Uniform Dispute Resolution Policy*, 156 (2002), <http://dcc.syr.edu/PDF/roughjustice.pdf> (last visited Mar. 6, 2010) (noting that, in 2001, respondents won around 80% of disputes) [hereinafter Mueller, *Rough Justice*]. See also Milton Mueller, *Success by Default: A New Profile of Domain Name Trademark Disputes Under ICANN’s UDRP*, CONVERGENCE CENTER 15 (2001), <http://dcc.syr.edu/PDF/markle-report-final.pdf> (last accessed Mar. 6, 2011) [hereinafter Mueller, *Success by Default*] (explaining that complainants win 96% of the time when a respondent defaults, admitting that sometimes default may indicate cybersquatting, but concluding that many times defaulting respondents have valid defenses).

<sup>17</sup> Mueller, *Rough Justice*, *supra* note 16, at 161 (“After only 1 year of operation, there is a statistically significant correlation between market share and the tendency to take away domain names from respondents.”). *But see* Ned Branthover, *UDRP – A Success Story: A Rebuttal to the Analysis and Conclusions of Professor Milton Mueller in “Rough Justice”*, INT’L TRADEMARK ASS’N (2002), available at <http://www.inta.org/Advocacy/Documents/INTAUDRPSuccesscontraMueller.pdf> (last visited Jan. 10, 2011) (attempting to rebut Mueller’s analysis).

<sup>18</sup> Mueller, *Rough Justice*, *supra* note 16, at 161.

provider bias.<sup>19</sup> In other words, the complainants choose providers that decide disputes the fastest.<sup>20</sup> Their results showed that a prior study erroneously characterized these time differences as insignificant.<sup>21</sup>

Further studies revealed other factors that helped to explain outcomes under the UDRP. Michael Geist, for example, used data on UDRP decisions to analyze the influence of panel size on outcomes (i.e., wins or losses).<sup>22</sup> Under the UDRP, the complainant can elect to have the dispute heard by a one- or three-member panel.<sup>23</sup> When the complainant elects a one-member panel, the arbitration provider selects the arbitrator.<sup>24</sup> How, exactly, each provider selects the arbitrator is unknown.<sup>25</sup> But the complainant need not elect a one-member panel—and the respondent need not accept one. Either party can elect that a three-member panel decide their case.<sup>26</sup> When any party elects a three-member panel, both parties must provide the names of three ICANN-approved arbitrators to the provider.<sup>27</sup> The provider selects two arbitrators, one

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<sup>19</sup> Jay P. Kesan & Andres A. Gallo, *The Market for Private Dispute Resolution Services—An Empirical Re-assessment of ICANN-UDRP Performance*, 11 MICH. TELECOMM. TECH. L. REV. 285, 295–96 (2005) (“Using a multinomial logit regression model to determine if complainants select the provider based on bias or the duration of the procedure, we show that duration is at least as important as bias in selecting providers.”).

<sup>20</sup> *Id.*

<sup>21</sup> Still others have examined how cases are distributed among panels and providers. John Selby, *Competitive Provider Selection Under the ICANN UDRP: Are ICANN’s Goals Being Achieved?* (2004), at <http://ausweb.scu.edu.au/aw04/papers/refereed/selby/paper.html> (last visited Jan. 10, 2010) (noting, without performing any statistical tests, that “the Providers that resolve disputes faster than average do have larger market shares,” and that, “although the time differences are not that great between the slowest and fastest Provider’s Panels, it would appear that there is a slight correlation between the time taken to resolve a dispute and the market share of each Provider”).

<sup>22</sup> Michael Geist, *Fair.com?: An Examination of the Allegations of Systematic Unfairness in the ICANN UDRP*, 27 BROOK. J. INT’L L. 903, 917, 924 (2002) (explaining that respondents win more often with three-member panels than with one-member panels even when controlling for defaults). See also Mueller, *Success by Default*, *supra* note 16, at 15 (stating that, for disputes heard by the National Arbitration Forum, “[respondents] that have the resources to pay an additional \$1500 to select one of three panelists . . . win slightly over half of the cases,” whereas respondents generally win only 33% of the time when they mount a defense, and 1% of the time when they default). But see M. Scott Donahay, *Fundamentally Fair But Far From Perfect*, 34 ELECTRONIC COM. & L. REP. 937 (2001) (challenging Geist’s conclusions regarding respondent win rates).

<sup>23</sup> UDRP Rules, *supra* note 6, § 3(b)(iv) (stating that, in the complaint, the complainant must “[d]esignate whether Complainant elects to have the dispute decided by a single-member or a three-member Panel and, in the event Complainant elects a three-member Panel, provide the names and contact details of three candidates to serve as one of the Panelists (these candidates may be drawn from any ICANN-approved Provider’s list of panelists)”).

<sup>24</sup> UDRP Rules, *supra* note 5, § 6(b) (“If neither the Complainant nor the Respondent has elected a three-member Panel (Paragraphs 3(b)(iv) and 5(b)(iv)), the Provider shall appoint, within five (5) calendar days following receipt of the response by the Provider, or the lapse of the time period for the submission thereof, a single Panelist from its list of panelists. The fees for a single-member Panel shall be paid entirely by the Complainant.”).

<sup>25</sup> Geist, *supra* note 22, at 910 (“Although the ICANN Rules and provider supplemental rules indicate how panelists are selected, little is known about how providers determine precisely which panelists serve on what cases. Panelist allocation has become particularly important as the providers’ panelist rosters have converged.”).

<sup>26</sup> UDRP Rules, *supra* note 16, § 3(b)(iv); *id.* § 5(v).

<sup>27</sup> UDRP Rules, *supra* note 16, § 3(b)(iv); *id.* § 5(v).

from each party's list.<sup>28</sup> It then selects the third arbitrator on its own "in a manner that reasonably balances the preferences of both Parties."<sup>29</sup> Again, just how the arbitration provider does this is unknown.<sup>30</sup>

Geist decided to examine panel size after noticing two facts. First, providers employed many of the same panelists.<sup>31</sup> Second, a discrepancy existed in respondent win rates among three providers (existing at the time).<sup>32</sup> As a result, he thought some other factor must be influencing the decisions of arbitrators. He was right. Geist found that respondents win more often with three-member panels than with one-member panels.<sup>33</sup> Because some providers employed more one-member panels than three-member panels, this fact explained the discrepancy in respondent win rates.<sup>34</sup> (He also found that providers with the highest win percentage fed disputes to a small number of complainant-friendly arbitrators.<sup>35</sup>) The results did not change even when controlling for defaults.<sup>36</sup> In other words, panel size influenced the likelihood of a respondent winning.

All of these studies have offered reasons for general trends in UDRP disputes. None, however, focused on whether the fair use provision protects the speech of domain name users.<sup>37</sup> None, that is, explored how effectively the UDRP's speech "safety valve"—fair use—operates.

This Article does just that. In it, I report the results of an empirical study examining how WIPO panels apply the UDRP in fair use cases. Specifically, it asks what factor(s) influence the probability that a respondent will successfully defend a UDRP proceeding on fair use grounds. The data suggest the answer is nationality: respondents from the U.S. won fair use cases more often than respondents from other countries. The data also show that panels with a majority of U.S. arbitrators (U.S. panels)<sup>38</sup> found for respondents in fair use cases more often than did other panels.

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<sup>28</sup> *Id.*

<sup>29</sup> UDRP Rules, *supra* note 16, § 6(e).

<sup>30</sup> *See supra* note 25.

<sup>31</sup> Geist, *supra* note 22, at 911.

<sup>32</sup> *Id.* ("[I]f many of the same panelists are deciding cases for multiple providers, how is it that complainants win over 80% of the time with WIPO and NAF, and only 61% of the time with eResolution?").

<sup>33</sup> *Id.* at 924.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 928 (A review of the 3881 single-member panel cases as of February 18, 2002 indicates that single panel cases may not be allocated in an entirely random manner. Most disturbing are the case allocation trends at the NAF.

Of the NAF's 1379 single-member panel cases, only six panelists decided an astonishing 56.4% (778 of 1379) of the cases. The sheer number of cases assigned to only six people alone is surprising. The 778 cases represent 20% of the entire UDRP single panelist caseload.").

<sup>36</sup> *Id.*

<sup>37</sup> *But see* Annette Kur, *UDRP: A Study by the Max-Planck-Institute for Foreign and International Patent Copyright and Competition Law, Munich* 31–32 (2002), at [http://141.3.20.1/admin/get\\_data.php?resID=95](http://141.3.20.1/admin/get_data.php?resID=95) (last visited Jan. 10, 2011) (discussing various categories of cases, including fair use, but attempting to explain the results of cases by legal rules, rather than contextual factors such as the identity of the parties involved).

<sup>38</sup> This term also includes panels consisting of one U.S. arbitrator and two arbitrators from different countries. So, for example, I would classify a panel as a "U.S. panel" if it contained arbitrators from the U.S.,



Because the UDRP lacks a principled choice of law strategy and a clear panel assignment procedure, I recommend revising the UDRP in two ways. First, ICANN should change the current choice of law provision. The new choice of law provision should instruct panels to apply the local law of the respondent's home country. Second, ICANN should revise and make transparent its panel assignment procedures. Given the proposed choice of law provision, ICANN should appoint to panels a majority of arbitrators from the same country as the respondent's home country. Where the parties select a three-member panel, one arbitrator should be from the complainant's home country.

Part I briefly explores the UDRP and how scholars have criticized it. In Part II, I describe the methodology that I used in my study to collect and analyze fair use UDRP decisions. Part III presents my study's findings. Part IV discusses the implications of my findings. Here I attempt to explain two phenomena. First, why do U.S. respondents win more than other respondents? Second, why do U.S. panels apply U.S. law more than other panels? I answer these questions using three tools: the UDRP's choice of law provision, WIPO-specific rules, and panel nationality. After this explanation, I explore potential reforms that could be made to the UDRP. I suggest that ICANN should revise the UDRP's choice of law and panel assignment provisions.

## I. THE UDRP AND ITS PROBLEMS

*There can be only one www.barcelona.com. Should it belong to the city in Spain, or to Walt Stillman's 1994 romantic comedy? The answer does not respect national boundaries. The [Internet Corporation for Assigned Names and Numbers, the] root [authority,] decides[] on behalf of every Internet user everywhere in the world.*

– Jack Goldsmith & Timothy Wu<sup>39</sup>

The Internet Corporation for Assigned Names and Numbers (ICANN) is the “root authority.”<sup>40</sup> Among other things, ICANN manages the registration and allocation of domain names using the Domain Name System (DNS).<sup>41</sup> Although the DNS was developed to allow the web to function effectively with increasing users and desire for names,<sup>42</sup> it also increased the competition: with a limited number of names comes competition for those resources.<sup>43</sup> As the

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Germany, and Spain. Of the twenty disputes decided by three arbitrators, five contained one U.S. arbitrator and two arbitrators from different countries.

<sup>39</sup> JACK GOLDSMITH & TIM WU, WHO CONTROLS THE INTERNET: ILLUSIONS OF A BORDERLESS WORLD 31 (2006).

<sup>40</sup> MILTON MUELLER, RULING THE ROOT: INTERNET GOVERNANCE AND THE TAMING OF CYBERSPACE 3, 7–10 (2002) [hereinafter MUELLER, RULING THE ROOT]. Although ICANN is the primary “root authority,” other competing, independent roots exist. *Id.* at 54–56 (describing in 2002 several alternative root servers, including Open NIC, ORSC Pacific Root, ORSC, New.net, Name.space, and CN-NIC).

<sup>41</sup> *Id.* at 184, 185–208.

<sup>42</sup> *Id.* at 41.

<sup>43</sup> *Id.* at 57–58 (analogizing the internet to other “unowned” resources such as the ocean, where domain names are like fish or minerals—resources that engender competition and produce ownership rules). See Jonathan Zittrain, *ICANN: Between the Public and the Private Comments Before Congress*, 14 BERKELEY TECH. L.J. 1071,

Internet grew, so did disputes over domain names.<sup>44</sup> In response, ICANN developed<sup>45</sup> the UDRP to provide a quick and cheap alternative to litigating domain-name disputes involving abusive domain-name registration;<sup>46</sup> that is, disputes where a party registered domain names in “bad faith.”<sup>47</sup> To ensure that the UDRP was more than just a fancy procedure, ICANN made it mandatory by contracting with Network Solutions, Inc. (NSI) (now Verisign<sup>48</sup>), which, until 1999, registered all of the “.com” top-level domain names (known as gTLDs).<sup>49</sup> As part of this contract, NSI incorporated the UDRP into all domain-name registration agreements.<sup>50</sup> This enables ICANN and NSI bind to the UDRP all individuals who register a domain name.<sup>51</sup> When ICANN allowed new registrars of gTLDs in 1999,<sup>52</sup> it bound them to the UDRP as a condition of accreditation.<sup>53</sup> Thus, all registrars are bound by the UDRP. When individuals register a domain-name, they too become contractually bound to the UDRP.<sup>54</sup>

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1079–83 (2001) (explaining how “entrepreneurial forces” altered the domain name system, changing it from space allocated by one man (Jon Postel) to governance by ICANN).

<sup>44</sup> MUELLER, RULING THE ROOT, *supra* note 40, at 109, 114–120 (explaining that the commercialization of the Internet followed its 1991 opening to commerce, with competition “endow[ing] the domain name space with a new kind of commercial value,” which, in turn, led to an increasing number of disputes over various part of domain names).

<sup>45</sup> ICANN actually drew heavily on WIPO’s Report when developing the UDRP. *See* Froomkin, *Causes and Cures*, *supra* note 14, at 632–78 (explaining that ICANN adopted each of the major WIPO recommendations—use of the DNS to use mandatory contractual agreements, limiting disputes to trademark and non-trademark holders, substantive rules governing disputes, procedures for dispute resolution process, pre-emptive protections for well-known marks—and discussing the degree to which it did so on each); Justin Hughes, *The Internet and the Persistence of Law*, 44 B.C. L. REV. 359, 377–78 (2003) (explaining that ICANN asked WIPO to issue a report on domain-name disputes, which ICANN used as the basis of the UDRP).

<sup>46</sup> *E.g.*, Elizabeth G. Thornburg, *Fast, Cheap, and Out of Control: Lessons from the ICANN Dispute Resolution Process*, 6 J. SMALL & EMERGING BUS. L. 191, 201 (2002) (stating that the UDRP was meant “to create a remedy for a narrowly defined group of particularly egregious cases,” which ICANN said would be “deliberate, bad faith, abusive, domain name registrations or ‘cybersquatting’” (quoting FINAL REPORT OF THE FIRST WIPO INTERNET DOMAIN NAME PROCESS APRIL 30, 1999, § 135(i), WORLD INTELLECTUAL PROPERTY ORGANIZATION, at <http://www.wipo.int/export/sites/www/amc/en/docs/report-final1.pdf> (last accessed Dec. 29, 2010)).

<sup>47</sup> For a definition of “bad faith” under the UDRP, see UDRP, *supra* note 5, § 4(b).

<sup>48</sup> GRAHAM J. H. SMITH, INTERNET LAW AND REGULATION 153(4th ed. 2007).

<sup>49</sup> *Id.*; MUELLER, RULING THE ROOT, *supra* note 40, at 186–90.

<sup>50</sup> *ICANN-NSI Registry Agreement*, INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, <http://www.icann.org/en/nsi/nsi-registry-agreement-04nov99.htm> (last visited Dec. 23, 2010).

<sup>51</sup> The policy is contractual, and all individuals agree to it when they register a domain name. *Domain Name Dispute Resolution Policies*, INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, <http://www.icann.org/en/udrp/> (last visited Dec. 23, 2010).

<sup>52</sup> SMITH, *supra* note 48, at 153 (noting that competing registrars “were introduced in 1999”); MUELLER, RULING THE ROOT, *supra* note 40, at 189 (explaining that ICANN opened up top-level domain registration to new registrars in 1999).

<sup>53</sup> MUELLER, RULING THE ROOT, *supra* note 40, at 192 (ICANN “bound all registrars of domain names under .com, .net, and .org to it as a condition of accreditation”).

<sup>54</sup> *Id.* (“Through their contracts with registrars, all registrants of domain names under the generic TLDs are contractually bound to submit to arbitration under the UDRP.”).

To provide a quick and cheap resolution, the UDRP makes filing a claim simple: the owner of a registered or common law trademark asserts that a “domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights.”<sup>55</sup> To assert a claim over a domain name, one must “[submit] a complaint in accordance with the [UDRP] and [the UDRP Rules] to any [one of four] Provider[s] approved by ICANN,”<sup>56</sup> which includes WIPO.<sup>57</sup> The provider (be it WIPO or otherwise) then employs a panel of arbitrators to decide the dispute.<sup>58</sup> As mentioned, providers do not explain how they assign particular arbitrators to serve on panels.

The UDRP thus regulates speech on the Internet. Since its inception in 1999, WIPO has resolved nearly 20,000 domain-name disputes under the UDRP.<sup>59</sup> As Goldsmith and Wu note, the root—that is, ICANN—decides how to settle these disputes. But the question is how *should* the root decide? More precisely, what law applies?

The answer is unclear. When ICANN adopted the UDRP, it included a provision that commands a panel to “decide a complaint on the basis of . . . any rules and principles of law that it deems applicable” (Choice of Law Provision or Provision).<sup>60</sup> The UDRP does not, however, provide any guidance on when, if ever, to apply country-specific law. If panelists applied the UDRP in a nonprecedential manner,<sup>61</sup> this would not necessarily be a problem.

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<sup>55</sup> UDRP, *supra* note 5, § 4(a). The UDRP does not preclude litigation as a first-order remedy. UDRP § 5 (“All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 4 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.”); UDRP Rules, *supra* note 5, § 18(a)–(b) (stating rules for arbitrators when a party to the dispute commences litigation before or during a UDRP proceeding).

<sup>56</sup> UDRP Rules, *supra* note 5, § 3.

<sup>57</sup> There are a total of four providers. ICANN, *List of Providers*, *supra* note 6.

<sup>58</sup> For how panels are selected, see *supra* notes 23–30 and accompanying text. WIPO, for example, provides a list of its arbitrators. *WIPO Domain Name Panelists*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/amc/en/domains/panel/panelists.html> (last visited Dec. 27, 2010).

<sup>59</sup> As of the time of this study, over 19,000 UDRP complaints have been filed with WIPO. *Domain Name Statistics, Total Number of Cases per Year*, WORLD INTELLECTUAL PROPERTY ORGANIZATION <http://www.wipo.int/amc/en/domains/statistics/cases.jsp> (last visited Dec. 23, 2010). During this time WIPO decided 18,624 of these complaints. *Domain Name Statistics, Case Outcome(s) by Year(s) Breakdown*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/amc/en/domains/statistics/outcome.jsp> (last visited Feb. 27, 2011). When Michael Geist conducted the last comprehensive study of the UDRP (2002), WIPO decided the majority of UDRP disputes (59%). *Decision Data*, *supra* note 6. Extrapolating Geist’s study, this would mean that providers other than WIPO decided 12,942 disputes, for a total of 31,566 disputes.

<sup>60</sup> UDRP Rules, *supra* note 5, § 15(a). It also included a provision that let panels “conduct administrative proceedings in such manner as it considers appropriate in accordance with the policy,” even allowing panels to formulate their own rules on admissibility of evidence. UDRP Rules, *supra* note 5, § 10(a).

<sup>61</sup> WIPO Rules, *infra* note 118, § 4.1, <http://www.wipo.int/amc/en/domains/search/overview/#41> (last visited Dec. 23, 2010) (“*Consensus view*: The UDRP does not operate on a strict doctrine of precedent. However panels consider it desirable that their decisions are consistent with prior panel decisions dealing with similar fact situations. This ensures that the UDRP system operates in a fair, effective and predictable manner for all parties.”).

But WIPO's "consensus view" is that "panels consider it desirable that their decisions are consistent with prior panel decisions dealing with similar fact situations."<sup>62</sup> Indeed, Mueller has shown empirically that the UDRP is de facto precedent-based system.<sup>63</sup> Yet, despite panels' use of "precedents" from prior disputes, no precedent exists on how to apply the Choice of Law Provision. Indeed, WIPO, which ICANN charged with making recommendations for a UDRP,<sup>64</sup> suggested that the UDRP use existing "multilateral" standards of intellectual property and apply them to domain names—though it was not clear exactly what standards applied.<sup>65</sup> Froomkin has argued that WIPO actually meant to incorporate traditional choice of law principles.<sup>66</sup> Others have disagreed.<sup>67</sup> Thus, even among academics, no clear consensus exists as to what law applies in any given dispute. Wherever a panel looks, it will find no clear guidance.

Because the Choice of Law Provision does not specify how panels should apply it, panels have broad discretion in making that determination.<sup>68</sup> That is troublesome because a panel's decision to apply a particular law has important consequences. When a respondent wants to

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<sup>62</sup> *Id.*

<sup>63</sup> In 2002, for example, Mueller showed that over 50% of UDRP decisions cite other UDRP decisions. Mueller, *Success by Default*, *supra* note 16, at 19. More significantly, "[t]he majority not only cite other cases but rely on precedent extensively to reason out and support their decisions." *Id.*

<sup>64</sup> *ICANN Staff Report, Uniform Dispute Resolution Policy for gTLD Registrars*, INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, Aug. 24, 1999, <http://www.icann.org/en/meetings/santiago/udrp-staff-report.htm#1> (last visited Feb. 25, 2011) (stating that the U.S. Government, in its 1998 White Paper, created ICANN and "called upon the World Intellectual Property Organization (WIPO) to . . . develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyberpiracy").

<sup>65</sup> WORLD INTELLECTUAL PROPERTY ORGANIZATION, *Final Report on the WIPO Internet Domain Name Process* § 35 (1999), at [http://www.icann.org/en/wipo/FinalReport\\_1.html](http://www.icann.org/en/wipo/FinalReport_1.html) (last visited Jan. 10, 2011) ("It is further recognized that the goal of this WIPO Process is not to create new rights of intellectual property, nor to accord greater protection to intellectual property in cyberspace than that which exists elsewhere. Rather, the goal is to give proper and adequate expression to the existing, multilaterally agreed standards of intellectual property protection in the context of the new, multijurisdictional and vitally important medium of the Internet and the DNS that is responsible for directing traffic on the Internet.").

<sup>66</sup> See Froomkin, *UDRP Causes and Cures*, *supra* note 14, at 640.

<sup>67</sup> See Mueller, *Rough Justice*, *supra* note 16, at 152 (describing one of the UDRP's three main objectives as "creat[ing] global uniformity: that is, [it was designed] to eliminate variety and competition among the jurisdictions and rule sets applied to domain name–trademark conflicts").

<sup>68</sup> Thornburg, *supra* note 46, at 210 (noting that the Choice of Law Provision has resulted in "eclectic and unprincipled 'choice of law' decisions," has caused "uncertainty about applicable law," and has "exacerbate[d] the difference among the decisions made by the unappealable arbitrators"); Froomkin, *UDRP Causes and Cures*, *supra* note 14, at 642 ("[T]he subtlety of the choice of law issue has either been lost on some arbitrators, or they have chosen to avert their eyes from it. Perhaps the arbitrators have concluded that "UDRP law" should, after all, be some free-standing body of rules deracinated from any legislature and made up largely by trademark lawyers."). See Laurence R. Helfer & Graeme B. Dinwoodie, *Designing Non-National Systems: The Case of the Uniform Domain Name Dispute Resolution Policy*, 43 WM. & MARY L. REV. 141, 225 (2001) ("Without constraints on these open-ended clauses, panels are left with little to guide the exercise of their discretionary lawmaking powers. Not surprisingly, this omission has produced a schism between panels that strictly construe the UDRP and those that interpret the Policy more expansively to curb a broader range of conduct by domain-name registrants.").

mount a fair use defense, for example, the choice of law issue can be determinative.<sup>69</sup> Critics claim that this results in poorly reasoned or inconsistent decisions.

Inconsistency occurs in two forms. First, panels can apply different UDRP precedents to similar fact-patterns.<sup>70</sup> Alternatively, panels can apply different national law to disputes with similar facts or issues.<sup>71</sup> This latter scenario occurred in *Wal-Mart Stores, Inc. v. Walmarket Canada*.<sup>72</sup> In that case, the respondent operated in Thailand and was domiciled in Canada.<sup>73</sup> The complaint, Wal-Mart, was headquartered in the U.S.<sup>74</sup> The panel noted that either Canadian or Thai law could apply.<sup>75</sup> Then, however, it discussed and applied law from the United States *and the United Kingdom*—even though the parties’ dispute did not appear to implicate U.K. law.<sup>76</sup>

Why did this happen? One reason may be the panel’s nationality. That explanation is at least plausible explanation for the *Wal-Mart* decision. There, the lone panelist was from the U.K. and applied U.K. law. In other cases, too, arbitrator nationality may help explain the outcome. Indeed, Jacqueline Lipton has suggested that UDRP disputes—as a result of UDRP drafting—focus on trademark law (when there are other methods of resolving domain-name disputes).<sup>77</sup> For support, Lipton cites one WIPO case where the respondent and complainant both hailed from the U.S.<sup>78</sup> Although Lipton argues for non-trademark based tools to resolve these disputes, her

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<sup>69</sup> Froomkin, *UDRP Causes and Cures*, *supra* note 14, at 642 (“The choice of law issue is especially important because choice of law in effect determines what constitutes ‘rights and legitimate interests’ . . .”).

<sup>70</sup> See Lisa M. Sharrock, *The Future of Domain Name Dispute Resolution: Crafting Practical International Legal Solutions From Within the UDRP Framework*, 51 DUKE L.J. 817, 833-36 (2001) (discussing the application of two different rules in similar cases involving domain-name speculation and in criticism <trademarksucks.com> cases, and arguing that the UDRP causes this inconsistency “because it lacks specificity, a flaw magnified by the fact that precedent plays little role in UDRP decisionmaking”); Jacqueline D. Lipton, *Commerce Versus Commentary: Gripe Sites, Parody, and the First Amendment in Cyberspace*, 84 WASH. U. L. REV. 1327, 1356 (2006) (“[T]here is no clear test as to when a commentary site is a fair or legitimate use. A comparison of two early UDRP decisions involving consumer commentary and gripe sites demonstrates the confusion that can arise under the UDRP in this respect.”); Mueller, *Success by Default*, *supra* note 16, at 24 (“[T]he outcomes and precedents in [cases involving critics or commentary] are mixed, reflecting the lack of clear standards and dissension among panelists.”).

<sup>71</sup> See, e.g., David Wotherspoon & Alex Cameron, *Reducing Inconsistency in UDRP Cases*, 2003 CANADIAN J. L. & TECH. 71, 74–75 (2003) (explaining that, among other problems, panels can apply legal principles from jurisdictions that have no relation to the parties).

<sup>72</sup> No. D2000-0150 (WIPO May 2, 2000).

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> *Id.* (“Since the Respondent appears to be domiciled in Canada, any legal action would have to be taken against him in that country. If the Respondent is to operate in Thailand, then action could be taken there.”)

<sup>76</sup> *Id.* (stating and applying the “legal position in England on domain names of confusingly similar wording to registered trademark”).

<sup>77</sup> Lipton, *supra* note 70, at 1356 (“These decisions also show that, regardless of how the UDRP is drafted, UDRP arbitrators are likely to be influenced, at least to some extent, by domestic trademark laws.”).

<sup>78</sup> *Id.* at 1356 n.163 (“The discussion and decision herein will . . . be governed by the terms of the [UDRP], although reference by analogy may be made to principles of U.S. law, as two of the Complainants are U.S. corporations, Respondent is a U.S. resident, and both parties have cited U.S. law in their submissions.” (citing *Bridgestone Firestone, Inc. v. Myers*, No. D2000-0190 (WIPO July 6, 2000))).

observation nonetheless highlights the influence of national law in UDRP disputes. Indeed, we might expect that the law of the panel's home country will influence how the panel applies the UDRP. As noted above, this panel-based explanation seems plausible in the *Wal-Mart* case.

Panel nationality, however, is an explanation for a broader concern: how are panels deciding cases? In particular, scholars are concerned with panels' ability and tendency to suppress speech by controlling domain name use. Some, for example, worry that decisional inconsistency could "chill speech."<sup>79</sup> That is, people would be reluctant to use certain domain names for fear of having them canceled or transferred. Others, such as those conducting empirical studies mentioned earlier, are concerned that providers like WIPO are biased in favor of the complainant.

None of these studies, though, examined how specific provisions of the UDRP impact individuals' ability to "speak" using domain names that incorporate trademarks. As the number of trademarks and domain names grow, people will increasingly use those trademarks in domain names. Additionally, with the growth of companies and internet access, people will continue to voice their opinion using websites—and frequently domain names. The extent to which people will be able to use trademarks in their domain names depends, at least in part, on the fair use defense. No study, however, has examined whether or how the fair use defense works; i.e., whether it applies uniformly to all parties, regardless of their nationality. This study accomplished that.

## II. METHODOLOGY

In this study, I examined fair use domain-name disputes arbitrated by WIPO under the UDRP. As mentioned above, § 4(c)(iii) of the UDRP allows respondents to "make[] a legitimate noncommercial or fair use of the domain name [that incorporates a trademark], without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue."<sup>80</sup> Nevertheless, to better understand where the fair use provision fits within the UDRP, it is helpful to describe the three main elements required to prove a prima facie case under the UDRP.<sup>81</sup>

First, the complainant must show that the "domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights."<sup>82</sup> Second, she must

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<sup>79</sup> Keith Blackman, *The Uniform Domain Name Dispute Resolution Policy: A Cheaper Way to Hijack Domain Names and Suppress Critics*, 15 HARV. J. L. & TECH. 211, 222 (2001) (quoting United States Supreme Court Justice Hugo Black and arguing that inconsistent or unclear law about what speech is permitted can chill protected speech).

<sup>80</sup> UDRP, *supra* note 5, § 4(c)(iii).

<sup>81</sup> In addition to substantive provisions, the UDRP contains a variety of procedural rules. *See generally* UDRP Rules. One such procedural mechanism is that the defendant must file a response within 20 days after the provider notifies her of the complaint. *See* UDRP Rules, *supra* note 5, § 5(a) (explaining that the defendant must file a response within 20 days after the proceeding commences); *id.* § 4(c) (explaining that the proceeding commences when the provider fulfills its notification responsibilities under Rule § 2(a)); *id.* § 2(a) (detailing responsibilities of provider to forward complaint to defendant). Failure to file a response counts as a "default," which simply means the panels decide the case without a response. *Id.* § 14(a). A default is not an automatic loss.

<sup>82</sup> UDRP *supra* note 5, § 4(a)(i).

show that the respondent has no “rights or legitimate interests” in the domain name.<sup>83</sup> Third, the complainant must show that the respondent “registered and . . . [is] us[ing] [the domain name] in bad faith.”<sup>84</sup> The complainant must make a *prima facie* case (on these elements) to succeed.<sup>85</sup> Even if she makes a *prima facie* case, though, the burden shifts, and the respondent may defeat the complaint by demonstrating that she has “rights or legitimate interests” in the domain name.<sup>86</sup>

The UDRP specifies three ways in which a respondent can have rights or legitimate interests in a domain name: the respondent is using the domain name in connection with a bona fide offering of goods or services,<sup>87</sup> is commonly known by the domain name,<sup>88</sup> or is “making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the” plaintiff’s trademark.<sup>89</sup> I examined only decisions substantively discussing this last issue: whether the respondent’s use of the alleged mark in the domain name qualified as legitimate noncommercial or fair one. I refer to these decisions as “fair use cases.” Figure 1 (below) shows the process by which I selected, sampled, and categorized cases. In the following two subparts, I explain this process in detail.

#### A. Sample Selection: Method of Selection

WIPO makes all of its nearly 19,000 decisions publicly available and text-searchable on its website (WIPO database).<sup>90</sup> I collected cases decided between January 1, 1999, and September 24, 2010. I searched the WIPO database using only one search term (“4(c)(iii)”)<sup>91</sup> indicating that the search results (i.e., the decisions) “must” contain this phrase.<sup>92</sup> The search revealed 2,688 non-unique results from January 1, 1999, through September 24, 2010.<sup>93</sup>

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<sup>83</sup> *Id.* § 4(a)(ii).

<sup>84</sup> *Id.* § 4(a)(iii).

<sup>85</sup> WIPO Rules, *infra* note 118, § 2.1 (“[A] complainant is required to make out a *prima facie* case that the respondent lacks rights or legitimate interests.”).

<sup>86</sup> *Id.* (“Once such *prima facie* case is made, respondent carries the burden of demonstrating rights or legitimate interests in the domain name. If the respondent fails to do so, a complainant is deemed to have satisfied paragraph 4(a)(ii) of the UDRP.”); UDRP, *supra* note 5, § 4(c)(i)–(iii)(describing ways in which a domain name owner can show rights or legitimate interests in a domain name).

<sup>87</sup> UDRP, *supra* note 5, § 4(c)(i).

<sup>88</sup> *Id.* § 4(c)(ii).

<sup>89</sup> *Id.* § 4(c)(iii).

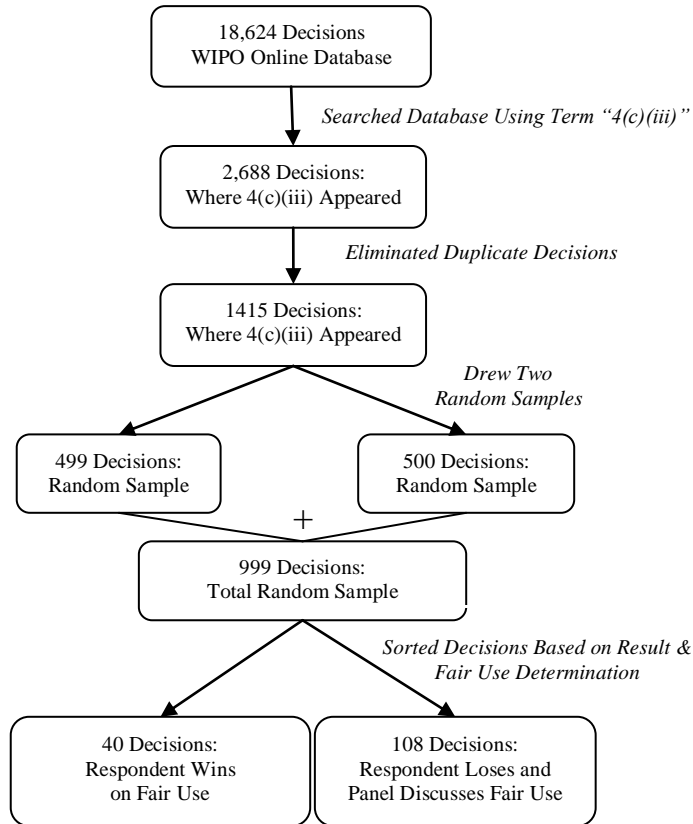
<sup>90</sup> *Search WIPO Cases and WIPO Panel Decisions*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/amc/en/domains/search/> (visit Dec. 23, 2010). Since extracting the decisions from WIPO’s database, WIPO changed its search interface. This new interface does not extract results in the same manner as the interface I used to conduct my search.

<sup>91</sup> “4(c)(iii)” is the section of the UDRP governing “fair use” of domain names.

<sup>92</sup> I collected cases using a search on September 24, 2010. I have not updated cases since then.

<sup>93</sup> “Non-unique” results are those which contain duplicate decisions.

FIGURE 1: CASE SELECTION &amp; SAMPLING METHOD



After compiling the sets of search results, I eliminated the duplicate cases. This left 1415 unique cases. I first randomly sampled 499 decisions. From this sample I found only a small number of respondent wins. Because the number of wins was too small draw inferences ( $n < 20$ ), I drew another random sample of 500 cases. From the random sample of 999 decisions, I found 148 cases that substantively discussed the fair use defense. In 40 of those cases, the respondent won. The complainant won in the remaining 108 decisions. I did not examine the remaining 416 (unsampled) cases.

### B. Types of Cases Selected for Sample

I manually reviewed all 999 randomly sampled cases to determine whether they were relevant. Relevant decisions included two kinds of cases. First, I identified cases where the respondent succeeded in defending the complaint on fair use grounds. I identified these cases easily because the panel(s) would discuss why the domain name constituted a noncommercial



fair use.<sup>94</sup> Put simply, a respondent who succeeds on a fair use defense defeats the complaint; i.e., the respondent “wins.”<sup>95</sup> I identified 39 of these decisions.

Second, I identified cases where, although the respondent lost, the panel discussed fair use in the decision. Nearly every case I examined, however, mentioned § 4(c)(iii) in some way. Often, for example, decisions would summarily find no fair use defense, or cite the relevant provision but never discuss it. Therefore, I had to narrow the cases to those where the panel substantively addressed the fair use defense.

Generally, I excluded decisions finding no fair use because the website was commercial. I kept cases in which the panel decided the case on commerciality grounds but noted that the site may have been for a legitimate purpose, such as criticism.<sup>96</sup> Because these cases specifically addressed whether a use was fair and legitimate, they were relevant. I excluded cases in which the panel decided summarily that the respondent used the domain name commercially. Including these cases would have skewed the results because it included nearly every case where a respondent lost.

When the respondent lost and its domain name did not display a live website, I included only those cases where the respondent asserted it was planning on making a fair use. I included these cases for consistency—as some respondent fair use victories occurred when the respondent had not yet developed a website. Like the aforementioned commerciality cases, I included these cases because they addressed substantively the issue of fair use. For the opposite reason, I excluded cases in which the panel summarily rejected the respondent’s fair use defense; namely, because they did not discuss fair use substantively.

Occasionally, a decision would defer the fair use discussion to the section on bad faith—one of three elements the complainant must show to win a UDRP complaint.<sup>97</sup> I included these decisions and classified them as “other” unless the bad faith discussion turned specifically on the nature of the site (i.e., criticism, a fan site, information site, and personal use). If the bad faith discussion turned on the nature of the site, I classified it as one of the existing categories. I included these decisions because the primary issue—regardless of where in the decision the panel resolved it—was whether the respondent made a fair use of the domain name. Because the fair use inquiry sometimes rolled into the bad faith question, it made sense to include cases where this overlap occurred.

I also eliminated cases in which, although the panel discussed fair use to some degree, fair use was not really disputed. So, for example, I excluded cases where, even though the panel discussed the fair use defense, the website that the domain name displayed was simply a

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<sup>94</sup> For respondent wins, the decision must have resolved *the fair use issue* in the respondent’s favor. I did not count decisions that punted on the fair use question but dismissed the complaint on other grounds. *E.g.*, Kendall v. Mayer, No. D2000-0868 (WIPO Oct. 26, 2000). These decisions did not resolve fair use issues.

<sup>95</sup> If the respondent succeeded in proving a fair use defense as well as another defense under the UDRP, I coded the decision. The reason is because the decision still qualifies as one where the respondent won on fair use grounds.

<sup>96</sup> *E.g.*, Pfizer Inc. v. e2e Tech LLC, No. D2007-0099 (WIPO April 6, 2007).

<sup>97</sup> UDRP § 4(a)(iii) (requiring the complainant to show that—in addition to the domain name being confusingly similar to the trademark and the respondent not having rights or legitimate interests in the domain name—that the “domain name has been registered and is being used in bad faith”).

pornographic one.<sup>98</sup> I excluded these cases because they did not substantively implicate the fair use defense.

I also excluded decisions where the respondent operated a website that offered only advertisements, or the domain name displayed a “parked” website containing links to other vendors or websites. I excluded these cases because they generally could not qualify as either noncommercial or fair,<sup>99</sup> and, as a result, the respondent could not and would not assert such a defense. In general, panels tended to resolve these cases summarily in favor of the complainant.

After selecting all 148 cases substantively discussing the fair use defense, I coded them for a variety of variables. One variable was subject-matter: each case fell into a category that designated the type of site displayed upon entering the domain name. I coded them into five categories: criticism, fan site, informational, personal, and other. “Criticism” means that the website displayed at domain name made critical statements about some subject. The most common subject was the trademark holder, who was seeking to cancel or transfer the domain name. “Fan site” means a supporter or proponent of a topic, person, or entity created the website displayed at the domain name. “Informational” means that the website displayed at the domain name provided information about some kind of topic, person, or entity. Frequently this was the trademark owner who attempted to cancel or transfer the domain name. “Personal” means that an individual created a website displayed at the domain name for personal use, such as e-mail or displaying family photographs. “Other” refers to fair use decisions that did not fit any of these categories.

Other variables for which I coded included panel, respondent, and complainant nationality; whether the panel cited U.S. law, foreign law, or neither; and whether the respondent won in whole or part. I coded the nationality of each arbiter using WIPO’s website, which lists its arbitrators by country.<sup>100</sup> I coded the nationality of respondents and complainants using the decision itself, which indicated from where the parties hailed.

I also coded whether and what law each panel cited. Whenever a decision cited (i.e., just mentioned or listed) the law of another country, it was counted as “citing” that country’s law. Occasionally, a decision would cite a non-national law—such as a law of the European Union. These decisions also were counted as “citing” foreign law.

Of course, my analysis would have been incomplete without coding for the ultimate result of the case. Here, I coded whether a respondent “won” on the fair use defense. Given that multiple domain-names may have been at issue, a respondent could win *and* lose the fair use defense in the same case. Thus, I recorded whether the respondent won as to all domain names (a “whole win”) or as to less than all the domain names at issue (a “partial win”). I also recorded whether the respondent “lost” on the fair use defense (and typically, but not always, on all defenses). For a detailed description of how the variables were coded, please refer to the protocols, available at <[website]>.

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<sup>98</sup> *E.g.*, Microsoft Corp. v. Horner, No. D2002-0029 (WIPO Feb. 27, 2002).

<sup>99</sup> *But see* CP Masters B.V. v. RareNames, No. D2009-1673 (WIPO Feb. 11, 2010) (finding not unfair the registration of a domain name “speculatively, to either generate click-through revenue and be part of the portfolio of domain names in which the Respondent deals” because no bad faith existed).

<sup>100</sup> *Supra* note 11.

### III. FINDINGS

The purpose of my analysis was to determine whether the nationality of respondents or panels influenced the outcome of fair use proceedings. First, I analyzed whether respondents who were from the U.S. won more often than those from other countries. Second, I analyzed whether U.S. panels were more likely to find fair use than non-U.S. panels. Third, I analyzed the nationalities of panels and respondents in fair use cases. I report the findings in the next three subparts.

#### A. U.S. Respondents Win Twice as Many Fair Use Cases as Other Respondents

Figure 2 shows that U.S. respondents won twice as often as other respondents. Specifically, U.S. respondents won 35% of the time while other respondents won only 17% of the time. The differences were statistically significant ( $p = 0.015$ ).<sup>101</sup>

FIGURE 2. RESPONDENTS' OUTCOMES IN UDRP FAIR USE CASES,  
BY RESPONDENT NATIONALITY

	Respondent Wins	Respondent Losses	Total
U.S. Respondent	29 (35%)	53 (65%)	82 (100%)
Other Respondent	11 (17%)	55 (83%)	66 (100%)
Total	40 26%	108 74%	148 100%

Source: WIPO Online Database of UDRP Decisions

\*A Fisher's Exact showed the differences were statistically significant ( $p = 0.015$ ).

These data also show that respondents in fair use cases win 26% of the time. That is slightly higher than the overall percentage of respondent wins (20%) found in the last comprehensive

<sup>101</sup> I used a Fisher's Exact test to compute statistical significance. A Fisher's Exact test is used to make comparisons across a two-by-two table; i.e., to compare proportions. HARVEY RUSSELL BERNARD, SOCIAL RESEARCH METHODS: QUALITATIVE AND QUANTITATIVE APPROACHES 565, 569 (2000); MICHAEL O. FINKELSTEIN & BRUCE A. LEVIN, STATISTICS FOR LAWYERS 153-55 (2000). Typically, a Fisher's Exact Test is used where the cells in a table have an expected value of below 5; i.e., for a small sample. BERNARD, *supra*, at 570. See FINKELSTEIN & LEVIN, *supra*, at 157. The test tells us the likelihood that our table shows an actual difference (i.e., that the differences are not a result of chance). BERNARD, *supra*, at 571; FINKELSTEIN & LEVIN, *supra*, at 156 n.2. Put another way, it tells us in Figure 2, for example, we could expect these result by chance 1.5% of the time.

empirical study.<sup>102</sup> The differences in the proportions of respondent wins in fair use cases compared to WIPO decisions generally was not statistically significant ( $z = -1.76$ ,  $p = 0.08$ ).<sup>103</sup>

In addition to respondent nationality, I tested panel nationality against respondent nationality. Figure 3 shows that respondents win more often when a U.S. panel decides the dispute than when a panel from another country decides the dispute. Respondents win 35% of the time when a U.S. panel decides their case and 20% when a panel from another country does so. The difference was statistically significant ( $p = 0.04$ ).

FIGURE 3. RESPONDENTS' OUTCOMES IN UDRP FAIR USE CASES, BY PANEL NATIONALITY

	Respondent Wins	Respondent Losses	Total
U.S. panel	24 (35%)	44 (65%)	68 (100%)
Other panel	16 (20%)	64 (80%)	80 (100%)
Total	40 27%	108 73%	148 100%

Source: WIPO Online Database of UDRP Decisions

\*A Fisher's Exact showed the differences were statistically significant ( $p = 0.04$ ).

After grouping the cases into criticism and noncriticism categories, U.S. respondents won more than other respondents in both categories. ("Noncriticism" cases mean all cases that did not involve the "criticism" category described in the previous Part.) The differences in winning percentage, however, were statistically significant only for noncriticism cases. That is, U.S. respondents won more often than other respondents in both criticism and noncriticism cases. But in only noncriticism cases were those differences statistically significant.

Figure 4 shows that, in criticism cases in which respondents won, U.S. respondents comprised 70% of cases and won 38% of the time.<sup>104</sup>

<sup>102</sup> Geist, *Fair.com?*, supra note 22, at 910 (stating "that complainants win 80.6% of the time with WIPO"). See Mueller, *Rough Justice*, supra note 16, at 9, 11 (showing a roughly 80% win rate for complainants in all cases where a WIPO panel rendered a decision).

<sup>103</sup> I used a proportions test to get the z-statistic. I ran the test based on the number of WIPO cases Geist reported on his website (2,535). *UDRP Decisions*, supra note 6.

<sup>104</sup> I found that in criticism cases, respondents won approximately 30% of the time. Muller found that respondents won 36% of the time in cases he classified as "critic or commentary." Mueller, *Success by Default*, supra note 16, at 11.

FIGURE 4. RESPONDENTS' OUTCOMES IN UDRP CRITICISM FAIR USE CASES, BY RESPONDENT NATIONALITY

	Respondent Wins	Respondent Losses	Total
U.S. Respondent	14 (38%)	23 (62%)	37 (100%)
Other Respondent	6 (21%)	22 (89%)	28 (100%)
Total	20 31%	45 69%	65 100%

Source: WIPO Online Database of UDRP Decisions

\*A Fisher's Exact showed the differences were not statistically significant ( $p = 0.184$ ) (one-tailed,  $p = 0.092$ ).

Other respondents, by contrast, comprised only 30% of the cases and won 21% of the time. The differences fell short of statistical significance ( $n = 63$ ,  $p = 0.184$ ) (one-tailed,  $p = 0.092$ ).<sup>105</sup>

In non-criticism cases where the respondent won, U.S. respondents comprised 52% of the cases and won 33% of the time. Other respondents comprised 46% of the cases and won 13% of the time. As Figure 5 shows, the differences in win percentage for U.S. and other respondents for noncriticism cases were statistically significant ( $n = 83$ ,  $p = 0.041$ ) (one-tailed,  $p = 0.028$ ).<sup>106</sup>

FIGURE 5. RESPONDENTS' OUTCOMES IN UDRP NONCRITICISM FAIR USE CASES, BY RESPONDENT NATIONALITY

	Respondent Wins	Respondent Losses	Total
U.S. Respondent	15 (33%)	30 (67%)	45 (100%)
Other Respondent	5 (13%)	33 (77%)	38 (100%)
Total	20 24%	63 76%	83 100%

Source: WIPO Online Database of UDRP Decisions

\*A Fisher's Exact showed the differences were statistically significant ( $p = 0.041$ ) (one-tailed,  $p = 0.028$ ).

<sup>105</sup> I used a Fisher's Exact to test the differences.

<sup>106</sup> I used a Fisher's Exact to test the differences.

Although the difference between the winning percentage of U.S. and non-U.S. respondent was not statistically significant, I still needed to examine panel nationality. It turns out, the difference in winning percentage between U.S. and non-U.S. panels was significant for criticism *but not* non-criticism cases. Figure 6 shows that U.S. panels find for respondents in 50% of the cases, compared to 18% for other panels. This difference was statistically significant ( $n = 65$ ,  $p = 0.012$ ).

FIGURE 6. RESPONDENTS' OUTCOMES IN UDRP CRITICISM FAIR USE CASES, BY PANEL NATIONALITY

	Respondent Wins	Respondent Losses	Total
U.S. Panel	13 (50%)	13 (50%)	26 (100%)
Other Panel	7 (18%)	32 (82%)	39 (100%)
Total	20 31%	45 69%	65 100%

Source: WIPO Online Database of UDRP Decisions

\*A Fisher's Exact showed the differences were statistically significant ( $p = 0.012$ ) (one-tailed,  $p = 0.007$ ).

The story for noncriticism cases is different. Figure 7 shows that the respondent wins and losses differ based on the nationality of the deciding panel. In cases decided by U.S. panels, respondents won 26% of the time. When other panels decided the case, respondents won 21% of the time. The differences between these percentages, however, were not statistically significant ( $n = 83$ ,  $p = 0.798$ ).

FIGURE 7. RESPONDENTS' OUTCOMES IN UDRP NONCRITICISM FAIR USE CASES, BY PANEL NATIONALITY

	Respondent Wins	Respondent Losses	Total
U.S. Panel	11 (26%)	31 (74%)	42 (100%)
Other Panel	9 (21%)	32 (79%)	41 (100%)
Total	21 25%	63 75%	83 100%

Source: WIPO Online Database of UDRP Decisions

\*A Fisher's Exact showed the differences were not statistically significant ( $p = 0.798$ ) (one-tailed,  $p = 0.423$ ).

To summarize, the data reveal two findings. First, U.S. respondents win more often in fair use cases than respondents from other countries. Second, in fair use cases U.S. panels rule for respondents more often than panels from other countries. Respondent nationality and panel nationality share opposite relationships with criticism and noncriticism cases. In noncriticism cases, the respondent's nationality is related to whether they win or lose their fair use defense. The same is not true in criticism cases—respondent nationality is not related to whether the respondent wins a fair use dispute. Panel nationality shows just the opposite. In noncriticism cases, the nationality of the panel is not related to the outcome. In criticism cases, however, U.S. panels decide more disputes in favor of the respondent than other panels.

### B. U.S. Law Dominates UDRP Decisions

To investigate further, I determined whether and when panels cited U.S. law in their decisions. To qualify as “citing” U.S. law, a panel merely had to cite a U.S. case in any portion of the decision. In many decisions, panels cited U.S. law in discussions of subjects other than fair use. I used the “citation anywhere” criterion because many fair use decisions did not cite U.S. law in their fair use discussion. Nevertheless, a citation to U.S. law in another part of the decision shows that the panel considered U.S. law in some respect. Because it was difficult to devise a metric that would measure influence of U.S. law, this variable is at least an indication of whether U.S. law influenced the decision making process.

Even those numbers alone, however, would not tell the whole story. Recall the primary findings show that U.S. panels give, and U.S. respondents get, more favorable treatment than other panelists or respondents. Thus, it is important to see both the nationality of the panels citing U.S. law and the nationality of the respondents in cases where panels cite U.S. law. Figures 8 and 9 show the data for these two groups.

Overall, panels cited U.S. law in fair use cases 25% of the time. Panels cited foreign law in fair use cases only 5% of the time. In the remaining 71% of fair use cases, panels did not cite any nation's law.

FIGURE 8. PANELS CITING U.S. LAW IN UDRP FAIR USE CASES, BY RESPONDENT NATIONALITY

	U.S. Law Cited	Foreign Law Cited	No Law Cited	Total
U.S. Respondent	28 (34%)	0 (0%)	54 (66%)	82 (100%)
Other Respondent	9 <sup>†</sup> (14%)	7 (10%)	50 (76%)	66 (100%)
Total	37 25%	7 5%	104 70%	148 100%

Source: WIPO Online Database of UDRP Decisions

\*A Yates' Chi-Square showed the differences were statistically significant,  $X^2(2, N = 148) = 12.338, p = 0.002$ .

†One additional case cited U.S. law, but, because it also cited and applied foreign law, I excluded it from the U.S. Law Category.

Figure 8 also shows the data specific to respondent nationality. Panels cited U.S. law in 34% of cases with U.S. respondents. By contrast, they cited U.S. law in only 14% of cases with other respondents.<sup>107</sup>

I also examined patterns of foreign law citations. In cases with U.S. respondents, panels *never* cited or applied foreign law. Where the respondent was not from the U.S., however, panels cited foreign law 10% of the time. These were statistically significant,  $X^2(2, N = 148) = 12.338$ ,  $p = 0.002$ .<sup>108</sup>

Finally, I investigated the nationalities of panels applying U.S. law. If a panel-specific legal bias exists, it would manifest itself in citation patterns. Figure 9 shows that U.S. panels cited or applied U.S. law 35% of the time but never applied foreign law.

FIGURE 7. PANELS CITING U.S. LAW IN UDRP FAIR USE CASES, BY PANEL NATIONALITY

	U.S. Law Cited	Foreign Law Cited	No Law Cited	Total
U.S. panel	24 (35%)	0 (0%)	44 (65%)	68 (100%)
Other panel	13 <sup>†</sup> (15%)	7 (9%)	60 (75%)	80 (100%)
Total	37 25%	7 5%	104 70%	148 100%

Source: WIPO Online Database of UDRP Decisions

\*A Yates' Chi Square showed the differences were statistically significant,  $X^2(2, N = 148) = 9.259$ ,  $p < 0.009$ .

†One additional case cited U.S. law, but, because it also cited and applied foreign law, I excluded it from the U.S. Law Category.

Other panels cited U.S. law 15% of the time, and cited foreign law 8% of the time. The differences were statistically significant,  $X^2(2, N = 148) = 9.259$ ,  $p = 0.009$ .<sup>109</sup> Additionally, every case in which U.S. panels applied U.S. law, the respondent won.<sup>110</sup>

<sup>107</sup> Additionally, panels *applied* U.S. law in 16% of the cases with U.S. respondents. In cases with other respondents, however, panels applied U.S. law 6% of the time. These results can be considered statistically significant given the small sample size ( $n = 17$ ,  $p = 0.063$ ).

<sup>108</sup> I used a Yates' Chi-Square to test these differences. Yates' Chi Square is a version of Chi Square used with small samples. BRUCE M. KING, PATRICK ROSOPA, & EDWARD M. MINIUM, *STATISTICAL REASONING IN THE BEHAVIORAL SCIENCES* 375 (2010). It is designed to reduce the overestimation of statistical significance by reducing the value of  $X^2$ , which makes statistical significance less likely. *Id.* The Chi-Square uses a sample frequency or proportion to test a hypothesis about a corresponding population form which the sample is drawn. FREDERICK J. GRAVETTER & LARRY B. WALLNAU, *STATISTICS FOR THE BEHAVIORAL SCIENCES* 605-06 (2008).

<sup>109</sup> Again, I used a Yates' Chi Square to test these differences.

<sup>110</sup> There were 11 of these cases.



C. *U.S. Panels Decide Mostly Cases Involving U.S. Respondents*

I wanted to investigate nationality further. To accomplish this, I examined the nationality of panels deciding cases with U.S. respondents. In the Introduction, I explained the UDRP's procedures for selecting both one-member and three-member panels. In spite of the procedures, little is known about how WIPO (and other providers) select specific arbitrators. Figure 10 shows that most cases that U.S. panels decide involve U.S. respondents. Other panels, by contrast, decided mainly cases with respondents from other countries.

FIGURE 10. NATIONALITY OF PANELS DECIDING FAIR USE CASES,  
BY RESPONDENT NATIONALITY

	U.S. Panel	Other Panel	Total
U.S. Respondent	55 (67%)	27 (33%)	82 (100%)
Other Respondent	13 (20%)	53 (80%)	66 (100%)
Total	68 46%	80 54%	148 100%

*Source: WIPO Online Database of UDRP Decisions*

\*A Fisher's Exact showed the differences were statistically significant (p = 0.00)

The differences were statistically significant (p = 0.00). Additionally, U.S. panels are deciding almost 46% of all fair use cases, compared with 54% for other panels.

But how does this compare to the number of arbitrators by nationality? There are a total of 453 WIPO arbitrators.<sup>111</sup> Of those, 109 are from the U.S. The remaining 344 arbitrators are from other countries.<sup>112</sup> Thus, of all WIPO arbitrators, 24% are from the U.S.; the remaining 76% are from other countries. Figure 11 shows that, after the U.S., the next four countries with the highest percentage of arbitrators are the United Kingdom (10%), Australia (6%), Switzerland (5%), and France (5%).<sup>113</sup>

<sup>111</sup> *WIPO Domain Name Panelists*, *supra* note 11.

<sup>112</sup> *Id.*

<sup>113</sup> The following are the country-specific number of arbitrators: United Kingdom (45), Australia (29), Switzerland (23), and France (22) *Id.*

FIGURE 11. PROPORTION OF WIPO UDRP ARBITRATORS, BY ARBITRATOR NATIONALITY

<b>Arbitrator Nationality</b>	<b>Number of Arbitrators</b>	<b>Proportion of Arbitrators</b>
United States of America	109	24%
United Kingdom	45	10%
Australia	29	6%
Switzerland	23	5%
France	22	5%
All others	225	50%
Total	453	100%

The other fifty countries not listed in Figure 9 comprised the remaining 50% of arbitrators. So, although U.S. arbitrators comprise 24% of all arbitrators, U.S. panels decided 46% of all fair use cases. In other words, U.S. panels are assigned to more than their proportional share of fair use cases.

But there is one other question: who are the respondents when the U.S. panels decide fair use cases? If they are from the U.S., then the difference between the total percentage of U.S. arbitrators and the percentage of U.S. panels deciding fair use can be explained by a panel assignment policy: WIPO assigns U.S. panels to decide cases involving U.S. respondents.<sup>114</sup> Specifically, of the sixty-eight cases decided by U.S. panels, fifty-one involved U.S. respondents and U.S. complainants. Of those cases, four cases involved only U.S. respondents. Five other cases included only a U.S. complainant.

Thus, the data show that 75% of cases with U.S. panels involved U.S. respondents *and* complainants. When I included all cases that involved at least one U.S. party, that number jumped to 88%. In only 12% of all cases decided by U.S. panels was neither party from the U.S. Put simply, most U.S. panels involved at least one party from the U.S.

Other countries had lower rates. Figure 12 shows that other panels decided cases involving parties with no relation to their home countries much more frequently than U.S. panels.

<sup>114</sup> Because three-member panels decided only twenty out of 148 cases (13.5%), WIPO assigned arbitrators in 86.5% of all cases.

FIGURE 12. CASES IN WHICH AT LEAST ONE PARTY IS FROM THE SAME COUNTRY AS THE PANEL,  
BY TOTAL NUMBER OF CASES DECIDED

<b>Panel Country</b>	<b>Number of Cases</b>	<b>At Least 1 Party From Panel Country (%)</b>
United States	68	60 (88%)
Australia	20	4 (20%)
United Kingdom	14	6 (42%)
Canada	9	2 (22%)
New Zealand	8	1 (13%)

To summarize, the data show three things. First, panels deciding cases with U.S. respondents cited U.S. law more frequently than those with other respondents. Second, U.S. panels cited U.S. law more frequently than other panels cited U.S. law. In fact, the respondent won every case in which a U.S. panel cited U.S. law. Finally, U.S. panels decided mostly cases with at least one U.S. party. Other panels, by contrast, decided a majority of cases where neither party shared the same nationality as the panel.

When combined with the previous findings, the data show that, in fair use cases decided by WIPO, U.S. panels provide, and U.S. respondents receive, treatment more favorable than panels or respondents from other countries. I refer to these phenomena as *U.S. Favoritism*.

#### IV. IMPLICATIONS

These findings raise two issues. First, what explains U.S. Favoritism? Second, given this explanation, what reforms, if any, should ICANN make to the UDRP?

##### A. *Explaining U.S. Favoritism*

There are two factors that explain U.S. Favoritism. The first is the UDRP's Choice of Law Provision. The second is panel nationality. But before reaching the issue of panel nationality, I address WIPO's official opinion on rules applied by panels. Although not a factor that caused U.S. Favoritism, it does elucidate how the phenomenon arose. Thus, the analysis proceeds in three steps. First, I discuss how the Choice of Law provision's vagueness enabled panels to of local (national) law. Second, I explain how WIPO Rules developed that favored U.S. parties—and thus contributed to U.S. Favoritism. Finally, I discuss how panel nationality, combined with the Choice of Law Provision and WIPO rules, played a role in U.S. Favoritism.

##### 1. Choice of Law Provision Influences What Law Applies

The UDRP's Choice of Law Provision can help explain why U.S. Favoritism exists. As noted in Part I.B., the Choice of Law Provision is open ended: it gives panels discretion to apply

any “principles of law it deems applicable.”<sup>115</sup> One could construe this as a command to apply the law of a party’s home country. Indeed, panels in fair use cases do just that in 34% of the cases involving U.S. respondents. But not all panelists follow that route. Sometimes arbitrators in fair use cases apply the law of their *own* country.<sup>116</sup> U.S. panels do this in 35% of all cases they hear; other panels do this in 5% of cases.<sup>117</sup> More often, however, arbitrators apply *no* law; instead, they invent or adopt UDRP rules to govern particular fact situations. These different applications show that panels in fair use cases have not developed a consistent method of applying nations’ laws. They have, though, applied U.S. law more often than other nations’ laws in fair use cases. The question then becomes, why? Part of the answer lies in the rules WIPO panels have developed and applied in fair use cases.

## 2. WIPO Rules of Decision

In February 2005, WIPO published on its website a variety of rules its panels have developed, entitled “WIPO Overview of WIPO Panel Views on Selected UDRP Questions” (Rules or WIPO Rules).<sup>118</sup> These Rules developed inductively—much like common law.<sup>119</sup> For the most part, they represent an informal consensus or agreement on how to apply a rule in a given factual situation.<sup>120</sup> Although the Rules are not binding, panels frequently cite them: out of the eighty-three fair uses cases included in my sample since 2005, twenty-two decisions (or 27%) explicitly cited WIPO’s Rules. Given that these Rules represent *de facto* precedents,<sup>121</sup> a WIPO Rule favoring U.S. respondents (or disfavoring other respondents) in fair use cases could help explain U.S. Favoritism.

On certain issues, WIPO Rules have “split” into two competing viewpoints.<sup>122</sup> I refer to competing Rules on the same issue collectively as a “set” of Rules. One set of these Rules<sup>123</sup>

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<sup>115</sup> UDRP Rules, *infra* note 118, § 15(a).

<sup>116</sup> No arbitrators apply their home country’s law when it differs from the law of the parties’ respective countries.

<sup>117</sup> Although there are 6 cases in which other panels applied foreign law, in only 4 of those was the law applied the same as the panel’s home country.

<sup>118</sup> WIPO Overview of WIPO Panel Views on Selected UDRP Questions, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/amc/en/domains/search/overview/> (last visited Dec. 23, 2010) [hereinafter WIPO Rules] (“While some of the listed issues arise only infrequently, all of them are, or are perceived to be, relevant to the operation of the UDRP. On most of these issues, consensus or clear majority views have developed. Certain other questions continue to attract a diversity of views. The Center’s identification of questions and evaluation of opinions is based on the 7,000 UDRP cases it has administered through February 2005.”).

<sup>119</sup> *Id.* (“On most of these issues, consensus or clear majority views *have developed*. Certain other questions continue to attract a diversity of views.” (emphasis added)).

<sup>120</sup> *Id.*

<sup>121</sup> Mueller, *Success by Default*, *supra* note 16, at 19 (explaining that, in 2002, over half of the UDRP decisions “cite other UDRP decisions,” and that [t]he majority [of these decisions] not only cite other cases but rely on precedent extensively to reason out and support their decisions”).

<sup>122</sup> *E.g.*, *Asset Loan Co. Pty Ltd v. Rogers*, No. D2006-0300 (WIPO May 2, 2006) (noting that, although “a number of distinguished Panelists take the view that a bona fide non-commercial criticism site connected to a

addresses domain names used for criticism websites (Criticism Rules). The second set of Rules relates to fan sites (Fan Site Rules)—websites about famous people created by fans or supporters of the celebrity.

The first Criticism Rule explains that “[t]he right to criticize does not extend to registering a domain name that is identical or confusingly similar to the owner’s registered trademark or conveys an association with the mark.”<sup>124</sup> The second Rule notes that, “irrespective of whether the domain name . . . connotes criticism,” the respondent can make a noncommercial use of the mark in the domain name of a criticism site (Criticism Rule).<sup>125</sup> WIPO goes on to assert that “[t]here is also some division between proceedings involving US parties and proceedings involving non-US parties, with few non-US panels adopting the reasoning in [the latter Rule].”<sup>126</sup> It does not, however, explore this phenomenon further.

The other potentially relevant set of Rules involves fan sites. These Fan Site Rules are similar to those WIPO has recognized in criticism cases.<sup>127</sup> The first Fan Site Rule states that any domain name that incorporates the trademark is confusingly similar to the trademark.<sup>128</sup> The second Fan Site Rule states that domain names incorporating trademarks can be distinguished by either other words or the content of the site.<sup>129</sup> In other words, fan sites can avoid an adverse decision if they are “clearly distinctive from any official site.”<sup>130</sup> The number of cases involving fan sites is small (n = 16). There are only three cases in which respondents won (19%).<sup>131</sup> Two of those cases—*Angelini* and *Jacobs*—involved U.S. respondents. All three of these cases applied the second Fan Site Rule.

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domain name featuring the trade mark of a subject of the criticism is fair use of the domain name for the purposes of the Policy,’ . . . [o]ther panelists . . . have taken a contrary view”).

<sup>123</sup>

<sup>124</sup> WIPO Rules, *supra* note 118, § 2.4 (“The right to criticize does not extend to registering a domain name that is identical or confusingly similar to the owner’s registered trademark or conveys an association with the mark.”).

<sup>125</sup> *Id.* (“[T]he respondent has a legitimate interest in using the trademark as part of the domain name of a criticism site if the use is fair and non-commercial.”).

<sup>126</sup> *Id.*

<sup>127</sup> *See* WIPO Rules, *supra* note 118, § 2.5.

<sup>128</sup> *Id.* (“*View 1*: An active and clearly non-commercial fan site may have rights and legitimate interests in the domain name that includes the complainant’s trademark. The site should be non-commercial and clearly distinctive from any official site.”).

<sup>129</sup> *Id.* (“*View 2*: Respondent does not have rights to express its view, even if positive, on an individual or entity by using a confusingly similar domain name, as the respondent is misrepresenting itself as being that individual or entity. In particular, where the domain name is identical to the trademark, the respondent, in its actions, prevents the trademark holder from exercising the rights to its mark and managing its presence on the Internet.”).

<sup>130</sup> *Id.*

<sup>131</sup> *Société Anonyme de La Colline Champel v. Angelini*, No. D2005-1059 (WIPO Dec. 5, 2005); *Estate of Souza v. ZWYX.org Ltd.*, No. D2007-0221 (WIPO June 18, 2007); *2001 White Castle Way, Inc. v. Jacobs*, No. D2004-0001 (WIPO Mar. 26, 2004).

These Rules explain at least part of U.S. Favoritism. Recall that, in criticism cases, U.S. respondents won more often than other respondents.<sup>132</sup> So the data show that the Criticism Rules and Fan Site Rules have been applied to and favor U.S. respondents, though the affect of the latter Rules is not large. WIPO also has stated as much by recognizing the Criticism Rules existed and applied in cases involving some U.S. party or panel. Although 43% of all fair use cases are criticism cases, the Criticism Rules may help to explain U.S. Favoritism. Although the difference U.S. and non-respondent winning percentage in criticism cases is not significant, it is close on a one-tailed test ( $p < 0.10$ ), and the sample size is small ( $n = 65$ ). More importantly, though, the differences between U.S. and non-U.S. arbitrators applying this rule are significant (one-tailed,  $p = 0.028$ ). Thus, while WIPO Rules can help explain U.S. favoritism, the Rules cannot explain everything. Indeed, how panels applied the Rules is related to both panel and respondent nationality.

### 3. Panel Nationality

Panels seem to have created the speech-friendly Criticism Rule by repeatedly applying U.S. law.<sup>133</sup> Why, though, did panels import U.S. laws into the UDRP? The primary explanation seems to be panel nationality. Out of the seventeen fair use cases in which U.S. law has been applied, only three times (18%) was the panel from a country other than the U.S.<sup>134</sup> Additionally, as noted, U.S. panels found in favor of fair use more than their foreign counterparts in criticism cases.

Why might U.S. panels have done this? One explanation is sheer opportunity. The U.S. has the highest percentage of arbitrators, comprising 24% of all WIPO arbitrators. As noted in Part II, the next four countries with the highest proportion of arbitrators are the United Kingdom (10%), Australia (6%), Switzerland (5%), and France (5%). Additionally, U.S. panels are deciding nearly 50% of all fair use cases.

The parties' nationality might also have influenced U.S. panels' decisions to import U.S. Most cases decided by U.S. panels (75%) involved both U.S. respondents and complainants. When you include all cases that involve at least one U.S. party, that number jumps to 88%. Thus, in addition to the sheer number of cases U.S. panels have decided, the parties involved may influence the decision to apply U.S. law.

U.S. panels primarily are responsible for importing U.S. legal principles into the UDRP. And, typically, this occurs when resolving a dispute involving U.S. parties. So the nationalities of the parties and the panels seem to matter. Once imported, the law is used to decide a dispute.

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<sup>132</sup> U.S. respondents win 22% of the time in criticism cases. Other respondents, however, win only 9% of the time. *Supra* Part III.A.

<sup>133</sup> Indeed, all three decisions cited by WIPO as examples of this Rule involve U.S. respondents, and U.S. panels applying U.S. law. WIPO Rules, *supra* note 118, § 2.4 (citing *Bridgestone Firestone, Inc., v. Myers*, No. D2000-0190 (WIPO July 6, 2000); (complaint denied), *TMP Worldwide Inc. v. Potter*, No. D2000-0536 (WIPO Aug. 5, 2000) (complaint denied); *Howard Jarvis Taxpayers Ass'n v. McCauley*, No. D2004-0014 (WIPO April 22, 2004) (complaint denied).

<sup>134</sup> *RapidShare AG v. Yanpeng*, No. D2010-0893 (WIPO July 28, 2010); *Sanbanci v. iu*, No. D2003-0498 (WIPO July 23, 2003); *Ryanair Ltd. v. Coulston*, No. D2006-1194 (WIPO Dec. 12, 2006).

This, in turn, results in a rule that reflects U.S. law, which WIPO panels perceive as more protective of free speech than most other countries.<sup>135</sup>

Whether that perception is accurate is unclear, but seems likely. In U.S. trademark law, for example, allows for criticism, comment, and even parody of mark, though typically not when the use of the mark is confusing.<sup>136</sup> Of the other thirty-three other countries whose arbitrators decided cases in my study, it seemed most did not have similar policies.<sup>137</sup> There were, however, some exceptions. In Germany, for example, one court has held that the German Constitution provides a defense for satirical uses of trademarks.<sup>138</sup> Other countries, like France, exempt from liability noncommercial “informational” and “political” uses,<sup>139</sup> though the sources I consulted said nothing of comment, criticism, parody, or satire. Other countries, like Brazil, exempt from liability “noncommercial,” “truthful” uses, but also “prevent reference to the mark in speeches publications” when the reference (use?) is commercial and has a “detriment to the trademark.”<sup>140</sup>

On the whole, most countries did not expressly exempt uses for comment, criticism, parody, or satire. Even the European Union’s (EU) Directive to harmonize European Community trademark law doesn’t specify any free speech protections for parody, commentary, or criticism.<sup>141</sup> Indeed, at least one court in Europe (the Austrian Supreme Court) has ruled that the EU Directive (in conjunction with an EU Regulation) prohibits parodic uses of trademarks on commercial products.<sup>142</sup> That said, the Directive does provide some safeguards, though they are

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<sup>135</sup> Perhaps this is because U.S. Trademark law allows for uses of marks in order to criticize or comment on them, either under the fair use defense, 15 U.S.C. 1125 § (c)(3)(A) (fair use defense for dilution when the use parodies or criticizes the mark); *id* § (c)(3)(B); David A. Simon, *The Confusion Trap: Rethinking a Defense for Parody in Trademark Law*.

<sup>136</sup> See Simon, *The Confusion Trap*, *supra* note 135.

<sup>137</sup> To determine whether other countries had trademark laws that accommodated free speech interests I consulted two sources: ETHAN HORWITZ, *WORLD TRADEMARK LAW AND PRACTICE* (Matthew Bender, Rev. Ed.) and *TRADEMARK LAW THROUGHOUT THE WORLD* (West 2011). Using these two sources, I searched the law of each country for whether the law permitted “expressive uses.” Loosely defined, this meant I searched for whether the law immunized from liability criticism, comment, parody, or satire of trademarks. Because these sources provided mere synopses of many countries’ laws, it was difficult to determine whether the law punished or exempted from liability expressive uses. If the source did not affirmatively indicate a country’s law immunized expressive uses., I presumed the law punished such uses.

<sup>138</sup> 2-7 HORWITZ, *WORLD TRADEMARK LAW AND PRACTICE*, § 7.01[4] (“It is also a defense to infringement if the mark is used in a satirical way based on the constitutional freedom of art.”)

<sup>139</sup> FRA-7 HORWITZ, *WORLD TRADEMARK LAW AND PRACTICE* § 7.01[4] (“It is a defense to infringement that the mark was used for information purposes and not for commercial or advertising purposes. The use of the mark in a political statement is not infringement.”)

<sup>140</sup> BRA-7 HORWITZ, *WORLD TRADEMARK LAW AND PRACTICE* § 7.01[4] (noting that “[t]he owner of a mark may not . . . [p]revent reference to the mark in speeches or publications, as long as it is done with no commercial connotation and no detriment to the trademark.”). For some countries, such as the Bahamas, I could not find any information about trademark laws.

<sup>141</sup> Directive 2008/95/EC of the European Parliament and of the Council of 22 Oct. 2008 to approximate the laws of the member states relating to trademarks; OJ 8 Nov. 2008, L 299/25 (formerly First Directive 89/104/EC of the Council of 21 Dec. 1988 to approximate the laws of the Member States relating to trademarks; OJ 1 Feb. 1989, L 40/1).

<sup>142</sup> Ferdinand Graf, *Supreme Court Rules on Permissibility of Trademark Parodies*, International Law Office, April 26, 2010, <http://www.internationallawoffice.com/newsletters/detail.aspx?g=248fa6b7-7dc6-481d-9af5->

not robust. Article 3, for example, states that certain words cannot be registered as trademarks, such as those without distinctive character.<sup>143</sup> Likewise, Article 6 limits the rights of mark owners by allowing for uses of a trademark to describe or compare products.<sup>144</sup>

So, some panels developed competing rules based on their perception of U.S. and non-U.S. law. As other panels draw on that rule, it replicates and becomes more prevalent. Indeed, WIPO's Criticism Rules illustrate this fact. Although WIPO acknowledges that some U.S. component plays a role in the Criticism Rules, it does not claim that panels are applying U.S. law. Instead, the Criticism Rules are based on panel decisions. Some of these decisions, of course, applied U.S. law.

In contrast, foreign law has not birthed any specific rule in fair use cases. This is likely because panels have imported other countries' laws a total of six times, with only Spain's laws being referenced more than once.<sup>145</sup> As a result, no other country's law has influenced the application of the UDRP to the extent that U.S. law has. Or perhaps, all other countries' laws are just less speech protective; thus, they are the default UDRP Rule. The outcome is a division in UDRP application: panels apply either U.S. law, or a sui generis UDRP rule.

Still, the question lingers: why have panels *not* imported *foreign law*? Unfortunately, most panels do not even discuss the Choice of Law Provision. In only one case did a panel discuss whether to apply a particular country's law.<sup>146</sup> One other case discussed why a potential split arose in the Criticism Rules (free speech traditions of the U.S.).<sup>147</sup> It did not, however, discuss the choice of law provision or the merits of applying a particular country's law.

One explanation for the lack of foreign law, then, is thoughtless panels. Foreign panels do not think that choice of law is an issue warranting attention. But that explanation is not very helpful. We still want to know why panels seem indifferent to choice of law issues.

One arbitrator suggests that the reason is panels from countries other than the U.S. favor a "unified" or "self-referential" UDRP. That is, panels favor a UDRP that develops and applies its own, independent rules over one that relies on local laws.<sup>148</sup> Why? Because the UDRP and trademark laws serve different purposes: "the Policy and local laws as to cybersquatting and

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2efb1c1a88f9 (last visited July 17, 2011) (noting that Austrian Supreme Court held, on September 22, 2009, that STYRIAGRA mark used on pumpkin seeks touted as aphrodisiac diluted the VIAGRA mark, and explaining how the Austrian Supreme Court distinguished the German court decision allowing parody).

<sup>143</sup> *Id.* at Art. 3(1)(b).

<sup>144</sup> *Id.* Art. 6. It's interesting to note that the Direct uses the word "unfair" five times, but never once uses the word "fair."

<sup>145</sup> *Consejería de Danidad de la Comunidad de Madrid v. Morán Llanes*, No. D2008-1400 (WIPO Nov. 20, 2008); *Metro Bilbao, S.A. v. Fernández*, No. D2000-0467 (WIPO Aug. 30, 2000); *Canonais, S.L. v. Díaz Ros*, No. D2000-0592 (WIPO Oct. 2, 2000).

<sup>146</sup> *1066 Housing Ass'n Ltd. v. Morgan*, No. D2007-1461 (WIPO Jan. 18, 2008).

<sup>147</sup> *CBS Broadcasting Inc. v. Z. aghloul*, No. D2004-0988 (WIPO Feb. 5, 2005).

<sup>148</sup> *E.g.*, *1066 Housing Ass'n Ltd. v. Morgan*, No. D2007-1461 (WIPO Jan. 18, 2008) (agreeing with a previous decision that found, "[a]s a matter of principle, this Panel would not have thought that it was appropriate to import unique national legal principles into the interpretation of paragraph 4(c) of the Policy. This is so even if the effect of doing so is desirable in aligning decisions under the Policy with those emerging from the relevant courts and thus avoiding instances of forum shopping" (quoting *Covance, Inc. and Covance Labs. Ltd. v. The Covance Campaign*, No. D2004-0206 (WIPO April 30, 2004)).



trademark infringement are different. They do not do, and are not intended to do, the same thing.”<sup>149</sup>

Beyond different purposes, the arbitrator worries about *uniformity* and *certainty*: using local laws “risks the UDRP fragmenting into a series of different systems, where the outcome to each case would depend upon where exactly the parties happened to reside. That way chaos lies.”<sup>150</sup> Additionally, “bringing local law into the assessment of the Policy . . . undermines the very goal of commercial certainty.”<sup>151</sup> Since 79% of panels do not apply any law, this explanation might have purchase.

Explaining panels’ decisions not to import law, though, has a shortcoming: virtually all of the fair use cases (99%) say *nothing* about the Choice of Law Provision. And, if most panels view the UDRP as self-referential, we wouldn’t expect them to. We would expect, as is the case, most panels to apply WIPO Rules or precedents from other cases. Put simply, panels do not think about this issue; they simply use WIPO decisions as de facto precedents. To them, the Choice of Law Provision is license to select among WIPO Rules or precedents, not national laws.

Additionally, in many cases the parties are from different countries than the panel. In cases involving Australian panels, for example, the panel and at least one party share the same nationality only 20% of the time. Low numbers also exist for other panels deciding large numbers of cases, including the United Kingdom (42%), Canada (22%), and New Zealand (13%). In the cases where the panel and none of the parties share the same nationality, the panel likely does not know the law of the parties’ countries. Lacking knowledge of the law, the panel cannot apply it. This could explain why other panels do not apply foreign law as much as U.S. panels.

Additionally, there is another, related explanation for panels’ reluctance to import foreign law: most countries simply do not legislate cybersquatting. If not law exists to import, this would explain why other panels have not applied it. In my sample of 148 cases, arbitrators, complainants, and respondents represented thirty-four different countries.<sup>152</sup> Of these thirty-four

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<sup>149</sup> *Id.* (citation omitted) (footnote omitted). This statement is questionable. The U.S. cybersquatting law, for example, is nearly identical to the UDRP. They are designed to do very similar, if not the exact same, thing. The question is *how* each one achieves the same goal.

<sup>150</sup> *Id.*

<sup>151</sup> *Id.*

<sup>152</sup> In alphabetical order: Australia, Bahamas, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Luxemburg, Mexico, Netherlands, New Zealand, Nigeria, North Korea, Norway, Panama, Poland, Russia, Slovenia, Spain, Switzerland, Turkey, United Kingdom, United States, and West Indies (Saint Kitts & Nevis).

countries, only four (12%)<sup>153</sup> had legislation relating to domain names: the United States,<sup>154</sup> Belgium,<sup>155</sup> Finland,<sup>156</sup> and Italy.<sup>157</sup>

At first glance, that fact aligns with this explanation. With the U.S. being one of only four countries with cybersquatting laws, there just are not many laws to import.<sup>158</sup>

That explanation, however, is not totally convincing. Recall that the most frequently cited foreign law was Spain's (cited three times). In the three other cases citing foreign law, the panel cited a European treaty,<sup>159</sup> European Union law,<sup>160</sup> and United Kingdom trademark law.<sup>161</sup> None of the laws cited came from countries with cybersquatting statutes. In those cases, the panels cited trademark or unfair competition law, which tends to be—or is at least perceived as—less friendly to speech than U.S. trademark law. That is not surprising considering that, even in countries that do not have specific cybersquatting statutes, courts have applied traditional trademark and unfair competition laws to resolve domain name disputes.<sup>162</sup> Thus, although most countries have law that could be applied to domain-name disputes, not many arbitrators apply it.

In light of this fact, panel nationality seems to best explain the lack of foreign law in the UDRP. Many foreign panels do not decide disputes with any parties from their home country.

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<sup>153</sup> To find whether a country had national law relating to domain names, I used WIPO's searchable database of national laws and treaties on intellectual property. *WIPO Lex*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/wipolex/en/> (last visited Feb. 21, 2011). I searched each country individually, specifying the "subject matter" field should contain only "domain names." I also consulted Graham Smith's text on internet law. See SMITH, *supra* note 48.

<sup>154</sup> Anticybersquatting Consumer Protection Act (ACPA), 15 U.S.C. § 1125(d) (1999).

<sup>155</sup> Act on Cybersquatting, Law of June 26 concerning the abusive registration of domain name, *M.B.*, Sept. 9, 2003, p. 45225; SMITH, *supra* note 48, at 206–07 (4th ed. 2007) (stating that the statute created cause of action for cybersquatting that applies only to "abusive registration of domain names by third parties who have no rights in the distinctive signs specified in the act" but not to "free speech disputes").

<sup>156</sup> Finnish law includes the Domain Name Act, which applies only to the Finnish ccTLD, ".fi." See SMITH, *supra* note 48, at 230.

<sup>157</sup> See Italian Industrial Property Code, Art. 22 (conferring on domain names the capacity to serve as distinctive signs, and prohibiting the registration of domain names that conflict with previously registered marks).

<sup>158</sup> See also P.P. POLAŃSKI, CUSTOMARY LAW OF THE INTERNET: IN THE SEARCH FOR A SUPRANATIONAL CYBERSPACE LAW 322 (2007) ("With the exception of a few countries such as the United States, no [specific, statutory] rights have been created for defending interests in a domain name.").

<sup>159</sup> *Moss and Coleman Solicitors v. Kordowski*, No. D2006-1066 (Oct. 23, 2006) (citing article 10 of the European Convention on Human Rights in the context of free speech).

<sup>160</sup> *Espirito Santo Financial Group S.A. v. Colman*, No. D2001-1214 (WIPO Jan. 22, 2002) (citing *BMW v. Deenik* [Case C-63/97 1999 1 CMLR 1099], a decision from the European Court of Justice).

<sup>161</sup> *Lanware Limited v. Iveson*, No. D2004-1061 (WIPO Feb. 9, 2005) (citing United Kingdom law on passing off).

<sup>162</sup> SMITH, *supra* note 48, at 200–04, 210–54, 258–97 (4th ed. 2007) (explaining how traditional trademark and unfair competition law have been applied in Australia, Canada, China, France, German, Hong Kong, Israel, Japan, the Netherlands, New Zealand, Spain, Sweden, and Switzerland). Additionally, many of these countries have UDRP-like procedures to settle cybersquatting disputes involving domain-names using their respective country's ccTLD. In Australia, for example, the .au Dispute Resolution Policy (auDRP) provides more protection for mark holders. Complaints can be brought for "business names or other names, not just trade marks and service marks." *Id.* at 202.

For this reason, they likely do not know the law of either party's home country.<sup>163</sup> Without such knowledge, they can apply either their home country's law or the UDRP. Nearly all elect the latter course and apply only what they know, or what they can make up as needed: the UDRP.

### B. *Reforming the UDRP*

In *Who Controls the Internet*, Jack Goldsmith and Timothy Wu state that “the most basic question about the bordered Internet . . . is whether speech should be regulated globally or locally.”<sup>164</sup> This study has shown that, in fair use UDRP cases, WIPO panels have answered this “basic question” without addressing its normative component: where the respondent is from the U.S., panelists are more likely to apply U.S. law, or what they perceive to be U.S. law. In other words, U.S. panelists are more likely to apply local law when the dispute involves U.S. respondents. Yet where the respondent is from any other country, the odds of a panel applying that country's law are low.

Despite having inadvertently answering this question, U.S. Favoritism does not provide a structured way of thinking about which laws to apply—local, U.S., or international—in UDRP (fair use) disputes. In fact, I just argued that the current U.S./UDRP division in criticism cases resulted from the vague Choice of Law Provision.

#### 1. Problems with the U.S./UDRP Division

This U.S./UDRP division in fair use cases is problematic for several reasons. First, it privileges U.S. law (as opposed to all other law) without justification.<sup>165</sup> Why, for example, should panels import U.S. law but not, say, French law, into the UDRP? As one arbitrator has remarked:

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<sup>163</sup> The complaints filed also generally do not rely on local law. Therefore, the arbitrators are not provided with the relevant provisions to interpret.

<sup>164</sup> GOLDSMITH & WU, *supra* note 39, at 150. In addition to Goldsmith and Wu, countless others have devoted their scholarship to this question. *E.g.*, Matthew Burnstein, *A Global Network in a Compartmentalised Legal Environment*, in *INTERNET: WHICH COURT DECIDES? WHICH LAW APPLIES?* 23 (Boele-Woelki and Kessedjian eds., 2001); Jonathan Zittrain, *Be Careful What you Ask For: Reconciling a Global Internet and Local Law*, in *WHO RULES THE NET?: INTERNET GOVERNANCE AND JURISDICTION* 13–31 (Thierer & Crews, eds., 2006).

<sup>165</sup> Jacqueline Lipton wonders whether we might justify this rule on the expectations of the parties: “If U.S. law is mainly privileged in disputes involving U.S. participants then, isn't the justification arguably that the imposition of U.S. legal principles best meets the expectations of the parties? Is there anything wrong with this result in practice?” E-mail from Jacqueline D. Lipton, Professor of Law, Case Western Reserve University School of Law, to David A. Simon, Summer Academic Fellow, Harvard Law School (April 11, 2011, 12:31 GMT). That explanation is problematic for two reasons. First, it is circular. It assumes the validity of an expectation that is based on a practice of privileging U.S. law. But that says nothing about whether a privilege is warranted in the first instance. Second, and relatedly, the expectation that U.S. law governs when U.S. parties resolve UDRP disputes suggests that the opposite should hold true: that non-U.S. law would govern when other parties resolved UDRP disputes. But that simply hasn't happened.

There is something rather curious . . . [about the existence of a] US approach and a non-US approach . . . [to criticism websites]. Laws protecting . . . freedom of speech are not unique to the United States. They exist in many countries and frequently form part of those countries basic constitutional rules . . . . If local US law is to influence the issue in the United States, then logically, local laws not only can, but should, do so elsewhere in the world. And yet for the most part, panels in other jurisdictions have not considered it necessary to take into account their local laws in coming to their views on this particular issue.<sup>166</sup>

This arbitrator questions whether a reason for importing only U.S. law exists. But even if panels had developed a rule or reason justifying this practice, the UDRP would not help us resolve whether we *should* accept the rule. The reason is because neither the UDRP nor WIPO take a stance on applicable law. The UDRP is completely silent on the subject. WIPO Rules, on the other hand, equivocate even on when the U.S.-based rule should apply.<sup>167</sup>

This lack of clarity illustrates another reason why the U.S./UDRP division is problematic: arbitrators lack principled way of deciding when, if ever, to apply law, WIPO rules, or simply use their own judgment. The data bear this out. Panels in fair use cases apply U.S. law 25% of the time, foreign law 4% of the time, and no law (or sui generis rules) 71% of the time. Additionally, since WIPO published its Criticism Rules in 2005, panels have cited them in 27% of fair use cases. This decisional freedom produces biased or inconsistent decisions. Inconsistent decisions threaten individuals' and business' ability to rely on the UDRP as a predictable form of dispute resolution. Such uncertainty can have beneficial or deleterious consequences. On the one hand, applying narrow speech protections to domain-names critical of a trademark holder can chill or skew speech. That result is orthogonal to the purpose of the fair use provision: to provide a safety valve for speech. On the other hand, applying U.S. law to UDRP disputes involving parties from speech-restrictive countries can *increase* the amount of speech online. The result, the data show, typically is related to respondent and arbitrator nationality.

Finally, this U.S./UDRP division threatens to undermine the UDRP's legitimacy—if not in the eyes of certain trademark holders, then at least in the eyes of non-trademark holders (i.e., Internet users).<sup>168</sup> If the UDRP prides itself as representing international standards, it fails to do

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<sup>166</sup> 1066 Housing Ass'n Ltd. v. Morgan, No. D2007-1461 (WIPO Jan 18, 2008). Matthew Harris, from the United Kingdom, decided this case as the sole panelist. *Id.* He also said: "In short, the act of bringing local law into the assessment of the Policy when taken to its logical conclusion as a matter of practice undermines the very goal of commercial certainty identified in the *Howard Jarvis* case and with which this Panel whole heartedly agrees. There may be cases where it is inevitable, but in general it should be resisted. . . . [S]o far as the specific issue of rights and legitimate interest are concerned[,] the Panel sees no reason to import national rules and good reason not to do so." *Id.*

<sup>167</sup> WIPO Rules, *supra* note 118, § 2.4, (stating that "[t]here is also some division between proceedings involving US parties and proceedings involving non-US parties, with few non-US panels adopting the reasoning in [the latter Rule]").

<sup>168</sup> Helfer & Dinwoodie, *supra* note 68, at 230 ("Panel decisions that diverge widely from the text of the UDRP, from each other, or from national laws, risk undermining the UDRP's legitimacy.").

so by creating distinct rights for U.S. respondents and everyone else. On the one hand, this approach may benefit more speakers online, but only if they are from the U.S. Other speech, regardless of what each country's law has to say, will be provided less protection. On the other hand, this approach may encourage corporations and other large trademark holders to bring more UDRP actions when someone criticizes them online (and is not from the U.S.). So, in the end, the UDRP would promote two contradictory positions based on a rather simplistic conception of both U.S. and non-U.S. law: provide breathing space for speech originating in the U.S. while simultaneously encouraging its suppression when it originates elsewhere. All this happens, mind you, simply because of a rather simplistic view of speech protections for trademark users in various countries around the world.

What exactly this will mean for the future of the UDRP is unclear. If UDRP decisions privilege United States law, other entities (e.g., governments, corporations) may become disillusioned with its fairness or applicability to disputes involving parties from their countries. If the entities that depend on the UDRP view it as unfair or inapt, they may opt out<sup>169</sup> of the system or seek to change it. This policy may also alienate Internet users who expect certain speech protections, but do not receive them based on the U.S./non-U.S. dichotomy. Perhaps none of that will happen immediately; but as disparities in treatment between parties grow, and as more countries and users hop online, the chances only increase.

## 2. Three Potential Reforms to the UDRP

Although the UDRP is not operating perfectly, we could leave it alone. In this scenario, we would expect U.S. law to continue to dominate UDRP fair use cases, foreign law to be a nonfactor, and WIPO Rules to solidify the distinction between these Rules and U.S. law. That is one possible path, but, as noted above, there are costs for following it. For one, the current application of the UDRP seems to undercut the purpose of an international purpose of the UDRP. After all, there is no principled reason to privilege U.S. law over other countries' laws. That is, if U.S. is privileged in cases where the parties are from the U.S., other countries' laws should be given similar deference when deciding disputes involving non-U.S. respondents.

If we want a principled solution, three options exist. First, we could prohibit panels from referencing or applying *any* law. There are two problems with this approach. First, without reference to any law, the UDRP may become increasingly unpredictable. If panels simply apply ad hoc interpretations of UDRP provisions, (prospective) domain-name holders cannot determine their ability to use a domain name *ex ante*. Second, divorcing the UDRP from national law would

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<sup>169</sup> The UDRP, unlike other entrenched legal institutions, is optional in two basic senses. First, any party wishing to cancel or transfer domain names can do so in a court of law. Using the UDRP is optional. Second, the UDRP is a contract-based remedy. As such, it depends on the continued existence the contract between ICANN and various registrars. ICANN—although heavily influenced by the United States—is responsive to concerns of various parties, particularly national governments. As countries become dissatisfied with the UDRP, they will opt-out of its procedures. Either they will sue in court, or, if court-based options become too expensive, they will work to change the UDRP.

be impossible. The UDRP depends upon a protectable trademark interest, which is a legal right created by national law.<sup>170</sup>

Despite this risk of *ex ante* uncertainty, several facts ameliorate this concern. The UDRP already operates on a *de facto* precedent system. Most panels apply past decisions, not law. Moreover, at least in UDRP disputes before WIPO, the provider has recognized informal rules—such as the Criticism Rule—both respondents and complainants might rely on. There is no reason to suspect these practices would disappear if we eliminated references to law. Indeed, it might actually encourage their use.

Even so, the mere fact that panels cite other decisions does not ensure that a desirable pattern will emerge—or, even if it does, that it will prevent panels from “changing” precedents (for the worse). Indeed, although the UDRP may be *de facto* precedential, panels cite WIPO Criticism Rules in only 27% of all fair use cases. Additionally, a no-law system assumes that prohibiting the use of national law will successfully eliminate it from the UDRP. Disgorging entirely law from the UDRP, however, is impracticable. Arbitrators’ worldviews—their conceptions of fairness and justice—drive their conclusions. Shaping these worldviews are the culture and laws of the countries in which they reside. Thus, we cannot totally separate particular countries’ legal norms from entering UDRP decisions. We should expect “uniform” UDRP to reflect arbitrators’ different worldviews and, therefore, law. Minimizing this effect would require a more substantive revision of UDRP provisions.

A no-law provision is not the only solution. ICANN also could take the opposite approach and implement a formal choice of law provision. ICANN would have to articulate a procedure for selecting a particular country’s law. Requiring panels to import their countries’ laws would balance the interests of all participating countries. Countries have different conceptions of free speech and different trademark laws.<sup>171</sup> A provision that accounts for these differences treats each country’s law equally. Additionally, as I explain in the next subpart, it provides some measure of predictability to the law.

Like other approaches, this one is not impermeable to criticism. One problem relates to *whose* law applies. The law of the panel’s home country? The respondent’s? The complainant’s? Some combination? Picking one of these options just raises more questions. Why should the law of the respondent’s home country apply, for example, when a domain-name can cause “harm” to the trademark owner anywhere in the world? The other problem relates to how panels are selected. Should panels of particular nationality hear certain disputes? The answer to this question likely will depend upon whose law governs. Where a panel must apply Finnish law, for example, it would make sense for a Finnish arbitrator to hear the dispute.

Finally, ICANN could require all panels to apply only U.S. law to all UDRP disputes. The advantages and drawbacks of this approach are straightforward. For respondents, this approach would increase their ability to use trademarks in their domain names. It also would

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<sup>170</sup> Thanks to Jacqueline Lipton for this point.

<sup>171</sup> *Id.* (explaining that there are a “wide range of free speech notions that exist around the world once we move beyond [certain] core principles. And the UDRP system does not presently require us to venture into the murky waters of enforcement because the remedies (transfer of domain name) are limited to those that can be effectuated by the registrars without the aid of national courts.”).

increase clarity in UDRP fair use cases—and, because the U.S. has a cybersquatting law (the ACPA),<sup>172</sup> presumably in other types of cases as well.

But the drawbacks are substantial. Complainants would oppose the change because it produces less favorable outcomes for them. Currently, complainants enjoy an 83% win rate in fair use cases where the respondent is not from the U.S. When the respondent is from the U.S., however, the complainant's win rate drops 18%, to 65%. We see the same trend when we examine arbitrator—as opposed to respondent—nationality. Complainants win 80% of the time when a non-U.S. panel resolves the dispute. But that percentage falls by 15%, to 65%, when a U.S. panel resolves the dispute. Because it seems that U.S. law partially explains this phenomenon, using only U.S. law likely would favor respondents.

Furthermore, the proposal would alienate other countries. If only U.S. law applied, the UDRP would become a “mini” U.S. tribunal. But ICANN did not adopt the UDRP so panels could apply U.S. law to *all* domain-name disputes. The purpose of the UDRP was to provide an *international* dispute-resolution process. Using only U.S. law—or worse, perceptions about U.S. law—to decide disputes undermines the international application of the UDRP. Indeed, arbitrators from other countries would be unnecessary; only U.S. panels would be required to apply U.S. law. For these reasons, the U.S. law approach would likely meet strong resistance.

All of the aforementioned approaches have benefits and shortcomings.<sup>173</sup> Doing nothing is easy, but it risks delegitimizing the UDRP and creating a further divide between U.S. and other countries. Applying U.S. law has the same—but probably stronger—effects. Excluding law from UDRP decisions altogether may engender new rules, but these rules are likely to reflect the law and customs of the panel's home country. A meaningful choice of law provision would balance nations' interests, but effectively and simply doing so seems difficult. Given these problems, which approach is best in fair use cases?

### 3. ICANN Should Revise the UDRP to Apply Local Law to UDRP Cases

I argue that, at least in fair use cases, ICANN should revise and clarify both the panel assignment process and the UDRP's Choice of Law Provision. The new choice of law provision should specify that the panel apply the law of the respondent's home country. The new panel assignment procedure should require arbitrators share the same nationality as the respondent. In practice, this will not greatly affect U.S. respondents. WIPO's de facto policy assigns U.S. panels to U.S. respondents. But for other respondents, WIPO's assignment pattern is not clear. It is in this realm the policy will have the greatest affect.

Although this proposal requires two separate provisions, both the choice of law application and panel assignment are tied together. Indeed, to understand my proposal, one must understand the relationship between these two mechanisms. I start by discussing panel selection and then discuss applicable law. Before entering this discussion, I want to emphasize that I am

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<sup>172</sup> See ACPA, *supra* note 154.

<sup>173</sup> One might wonder why parties worried about U.S. favoritism simply don't select non-U.S. arbitrators. One reason is that most fair use cases are decided by only one arbitrator. In any case, that doesn't solve the problem of the U.S./non-U.S. dichotomy. It merely allows parties to choose between two existing options.

not arguing how to govern *the Internet* with law or some other mechanism. That topic has been debated feverishly.<sup>174</sup> I am, however, arguing that the *UDRP* should incorporate local law.<sup>175</sup> More specifically, I am proposing a regime that is appropriate given my study of *fair use cases at WIPO*. Although I propose a scheme that could apply to the UDRP generally, scholars should study the other provisions more broadly before making changes wholesale.

Panel selection and assignment under the UDRP has only a few rules. As noted previously,<sup>176</sup> the complainant and respondent can offer lists of arbitrators where a three-member panel decides the dispute. The provider assigns two arbitrators from the lists submitted by the parties—one from each party. It then assigns one arbitrator on its own. In a one-member panel, the provider assigns the arbitrator. *How* providers assign specific arbitrators is unknown. The UDRP does not state how this does or should occur, and providers have not been forthcoming with information.

The data, however, show two patterns of assignment: one for U.S. panels and one for other panels. U.S. panels almost always decide cases with at least one U.S. party. Indeed, in 88% of all cases decided by U.S. panels, at least one party was from the U.S. That means that in 12% of all fair use cases decided by U.S. panels, the panel had *absolutely no connection to the jurisdiction of either party*.

For fair use cases decided by other panels, this problem is particularly acute.<sup>177</sup> Of the all cases decided by Australian panels, for example, 80% did *not* involve any party from Australia. The numbers are similar for other countries. For all fair use cases involving panels from the United Kingdom, Canada, and New Zealand, the percent of cases where neither party was from those countries was 58%, 78%, and 87%, respectively. Thus, many non-U.S. panels decide cases involving parties from countries other than their own. Unlike the assignment pattern for U.S. arbitrators, no clear assignment pattern exists for non-U.S. arbitrators.<sup>178</sup>

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<sup>174</sup> Jack Goldsmith, *Against Cyberanarchy*, 65 U. CHI. L. REV. 1199 (1998); David R. Johnson & David Post, *Law and Borders—The Rise of Law in Cyberspace*, 48 STAN. L. REV. 1367 (1996); James Boyle, *Foucault in Cyberspace: Surveillance, Sovereignty, and Hardwired Censors*, 66 U. CIN. L. REV. 177 (1997); Dan L. Burk, *Federalism in Cyberspace*, 28 CONN. L. REV. 1095 (1996); Joel R. Reidenberg, *Governing Networks and Rule-Making in Cyberspace*, 45 EMORY L.J. 911 (1996).

<sup>175</sup> Others scholars have suggested different reforms to the UDRP. One scholar, for example has suggested that the UDRP can take one of three approaches: apply U.S. legal principles, apply the laws of all countries, or apply UDRP *sui generis* law. See generally Laurence R. Helfer, *Wither the UDRP: Autonomous, Americanized, or Cosmopolitan*, 12 CARDOZO J. OF INT'L & COMP. L. 493, 494 (2004) (describing three possible courses for the UDRP, one where it operates on *sui generis* law, one where it operates on American law, and one where it operates on the laws of various countries). Others have argued for a wholesale reworking of the UDRP to be more speech protective. E.g., Dawn C. Nunziato, *Freedom of Expression, Democratic Norms, and Internet Governance*, 52 EMORY L.J. 187 (2003).

<sup>176</sup> See Introduction.

<sup>177</sup> E.g., *Native Instruments GmbH v. Williams*, No. D2007-0973 (WIPO Aug. 21, 2007) (where complainant was from Germany, respondent was from the U.S., and the sole panelist was from the U.K.); *Pfizer Inc. v. Zhan*, No. D2006-1134 (WIPO Oct. 30, 2006) (where complainant was from the U.S., respondent was from the Canada, and the sole panelist was from China).

<sup>178</sup> It may be that there just have not been enough cases for a pattern to develop. Although plausible, that explanation does not seem likely. The more likely explanation is that panel assignment does not matter much when neither party is from the U.S., at least as to fair use.



Normally, random assignment of arbitrators is a virtue. Not here. The reason is because panel assignment and choice of law are closely connected. What law panels apply depends on who comprises those panels. Recall that without a principled basis for applying laws, UDRP panels will continue to apply laws or WIPO Rules—or make ad hoc decisions—at varying rates. Given the data, we would expect that, in fair use cases, U.S. panels would continue to apply U.S. law more than other panels apply foreign law. But, for other panels, what principles or law they will apply is uncertain. Part of this uncertainty is tied to panel assignment. If a panel has no national connection to either party, its decision is more likely to be ad hoc, unprincipled, and unpredictable.

To eliminate this risk, ICANN should clarify and explain how providers should assign panels. Specifically, panel assignment should be tied to what law applies. At the beginning of this subpart, I stated that panels should apply the law of a respondent's home country.<sup>179</sup> To construct a practical choice of law rule, panels must have some knowledge of the law they apply. Thus, I propose that the provider assign to cases panels who share the same nationality as the respondent. In the case of three-member panels, this means two arbitrators should be from the same country as the respondent; the third should be from the country of the complainant. Providing two panelists from the respondent's country ensures that the law is applied accurately. Retaining at least one party from the complainant's country allows for a flexible system. In some cases, as I explain below, the complainant's law may govern. For this reason, it is important to have an arbitrator knowledgeable about the law of the complaint's country.

Despite these safeguards, using the respondent's home country to determine what law applies could raise another risk. Companies may try to “game” the system by registering

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<sup>179</sup> Still, we need to know what constitutes “a respondent's home country.” I suggest this term should mean “the country listed in the WHOIS database.” The WHOIS database is a publicly available, searchable database that contains the contact information of domain name registrants. MUELLER, RULING THE ROOT, *supra* note 40, at 235 (“The WHOIS database allows one to type in a domain name and pull up the name and address of the individual or company that registered the domain.”); *What is WHOIS?*, Network Solutions, <http://www.networksolutions.com/whois/index.jsp> (last visited Mar. 3, 2011) [hereinafter *What is WHOIS?*] (“Once your listing appears in this online directory, it is publicly available to anyone who chooses to check domain names using the WHOIS search tool.”). When an individual or corporation registers a domain name, the information they provide automatically enters the WHOIS database. *What is WHOIS?*, *supra* (When you register a domain name, the Internet Corporation for Assigned Names and Numbers (ICANN) requires your domain name registrar to submit your personal contact information to the WHOIS database.”). When I register <www.stevejobslikesapples.com>, for example, I must enter my name and contact information. Because I reside in the U.S., I would enter that as my home country. If Apple filed a complaint with WIPO, a U.S. panel would hear the dispute. In making a decision, the panel would apply U.S. law to interpret or “fill the gaps” in the UDRP.

Because a domain-name registrant enters her information into the WHOIS database, one might question the reliability of the information. Hence, there is some risk that the registrant will provide incorrect, misleading, or false information. The new choice of law provision should address this risk in two ways. First, it should require any complainant who asserts that the respondent does not reside in the home country to provide evidence of that fact. Evidence must consist of more than mere assertions. If the complainant can produce such evidence, the burden shifts to the respondent, who will have to provide evidence rebutting the presumption. If, on the other hand, the respondent cannot meet the burden, the complainant's law applies. Second, in the cases of respondent default, the panel will presume that the Respondent does not reside in the country listed in the WHOIS database, and the complainant's law will govern. Using either the law of the complainant's or the respondent's home country allows providers to appoint panels with knowledge of any potentially applicable law.

corporations in countries with speech-friendly domain-name laws. While this risk exists, at least three factors ameliorate it. First, the fair use defense covers noncommercial, fair uses. This excludes uses designed merely to profit off the good-will in a trademark. For these reasons, parties are not likely to (successfully) game the choice of law provision. Second, companies seeking to protect their trademarks will be enforcing their marks; they will be *complainants*. Because the law of *the respondent's* home governs, where the *complainant* resides is important only in cases of respondent default. Finally, it costs time and money to set-up and *operate* a corporation in a country. Costs will diminish the risk that companies will try to register companies in domain-friendly countries merely to trade off the good-will of others' trademarks. Under the new UDRP provision, a company will not be able to circumvent the residence requirement by merely registering a corporation; it must operate in that country as well.<sup>180</sup>

At this point, one might be concerned that the burden on the complainant is too high. That is, forcing the complainant to gather information about the respondent's whereabouts reduces the efficiency of the UDRP. But that ignores the complainant's current duties under the UDRP. A complaint under the UDRP must provide much of this information, including

the name of the Respondent (domain-name holder) and all information (including any postal and e-mail addresses and telephone and telefax numbers) known to Complainant regarding how to contact Respondent or any representative of Respondent, including contact information based on pre-complaint dealings, in sufficient detail to allow the Provider to send the complaint.<sup>181</sup>

One may read the language "known to Complainant" to absolve the complainant of any duty to investigate facts. But such a reading would not make sense. Most of the time, complainants will not know much, if anything, about the domain name owner. At the very least, the complainant must take reasonable steps to gain such information, such as using the WHOIS database. Since the information in the WHOIS database would govern the choice of law issue, this new requirement would not be a burden.

#### 4. Using Local Law Addresses Concerns of Uniformity, Cost, and Predictability

There are, of course, further concerns with this system. Although I cannot address all of them here, I will discuss three: uniformity, cost, and predictability. We saw in Part III.A that at least one panel fears that applying local laws would disturb the uniformity of the UDRP. That fear, however, seems overstated. Currently, various splits already occur within the WIPO Rules. Furthermore, many decisions (73%), do not cite WIPO Rules at all. Although importing national law may fracture the UDRP, maintaining the current U.S./UDRP dichotomy trades one large fracture line for a more nuanced and controlled approach. The U.S./UDRP dichotomy, for example, sacrifices the territoriality that defines all other trademark law. Instead, it opts to favor

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<sup>180</sup> What constitutes "operating" could be defined either by local law or by the UDRP.

<sup>181</sup> UDRP Rules, *supra* note 5, at §3(b)(v).

U.S. parties, leaving others under less-friendly interpretations of the fair use defense, even where their home country's law (like Germany) may allow such a use.<sup>182</sup> Additionally, it ignores the fact that the parties can file lawsuits in various countries *even after* a UDRP resolution. Put another way, parties can pursue their *legal* options under the laws of other countries. If the UDRP purports to be a system founded on common international principles, it makes little sense to disregard those legal principles that would govern in its absence. Finally, there always exists the possibility of an increasingly unpredictable UDRP. Although the U.S./UDRP dichotomy exists now, further breaks could develop on unforeseen grounds. Although this risk currently appears low, it would if realized increase *ex ante* costs for both (potential) complainants and respondents.

Finally, the objection also assumes the costs of using local laws would be much higher than a self-referential system. That assumption does not hold. Under a policy that used local law to settle disputes, the respondent would have at least as much notice as under the UDRP. Instead of combing through WIPO decisions, which may not be in the native language of the party, the parties can consult the *binding* legal precedents of the applicable jurisdiction.

For a similar reason, a UDRP that imported local law could *reduce* social costs by specifying what law applies and who applies it. As Graeme Dinwoodie has noted: “the differences between the trademark and domain name systems lead to these (and other) social costs *ex post*; if these are costs that can be reduced by one system having regard to the other *ex ante*, then some coordination is clearly worthwhile.”<sup>183</sup> A system defined by reference to specific laws also better equipped to address noneconomic trademark law concerns, such as free speech.<sup>184</sup> This is important because “different countries deal with the collision [between trademark law and free speech] in different ways.”<sup>185</sup>

What if, however, a country has no specific domain name law? Of the thirty-four countries in my study, for example, only four countries in my sample have cybersquatting laws: the U.S., Belgium, Finland, and Italy. How could panels apply the law of their home country when none existed? That question erroneously assumes that having no *cybersquatting* law is the same as having no law at all. Although many countries do not have cybersquatting laws, they do have laws regarding speech and trademarks. These laws can be applied in the context of the UDRP. Prior to the enactment of the Anti-Cybersquatting Protection Act, for example, U.S. courts ably applied free speech and trademark principles to domain name disputes.<sup>186</sup> Indeed, they still do—the ACPA is an alternative to traditional trademark infringement (and dilution)

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<sup>182</sup> See Part IV.A.3.

<sup>183</sup> Graeme B. Dinwoodie, *(National) Trademark Laws and the (Non-National) Domain Name System*, 21 U. PENN. J. INT'L ECON. L. 495, 505–06 (2000) (footnote omitted).

<sup>184</sup> *Id.* at 511 (stating that “trademark protection, especially for words, collides with free speech concerns”).

<sup>185</sup> *Id.*

<sup>186</sup> Courts in the U.S.—prior to Congress enacting a domain-name-specific law (the ACPA)—used traditional trademark principles to resolve the domain name disputes. *E.g.*, *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999) (applying traditional trademark law principles to a dispute involving domain names); *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998) (applying the Federal Trademark Dilution Act to a cybersquatting dispute).

actions.<sup>187</sup> We have no reason to suspect other countries' courts or arbitrators should be less capable. Indeed, some countries already have done this.<sup>188</sup>

Alternatively, panels could incorporate existing country-specific domain-name resolution policies. Many countries have UDRP-like policies that pertain to domain names containing the country's "code"—like ".us" for the United States—known as a "country-code top-level domain" (ccTLD). Perhaps unsurprisingly, WIPO helped shaped each of these agreements.<sup>189</sup> These agreements, like the UDRP, are contractual. When one wants to register a domain name with country-specific top-level domain, they must do so through a registrar in that country.<sup>190</sup> Many registries have UDRP-like agreements that the registrant must agree to when registering a domain name.<sup>191</sup>

To obtain a ccTLD for Canada (".ca"), for example, one must register with the Canadian Internet Registration Authority (CIRA).<sup>192</sup> Like ICANN, the CIRA binds registrants through a mandatory "Registrant Agreement."<sup>193</sup> This agreement requires registrants to agree to resolve disputes<sup>194</sup> using the CIRA Domain Name Dispute Resolution Policy (CDRP), which his similar to the UDRP.<sup>195</sup>

Different countries' agreements have different provisions, though they closely resemble the UDRP. The CDRP, for example, provides a list of what constitute "legitimate interests." One of these includes using the domain name "in good faith association with a non-commercial activity including, without limitation, criticism, review or news reporting."<sup>196</sup> The fair use provision of the .au Dispute Resolution Procedure (auDRP), which resolves disputes involving

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<sup>187</sup> *E.g.*, *Newport News Holdings Corp. v. Virtual City Vision, Inc.*, --- F.3d ---, 2011 WL 1467183 (4th Cir. 2011) (where plaintiff alleged violation of ACPA but not trademark law).

<sup>188</sup> *See supra* note 162.

<sup>189</sup> *Domain Name Dispute Resolution Service for country code top level domains (ccTLDs)*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/amc/en/domains/cctld/> (last visited Mar. 6, 2011) ("WIPO has provided advice to many ccTLDs with a view to establishing registration conditions and dispute resolution procedures that conform with international standards of intellectual property protection while taking into account the particular circumstances and needs of the individual ccTLD.").

<sup>190</sup> SMITH, *supra* note 48, at 153 ("A wide variety of organizations, some state, some private, have responsibility delegated by IANA for managing country code domains. . . . Each ccTLD is able to organize and subdivide its own domain space as it wishes within the general policy laid down by IANA. . . . Each ccTLD tends to have its own local requirements for registration . . .").

<sup>191</sup> *See Arbitration and Mediation Center, ccTLD Database* WORLD INTELLECTUAL PROPERTY ORGANIZATION, [http://www.wipo.int/amc/en/domains/cctld\\_db/codes/ar.html](http://www.wipo.int/amc/en/domains/cctld_db/codes/ar.html) (last visited Mar. 6, 2011) (displaying a searchable database of "ccTLD registration agreements, WHOIS services, and alternative dispute resolution procedures).

<sup>192</sup> *What is a domain name?*, CANADIAN INTERNET REGISTRATION AUTHORITY, <http://www.cira.ca/what-is-a-domain/> (click through "What is a registry") (last visited Mar. 6, 2011) ("CIRA is the registry for the .CA domain").

<sup>193</sup> *Registrant Agreement, Version 2.0*, Oct. 12, 2010, CANADIAN INTERNET REGISTRATION AUTHORITY, <http://www.cira.ca/assets/Documents/Legal/Registrants/registrantagreement.pdf> (last visited Mar. 6, 2011).

<sup>194</sup> *Id.*

<sup>195</sup> *CIRA Domain Name Dispute Resolution Policy, Version 2.1*, CANADIAN INTERNET REGISTRATION AUTHORITY, <http://www.cira.ca/assets/Documents/CDRPPolicy.pdf> (last visited Mar. 6, 2011).

<sup>196</sup> *Id.* § 3.6(d).

Australia's ccTLD, is identical to the UDRP.<sup>197</sup> Although using ccTLD disputes resolution procedures has promise, there are two problems. First, most of these policies do not differ from the UDRP. Thus, they will not provide much substantive guidance. This likely reflects WIPO's role in helping registrars craft dispute resolution policies.<sup>198</sup>

Second, even if the UDRP did use specific ccTLD policies to resolve domain-name disputes, they probably would not reflect the legal differences in each country. The reason is because WIPO already decides many ccTLD disputes.<sup>199</sup> The data, however, show that arbitrators are not importing their national law. For the UDRP to truly account for the nuanced distinctions between countries, it must do more than look to ccTLD dispute resolution policies. Thus, using ccTLD dispute resolution procedures may not resolve the problem we are trying to address. Specifically, it will not provide guidance to panels about what legal principles they should use to resolve a domain-name dispute.

For this reason, it is best to decide domain-name disputes by reference to the trademark and unfair competition law of each country. This kind of decisionmaking also has benefits. Like a federal-state system, it frees entities to craft new laws according to various customs. These customs approximate the values that permeate particular societies. Over time, individuals and societies compare the emerging legal rules and values. Based on this comparison, some are discarded, revised, or retained. New rules also emerge. The approach proposed facilitates this process. It promotes more informed and nuanced legal decisionmaking. And it does so drawing on the resources and minds of the entire world.

## CONCLUSION

Revising and clarifying the Choice of Law Provision will improve the functioning and enhance the legitimacy of the UDRP. What law applies in a UDRP dispute—fair use or otherwise—can determine who wins. As more people crawl the Web, an increasing number of individuals use domain names for a variety of purposes—including comment, criticism, personal use, informational use, and fan sites. The rise in Internet use is not likely to reduce the number of domain name disputes.<sup>200</sup> As the number of disputes increases, the UDRP becomes more important. Without intervention, the effectiveness and fairness of the UDRP will likely suffer. To avoid this failure, ICANN should revise the current Choice of Law Provision.

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<sup>197</sup> *.au Dispute Resolution Policy*, § 4(c)(iii), AUDA.ORG, May 2010, <http://www.auda.org.au/policies/auda-2010-05/> (last visited Mar. 2011) (stating as a right or legitimate interest, “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”).

<sup>198</sup> See *supra* note 189.

<sup>199</sup> To see a list of auDRP disputes and those resolved by WIPO, for example, see *auDRP Proceedings Archive*, AUDA.ORG, <http://www.auda.org.au/audrp/proceedings-archive/> (last visited Mar. 7, 2011).

<sup>200</sup> With the exception of 2009, the number of UDRP decisions decided by WIPO generally has risen each year since 2003. WORLD INTELLECTUAL PROPERTY ORGANIZATION, *Total Number of Case per Year*, <http://www.wipo.int/amc/en/domains/statistics/cases.jsp> (last visited Jan. 14, 2011) (listing the numbers from 1999–2011, in ascending order: 1, 1857, 1557, 1207, 1100, 1176, 1456, 1824, 2156, 2329, 2107, 2696, 92).

The results of study show that U.S. respondents have an advantage in fair use domain name disputes, a concept I called U.S. Favoritism. Specifically, respondents win in fair use cases 35% of the time, compared to 17% of the time for other respondents. Additionally, U.S. panels rendered decisions favorable to respondents in 35% of cases, compared to 20% for other panels. Although this study was limited to WIPO fair use cases, further study could reveal similar U.S. Favoritism in UDRP decisions generally.

I argued that U.S. Favoritism occurred for two reasons. First, the UDRP's Choice of Law Provision allowed panels to apply any country's law at their complete discretion. Second, U.S. panels took advantage of this Provision at higher rates than their counterparts: they imported U.S. law into UDRP fair use cases more frequently than other panels—or, at the very least, other panels perceived U.S. law as more speech friendly generally than non-U.S. law. The “imported” law provided more protection to respondents than the UDRP as applied without reference to any country's law. Once imported, the law replicated and now populates WIPO decisions a Rule.

Despite the hazards of its current Choice of Law Provision, ICANN does not seem concerned with the issue. Recently, for example, ICANN debated how to add new domain name space to the Internet.<sup>201</sup> Part of this process included formulating a dispute resolution procedure for domain names registered in this new space.<sup>202</sup> Like the UDRP, disputes over these this new online territory may favor certain parties if the choice of law issue is not settled. Unfortunately, ICANN's new gTLD procedure of the new dispute procedure ignores this issue. Instead, it allows legal objections to newly registered domain names based on “generally accepted and internationally recognized principles of law.”<sup>203</sup> Although different from that in the current

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<sup>201</sup> Specifically, ICANN is adding new generic Top-Level-Domain names (gTLDs), which the reader may recognize as the familiar .com, .edu, etc. Among the new gTLDs will be Internationalized Domain Names (IDNs), which are “represented by local language characters, or letter equivalents.” INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, *New gTLDs – Frequently Asked Questions*, available at <http://www.icann.org/en/topics/new-gtlds/strategy-faq.htm> (last visited Jan. 11, 2011). One example is “.テスト” (this kanji means “.test” in Japanese), which would represent a Japanese IDN. INTERNET ASSIGNED NUMBERS AUTHORITY, *Root Zone Database*, available at <http://www.iana.org/domains/root/db/> (last visited Jan. 11, 2011).

<sup>202</sup> ICANN has posted a working draft of this dispute resolution procedure. INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, *New gTLD Dispute Resolution Procedure* (2010), available at <http://www.icann.org/en/topics/new-gtlds/draft-new-gtld-drp-clean-12nov10-en.pdf> (last visited Jan. 11, 2011) [hereinafter *gTLD Dispute Procedure*]. See also INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, *Applicant Guidebook: Proposed Final Version Module 3*, § 3.1.2.2 (2010), available at <http://www.icann.org/en/topics/new-gtlds/draft-dispute-resolution-procedures-clean-12nov10-en.pdf> (last visited Jan. 11, 2011) (explaining that rightsholders can object by claiming that the new gTLD infringers her registered or unregistered trademark); *id.* § 3.4.2 (listing a variety of factors for panel to consider).

<sup>203</sup> *gTLD Dispute Procedure*, *supra* note 202, at Art. 2(e)(ii) (allowing for an “existing legal rights objection” when “the string comprising the potential new gTLD infringes the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law”); Art. 2(e)(ii) (allowing for a “limited public interest objection” when “[Limited Public Interest Objection] refers to the objection that the string comprising the potential new gTLD is contrary to generally accepted legal norms relating to morality and public order that are recognized under international principles of law”). The proposed procedure allow specifies potential objection that are not based on any kind of legally recognized right. See *id.* Art. 2(e)(i) (specifying objections based on confusing similarity to an *existing gTLD* (not trademark)); *id.* Art. 2(e) (iv) (specifying objection when a significant portion of a community “to which the string may be explicitly or implicitly targeted” so requests).

UDRP—which allows panels to apply “any . . . principles of law . . . [they] deem[] applicable”<sup>204</sup>—it is not likely to provide choice-of-law guidance for panels. The final draft of the new gTLD procedure allows “legal rights objections” for when the “applied-for gTLD string infringes the existing legal rights of the objector.”<sup>205</sup> The new procedure doesn’t take a stance on choice of law issue up to panels; they decide what constitutes an “infringement” of legal rights. Panels also decide, when a limited public interest objection is filed, what constitute “generally accepted and internationally recognized principles of law.”<sup>206</sup> Still, the new procedure doesn’t leave panels free to do whatever they choose; it lays out factors for panels to consider when determining what these standards mean. In other words, ICANN prefers dispute resolution procedure that can, but need not, account for local law.

The findings of this study suggest, however, suggest equivocating or avoiding the choice of law issue will lead to favoritism of some nationality, or perhaps for existing domain name holders. This has the potential to undermine the legitimacy and efficacy of the UDRP as an international dispute resolution mechanism.

ICANN, of course, could prevent that from happening—and the time is ripe for it to do so. Currently, ICANN is reviewing the UDRP: it has just issued a Preliminary Report on the Current State of the Uniform Dispute Resolution (Preliminary Report), which will be updated and submitted to the Generic Names Supporting Organization (GNSO) Council.<sup>207</sup> The GNSO Council will then consider whether “to commence a policy development process (PDP) on the UDRP”—that is, the GNSO Council will decide whether to revise the UDRP.<sup>208</sup> In February 2010, the GNSO Council requested an Issue report on “[h]ow the UDRP has addressed the problem of cybersquatting to date, and any insufficiencies/inequalities associated with the process.”<sup>209</sup> In Annex 2 of the Preliminary Report, two community members identified safe harbors for free speech as an area that needs attention.<sup>210</sup> The issue is all the more pressing given that the Report recommends inaction on at least one pressing free speech issue (Gripe Sites).<sup>211</sup>

Thus, ICANN has an opportunity to reform the Choice of Law provision right now. If it does not, ICANN risks subjecting businesses and domain name holders to uncertain or unfair

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<sup>204</sup> UDRP Rules, *supra* note 5, § 15(a).

<sup>205</sup> INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, *gTLD Applicant Guidebook*, § 3.2.1 (May 2011), <http://www.icann.org/en/topics/new-gtlds/rfp-clean-30may11-en.pdf> (last visited July 16, 2011).

<sup>206</sup> *Id.*

<sup>207</sup> The GNSO Council is an ICANN organization that tries to identify and recommend changes to make with gTLD policies. *GNSO*, ICANNWiki, <http://icannwiki.com/index.php/GNSO> (last visited July 17, 2011).

<sup>208</sup> See Margie Milam, PRELIMINARY GNSO ISSUE REPORT ON THE CURRENT STATE OF THE UNIFORM DISPUTE RESOLUTION POLICY, INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS, at 3, <http://gnso.icann.org/issues/prelim-report-current-state-udrp-27may11-en.pdf> (last visited July 17, 2011).

<sup>209</sup> *Id.* at 19, Annex 1.

<sup>210</sup> *Id.* at 23, Annex 2.

<sup>211</sup> *Id.* at 21, Annex 1 (“Rough Consensus: Make no recommendation. The majority of RAPWG members expressed that gripe site and offensive domain names that use trademarks should be addressed in the context of cybersquatting and the UDRP for purposes of establishing consistent registration abuse policies in this area, and that creating special procedures for special classes of domains, such as offensive domain names, may present problems.”).

speech conditions on the Internet. To remedy this problem and protect businesses and internet users, ICANN should change the choice of law provisions for fair use disputes under the UDRP. The law of the respondent's home country should apply to UDRP fair use disputes. Additionally, ICANN should modify its current panel assignment procedures for fair use disputes. Instead of keeping assignment policy secret, it should assign arbitrators based on the respondent's and complainant's nationality. This will ensure that arbitrators have knowledge of the law to be applied. In sum, these procedures will balance the interests of all complainants, respondents, and nations using the UDRP more fairly than the current policy.