

ICANN'S UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY IN ACTION

By John G. White

Domain names are prime real estate on the information superhighway. With the right domain in hand, individuals and corporations can reap the rewards of the Internet and electronic commerce revolution. But getting the domain name you want is not always easy.

For much of the Internet's relatively short history, Network Solutions, Inc. ("NSI") had exclusive control over the domain name system and registered domain names on a first-come, first-served basis.¹ NSI's monopoly drew considerable criticism and eventually calls for change.² In late 1998, the Internet Corporation for Assigned Names and Numbers ("ICANN")³ took over management of the domain name system. Despite the changes, first-come, first-served remained the principal criterion for registration. This lack of regulation, combined with the low cost of domain name registration,⁴ provided ample incentive for enterprising individuals to register

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1. See Kevin Eng, Note, *Breaking Through the Looking Glass: An Analysis of Trademark Rights in Domain Names Across Top Level Domains*, 6 B.U. J. SCI. & TECH. L. 7 (2000), available at <http://www.bu.edu/law/scitech/volume6/Eng.htm>; Diane Cabell, *Overview of Domain Name Policy Development*, at <http://eon.law.harvard.edu/udrp/overview.html> (last modified Apr. 20, 2000) [hereinafter Cabell, *Overview*]. Although domain name registration is international in scope, approximately eighty percent of all domain names are registered in the United States. Diane Cabell, *Foreign Domain Name Disputes 2000*, THE COMPUTER & INTERNET LAWYER, Oct. 2000, at 5 [hereinafter Cabell, *Foreign*].

2. For background information on NSI and the creation of ICANN, see Luke A. Walker, Note, *ICANN's Uniform Domain Name Dispute Resolution Policy*, 15 BERKELEY TECH. L.J. 289 (2000).

3. ICANN is a non-profit corporation dedicated to preserving the operational stability of the Internet. For more information, see ICANN, at <http://www.icann.org> (last modified Jan. 23, 2001).

4. NSI charges \$35.00 per year for basic .com domain name registration services. Network Solutions, Inc., *Web Address Registration*, at http://www.networksolutions.com/en_US/catalog/domainname/ (last visited Jan. 25, 2001).

domain names resembling well-known trademarks with the hopes of hitting the jackpot.⁵ Cybersquatting was born.

Cybersquatting encompasses several distinct activities. The traditional cybersquatter registers domain names based on trademarks and tries to sell the domain names to the mark owners for a hefty profit.⁶ A related practice is "cyberpiracy." A cyberpirate registers a domain name incorporating a variation of a trademarked term and uses it for a website that lures traffic intended for the mark owner's site.⁷ Another variation is "typo-squatting." A typo-squatter registers domain names that incorporate variations of well known marks such as misspellings or missing characters (e.g., yahoo.com)⁸ to take advantage of unsuspecting web surfers.⁹ Finally, some people register domain names that resemble trademarks but never use them. These passive holders or "pseudo-cybersquatters"¹⁰ do not construct active websites, make no offers to sell the domain names, and are often very difficult to contact.¹¹ This Note refers to pseudo-cybersquatting as "passive warehousing."

Cybersquatting is widely condemned.¹² Early efforts in the United States to combat cybersquatting involved traditional trademark infringe-

5. See generally John Allen Howard Jr., *New Developments in Internet Law: The Anticybersquatting Consumer Protection Act (ACPA) and the ICANN Dispute Resolution Policy*, 23 AM. J. TRIAL ADVOC. 735 (2000).

6. Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97, 104 (2000).

7. *Id.* at 105; see also Cabell, *Overview*, *supra* note 1.

8. Yahoo! Inc. and GeoCities v. Data Art Corp., DataArt Enters., Inc., Stonybrook Invs., Global Net 2000, Inc., Powerclick, Inc., Yahoo Search, Inc., WIPO, No. D2000-0587, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0587.html> (Aug. 10, 2000).

9. Robert D. Gilbert, *Squatters Beware: There Are New Ways to Get You*, NEW YORK L.J., Jan. 24, 2000, at T5; see also Rebecca W. Gole, *Playing the Name Game Two: A Glimpse at the Future of the Internet Domain Name System*, 51 FED. COMM. L.J. 403 (1999).

10. Gilbert, *supra* note 9.

11. More complex domain name disputes involve parties with roughly equal claims to domain names, such as businesses with the same or similar trademark. Unlike traditional "brick and mortar" markets where businesses in different industries or geographic locations can trademark similar or even identical names and coexist, domain names must be unique. Thus, a company with a legitimate trademark interest may be locked out of cyberspace without a clear remedy. This bleak prospect has fueled a frantic race by companies to register as many domain names as possible, often shutting out their competitors. Disputes involving this "racing" phenomenon involve in-depth factual inquiries and fall outside of the UDRP's scope. Gole, *supra* note 9, at 404-05.

12. See Walker, *supra* note 2, at 305-06 (discussing cybersquatting's effects on e-commerce); see also Cabell, *Foreign*, *supra* note 1, at 15 (discussing recent judicial and

ment and dilution claims.¹³ While trademark owners achieved some success, results were inconsistent.¹⁴ There were also early efforts to develop domain name dispute resolution programs; however, these programs achieved mixed results.¹⁵ It became clear that society needed new legal institutions to resolve domain name disputes more effectively. In response, two new institutions emerged. The first is the Anticybersquatting Consumer Protection Act ("ACPA").¹⁶ The ACPA provides trademark owners with new weapons to use against cybersquatters in court.¹⁷ The second institution is ICANN's Uniform Domain Name Dispute Resolution Policy ("UDRP" or "the Policy").¹⁸

In order to succeed, the UDRP must balance the need to provide clear guidance that promotes fair and consistent decisions with the need to maintain adequate flexibility so that it applies to various factual situations under different legal systems. The UDRP's application to passive warehousing tests this delicate balance. While the UDRP clearly targets traditional cybersquatters, cyberpirates, and typo-squatters, its application to passive warehousing is less clear.¹⁹ This Note analyzes how dispute resolution panels have taken advantage of the UDRP's inherent flexibility to develop a doctrine that, when properly applied, effectively addresses the problem of passive warehousing. The Note urges ICANN to take immediate steps to clarify the Policy's application to passive warehousing to ensure fair and efficient results.

legislative developments around the world aimed at cracking down on cybersquatting); Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149, 155-58 (2000).

13. Eng, *supra* note 1.

14. *Id.*; see also Litman, *supra* note 12, at 153-55 (citing and discussing several early cybersquatting cases, including *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998)).

15. Walker, *supra* note 2, at 295-96 (discussing NSI's early dispute resolution programs).

16. 15 U.S.C.A. § 1125(d) (West Supp. 2000).

17. For an analysis of the ACPA, see P. Wayne Hale, Note, *Anticybersquatting Consumer Protection Act & Sporty's Farm v. Sportsman's Market*, 16 BERKELEY TECH. L.J. 205 (2001).

18. ICANN, *Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (Oct. 24, 1999) [hereinafter *UDRP*].

19. See *id.* § 4.

I. BACKGROUND

A. Overview of UDRP Processes and Procedures

Under ICANN rules, all registrars in the .com, .net, and .org top-level domains (“TLDs”) and their customers must participate in the UDRP.²⁰ The Policy requires parties to resolve most trademark-based²¹ domain name disputes by agreement, court proceedings, or arbitration before a registrar can cancel, suspend, or transfer a domain name.²² The cornerstone of the UDRP is a streamlined administrative proceeding designed to resolve cybersquatting cases.²³

1. *Approved Dispute Resolution Providers*

There are currently four ICANN-approved dispute resolution providers authorized to conduct administrative proceedings: the World Intellectual Property Organization (“WIPO”); the National Arbitration Forum (“NAF”); CPR Institute for Dispute Resolution (“CPR”); and eResolution (“eRes” or “DeC”).²⁴ WIPO has decided the majority of cases to date, followed by NAF, eRes, and CPR.²⁵ WIPO is popular with trademark owners because most of its panelists are lawyers or professors who are experi-

20. ICANN, *Uniform Domain-Name Dispute-Resolution Policy, General Information*, at <http://www.icann.org/udrp/udrp.htm> (last modified June 17, 2000) [hereinafter *UDRP General Information*]. Efforts are underway to approve seven new TLDs: .aero, .biz, .coop, .info, .museum, .name, and .pro. ICANN announced initial approval of these TLDs on November 16, 2000. Negotiations with the new registrars are ongoing, and the adoption of the new TLDs is subject to final approval by the ICANN Board. The new TLDs should increase the supply of desirable domain names and might help reduce the number of domain name disputes. ICANN, Press Release, *ICANN Announces Selections For New Top-Level Domains*, at <http://www.icann.org/announcements/icann-pr16nov00.htm> (Nov. 16, 2000); see also Aaron Pressman, *ICANN: 7 Out of 44 Ain't Bad*, THE STANDARD, at <http://www.thestandard.com/article/display/0,1151,20272,00.html> (Nov. 16, 2000).

21. Efforts are underway to expand the UDRP to domain name disputes involving personal names, international nonproprietary names, international governmental organizations, geographical terms, and trade names. Tony Kreindler, *WIPO Launches Talks to Expand Domain Name Dispute Policy*, ADRWORLD.COM, at <http://adrworld.com> (July 12, 2000).

22. *UDRP General Information*, *supra* note 20.

23. *Id.*

24. ICANN, *Approved Providers for Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/approved-providers.htm> (last modified Oct. 17, 2000).

25. See ICANN, *List of Proceedings Under Uniform Domain Name Dispute Resolution Policy, UDRP Proceedings—Arranged by Proceeding Number*, at <http://www.icann.org/udrp/proceedings-list-number.htm> (last modified Jan. 24, 2001).

enced in trademark law.²⁶ By contrast, many of NAF's panelists are retired state court judges with limited trademark experience.²⁷

Each provider follows unique procedures (although all procedures must be consistent with the Policy and the Rules)²⁸ and has its own fee schedule. For example, NAF charges \$750 for a single panelist to hear a case involving one disputed domain name; CPR charges \$2,000 for the same service.²⁹ The Complainant³⁰ gets to choose the provider and can elect to have a single panelist or three-person panel.³¹ The Complainant pays all fees, unless the Respondent requests a three-person panel, in which case the parties split the cost.³²

26. See WIPO, *WIPO Domain Name Panelists*, at <http://arbiter.wipo.int/domains/panel/panelists.html> (last modified Jan. 24, 2001); see also Tamara Loomis, *Domain Names: Disputes Get Swift Resolution Under UDRP*, N.Y. L.J., July 27, 2000, at 5; Elizabeth Wasserman, *The New Masters of Domains*, THE STANDARD, at <http://www.thestandard.com/article/display/0,1151,17941,00.html> (Aug. 28, 2000).

27. See NAF, *List of Qualified Dispute Resolution Panelists*, at <http://www.arbforum.com/domains/domain-judges.html> (last visited Jan. 25, 2001); see also Loomis, *supra* note 26. Panelists at eRes and CPR come from diverse backgrounds, including lawyers, retired judges, and professors. See eRes, *List of Panelists*, at <http://www.eresolution.ca/services/dnd/arbitrators.htm> (last modified Jan. 10, 2001); CPR, *CPR Specialized Panels*, at http://www.cpradr.org/specplpan_domainname.htm (last visited Jan. 25, 2001).

28. See ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (Oct. 24, 1999) [hereinafter *UDRP Rules*].

29. NAF, *Schedule of Fees*, at <http://www.arbforum.com/domains/domain-fees.html> (last visited Jan. 25, 2001); CPR, *CPR's Supplemental Rules and Fee Schedule*, at http://www.cpradr.org/ICANN_RulesAndFees.htm (last visited Jan. 25, 2001). WIPO charges \$1,500 and eRes charges \$1,250 for the same service. Different rates apply for three-person panels and multiple domain names.

WIPO, *Schedule of Fees Under the ICANN Policy*, at <http://arbiter.wipo.int/domains/fees/index.html> (Aug. 15, 2000); eRes, *Schedule of Fees*, at <http://www.eresolution.ca/services/dnd/schedule.htm> (last modified Jan. 4, 2001).

30. The Complainant is always the trademark owner. The Respondent is always the domain name holder.

31. See *UDRP Rules*, *supra* note 28, § 6. If the Complainant elects to use a single panelist, the provider chooses the actual panelist. When either or both parties elect to have a three-person panel, each party gets to select a panelist and the provider selects a panelist. A recent study noted that parties select one-person panels over ninety percent of the time. M. Scott Donahay & Vijaya Rangan Palaniswamy, *The ICANN Cybersquatting Decisions #5*, at <http://eon.law.harvard.edu/udrp/decisions/2000-5.html> (last visited Jan. 25, 2001).

32. *UDRP*, *supra* note 18, § 4(g).

2. UDRP Proceedings

Proceedings begin when a trademark holder files a complaint with the dispute resolution service provider of choice.³³ To prevail, a Complainant must assert *and* prove that: (1) the domain name is identical or confusingly similar to the Complainant's trademark or service mark; (2) the domain name holder has no rights or legitimate interests in the domain name; and (3) the domain name was registered and is being used in bad faith.³⁴

Complainants generally have little difficulty meeting the "identical or confusingly similar" requirement, as long as they have clear trademark rights.³⁵ A domain name is confusingly similar to a mark if it is similar in sound, appearance, and connotation; for example, the addition or deletion of a single letter is usually not enough to prevent a finding of likely confusion.³⁶ Furthermore, top-level domains (e.g., .com, .org) are not source-identifiers and therefore do not affect a term's overall meaning or similarity.³⁷

Complainants must also establish that domain name holders do not have rights or legitimate interests in the disputed domains. Although section 4(a) of the Policy appears to place the overall burden of proof on the Complainant, many panels shift the burden regarding this factor to the Re-

33. *UDRP Rules*, *supra* note 28, § 3.

34. *UDRP*, *supra* note 18, § 4(a).

35. *See, e.g.*, *Lowestfare.com LLC v. US Tours & Travel, Inc.*, DeC, No. AF-0284, at <http://www.eresolution.ca/services/dnd/decisions/0284.htm> (Sept. 9, 2000) (noting that Respondent registered the domain name thelowestfare.com six months before Complainant filed for mark registration and the "complex fact-based judgment concerning the validity or strength of the Complainant's alleged mark is not one that is intended to be made by the UDRP"); *Media West-GSI, Inc., and Gannett Satellite Info. Network, Inc. v. EARTHCARS.COM, Inc.*, WIPO, No. D2000-0463, at <http://arbitrator.wipo.int/domains/decisions/html/d2000-0463.html> (July 28, 2000) (holding that the term freepressclassifieds.com was not inherently distinctive and had not acquired secondary meaning, noting that Complainant had not registered the mark and failed to present evidence of consumer surveys).

36. *See, e.g.*, *Ty, Inc. v. O.Z. Names*, WIPO, No. D2000-0370, at <http://www.arbitrator.wipo.int/domains/decisions/html/d2000-0370.html> (June 27, 2000) (holding that the domain name beanybabies.com is confusingly similar to the Complainant's mark "Beanie Babies").

37. *See, e.g.*, *Microsoft Corp. v. Amit Mehrotra*, WIPO, No. D2000-0053, at <http://arbitrator.wipo.int/domains/decisions/html/d2000-0053.html> (Apr. 10, 2000) (holding that the domain name microsoft.org is identical to the Complainant's mark microsoft.com).

spondent.³⁸ The Policy lists three nonexclusive factors that indicate a Respondent's rights and interests in a domain name.³⁹

Finally, a Complainant must establish that the Respondent both registered *and* used a domain name in bad faith. Proving bad faith is often the Complainant's biggest challenge.⁴⁰ The Policy lists four nonexclusive factors to consider in finding bad faith registration and use.⁴¹ Part III discusses the bad faith requirement in detail.

Once a dispute resolution service provider receives a complaint, it follows the communications requirements in section 2 of the Rules to ensure that the Respondent receives actual and timely notice. Respondents have twenty days from the date the proceedings started to submit their response.⁴² A response must specifically address the allegations in the complaint and explain why the Respondent should retain registration and use of the disputed domain name.⁴³ Once a panel receives a timely response, it usually will not accept further submissions from either party.⁴⁴ If a Re-

38. See, e.g., *Wine.com, Inc. v. Zvieli Fisher*, WIPO, No. D2000-0614, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0614.html> (Sept. 11, 2000) (noting that Respondents should bear the burden since they are in possession of key facts regarding potential legitimate use and to do otherwise would place a "heavy burden . . . on Complainants"). This burden shifting is consistent with § 4(c) of the UDRP. *UDRP, supra* note 18, § 4(c).

39. *UDRP, supra* note 18, § 4(c). The three factors are: (1) Prior to notification of the dispute, the Respondent was using or planning to use the domain name in connection with a bona fide offering of goods or services; (2) the Respondent has been commonly known by the domain name, even without trademark or service mark rights; or (3) the Respondent made legitimate noncommercial or fair use of the domain name without intending to mislead consumers or to tarnish the mark for commercial purposes. *Id.*

40. Amy Benjamin, *Proceedings Under UDRP Are Off and Running*, NAT'L L.J., May 1, 2000, at C1.

41. *UDRP, supra* note 18, § 4(b)(i)-(iv). See discussion *infra* Part III.

42. *UDRP Rules, supra* note 28, § 5(a).

43. *Id.* § 5(b).

44. Panels have some flexibility in this matter. See, e.g., *CBS Broad. Inc. v. VanityMail Serv., Inc.*, WIPO, No. D2000-0379, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0379.html> (June 2, 2000) (allowing a supplementary complaint and a response to the supplementary complaint). In addition, the NAF allows supplementary complaints and responses subject to an additional fee; some commentators argue that such a policy encourages forum shopping and may lead to inconsistent decisions. See, e.g., David H. Bernstein & Sheri L. Rabiner, *Litigating by E-Mail with 'UDRP': Lessons From New Dispute Resolution Procedure for Domain Name Disputes*, N.Y. L.J., Aug. 21, 2000, at S3.

spondent fails to submit a response within the required twenty-day period, the Respondent is in default.⁴⁵

Upon receipt of the response or after the twenty-day period expires (if there is no response), the dispute resolution service provider appoints the panel members.⁴⁶ A panel must make its final decision within fourteen days of appointment, although minor delays do occur.⁴⁷ A panel does not hold hearings; it must decide a complaint based on the written record and "any rules and principles of law that it deems applicable."⁴⁸ Remedies under the UDRP include only the cancellation or transfer of domain name registration; monetary damages are not available.⁴⁹ A Respondent on the losing end of a decision can postpone the transfer or cancellation of a domain name by filing a court action within ten days.⁵⁰

B. UDRP Status Report

Since ICANN implemented the UDRP on January 3, 2000, parties have initiated over 2,700 proceedings and dispute resolution panels have issued over 1,900 decisions involving over 3,450 domain names.⁵¹ Approximately eighty percent of the decisions to date favor the Complainant trademark owners.⁵² Of the 1,900 decisions handed down by panels, Re-

45. Panels may extend the deadline in exceptional circumstances. *UDRP Rules, supra* note 28, § 14. Part II of this Note discusses the consequences of default.

46. *UDRP Rules, supra* note 28, § 6.

47. *Id.* § 15.

48. *Id.* Some panels visit websites using disputed domain names to fill in gaps in the record, particularly when the Respondent defaults. *See, e.g.,* Cortefiel, S.A. v. Miguel Garcia Quintas, WIPO, No. D2000-0140, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0140.html> (Apr. 24, 2000).

49. *UDRP, supra* note 18, § 4(i).

50. *Id.* § 4(k). A recent district court ruling held that it was not necessarily bound by UDRP proceedings. *See, e.g.,* Weber-Stephen Products Co. v. Armitage Hardware and Bldg. Supply, Inc., 2000 WL 562470 (N.D. Ill. 2000) (staying the case pending the outcome of UDRP proceedings, but declining to state what standard would apply to UDRP proceedings if challenged in court). A few Respondents have taken advantage of the opportunity to appeal to the courts. *See* Oscar S. Cisneros, *Beating Down Your Biggest Fan*, WIRED NEWS, <http://www.wired.com/news/print/0,1294,37929,00.html> (Aug. 3, 2000) (reporting that the owner of the enthusiast site *dodgeviper.com*, after losing a UDRP proceeding, planned to take the case to court). *But see* David G. Post, *Juries and the UDRP*, ICANN Watch, at <http://www.icannwatch.org/archives/essays/968331924.shtml> (Sept. 6, 2000) (remarking that few cases have been appealed to the courts).

51. ICANN, *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/proceedings-stat.htm> (last modified Jan. 24, 2001).

52. *Id.*

spondents defaulted in approximately fifty percent of the cases.⁵³ When Respondents defaulted, Complainants won over ninety percent of the time.⁵⁴

The UDRP already has a faithful following, particularly among practitioners. Proponents stress that the decisions are fair and the process is quick, inexpensive, and simple.⁵⁵ While singing its praises, proponents are quick to note that the Policy has strict limits.⁵⁶ Despite its limitations, most practitioners see the UDRP as an excellent tool and plan to use it in tandem with litigation.⁵⁷

Most proponents do not find the high Respondent default rate surprising, at least at this early stage. In fact, many see it as a good sign, indicating that the Policy is effectively targeting simple, clear-cut cases of cybersquatting.⁵⁸ In these cases, Respondents default "because you've got them."⁵⁹ Proponents predict that as the influx of strong cybersquatting cases wanes, the default rate will decrease and Respondents will enjoy more success.⁶⁰ That trend has yet to appear; case results through September 2000 show a steady if not increasing monthly default rate of forty-five to fifty-five percent.

The UDRP has its critics. Galvanized by a few arguably controversial decisions,⁶¹ free speech activists, some academics, and other interested

53. *Id.* The Respondents in most passive warehousing cases default.

54. Unless otherwise noted, all statistical data contained in this Note are that of the author.

55. See Bernstein & Rabiner, *supra* note 44; Matt Railo, *Trademark Owners Weigh Court vs. UDRP*, NAT'L L.J., July 24, 2000, at C1; M. Scott Donahey & Ryan S. Hilbert, Note, *World Wrestling Federation Entertainment, Inc. v. Michael Bosman: A Legal Body Slam for Cybersquatters on the Web*, 16 COMPUTER & HIGH TECH. L.J. 421, 427 (2000); Michael LiRocchi et al., *Trademarks and Internet Domain Names in the Digital Millennium*, 4 UCLA J. INT'L L. & FOR. AFF. 377, 443 (2000); Orrie Dinstein & Elisabeth Cappuyns, *Assessing the First 100 Days of ICANN's Dispute Plan*, N.Y. L.J., June 1, 2000, at 1.

56. For example, the Policy is limited to clear-cut cases of abusive registration and use and is not well suited to complex factual disputes. See Ritchenya A. Shepard, *Counselors' Domain-Name Pains*, NAT'L L.J., Sept. 4, 2000, at B1.

57. *Id.*

58. Loomis, *supra* note 26.

59. *Id.*

60. *Id.*

61. See, e.g., *J. Crew Int'l, Inc. v. crew.com*, WIPO, No. D2000-0054, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0054.html> (Apr. 20, 2000) (ordering the transfer of the domain name crew.com to the Complainant); *Excelentísimo Ayuntamiento de Barcelona v. Barcelona.com Inc.*, WIPO, No. D2000-0505, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0505.html> (Aug. 4, 2000) (ordering the transfer of the domain name barcelona.com to the Complainant).

parties decry the UDRP as biased in favor of trademark owners.⁶² They argue that it provides an uncontested forum for trademark owners to challenge any domain name that is remotely similar to one of their marks, thereby expanding trademark rights at the expense of free speech rights.⁶³ While these claims may certainly have merit, it appears at a glance that the number of highly controversial cases is quite small.

Others argue that because the Policy defines many terms loosely, panels have too much freedom to interpret provisions, resulting in inconsistent decisions that may be at odds with the Policy.⁶⁴ In response, there are proposals to establish an appellate mechanism to resolve inconsistencies.⁶⁵ Others, however, point out that panels are citing to previous decisions at an increasing rate, which may eventually result in more stable and predictable results.⁶⁶ Other reform-minded proposals advocate expanding the UDRP to cover more than trademark infringement and providing parties

62. See, e.g., Laurie J. Flynn, *Trademarks Winning Domain Fights*, N.Y. TIMES, at <http://www.nytimes.com/library/tech/00/09/biztech/articles/04neco.html> (Sept. 4, 2000); Litman, *supra* note 12, at 163; Domain Shame, at <http://www.domainshame.com> (last visited Jan. 26, 2001); The TLD Lobby, at <http://www.tldlobby.com/> (last visited Jan. 26, 2001); Brian Livingston, *Groups Cite Bias in Domain Name Arbitration*, CNET NEWS.COM, at <http://www.news.com/Perspectives/Column/0,176,459,00.html> (July 7, 2000).

63. Livingston, *supra* note 62. The UDRP does address reverse domain name hijacking (a bad faith attempt by a trademark owner to deprive a registered domain name holder of a domain name). However, there do not appear to be significant consequences for reverse domain name hijacking under the UDRP. *UDRP Rules*, *supra* note 28, §§ 1, 15(e) (directing panels to, when appropriate, declare that the complaint was brought in bad faith).

64. See, e.g., Cabell, *Overview*, *supra* note 1.

65. Center for Democracy & Technology, *Information About the Candidates: North America*, at <http://www.cdt.org/dns/icann/elections/namerica-detail.shtml> (last visited Jan. 26, 2001).

66. An ongoing study of UDRP decisions has found that approximately sixty to seventy percent of recently decided cases cite previous decisions. In more traditional arbitration forums, parties resolve disputes with little if any public disclosure. However, ICANN, the dispute resolution service providers, and new services such as Domain Name Law Reports publish UDRP decisions online. As a result, the public and panelists have easy access to decisions. While the official status of prior decisions is unclear and panels are generally supposed to reach decisions on a case-by-case basis, an international body of law is clearly developing as panels cite to previous decisions at an increasing rate. Most panels give prior decision some persuasive weight, while a few act as if they are bound by precedent. John Hartje, *Resolving Internet Domain Name Disputes*, INTELLECTUAL PROPERTY TODAY, Aug. 2000, at 38; see also Oscar S. Cisneros, *Streamlining Domain Squabbles*, WIRED NEWS, <http://www.wired.com/news/politics/0,1283,39591,00.html> (Oct. 26, 2000).

with more time to resolve disputes.⁶⁷ Part IV addresses some of these proposals.

II. THE CONSEQUENCES OF DEFAULT

As discussed in Part I, Respondents have defaulted in fifty percent of the decided cases. Most passive warehousing cases involve Respondents that default; therefore, understanding what the Policy requires in default situations and how panels interpret the requirement sets the stage for analyzing the Policy's application to the special case of passive warehousing.

Section 14 of the Rules addresses default. When a Respondent defaults, a panel can reach a decision on the complaint and may draw appropriate inferences from the default.⁶⁸ Panels use two distinct approaches. The first approach involves interpreting the Policy and Rules literally, requiring Complainants to bear the burden of proof on all issues. The second approach involves interpreting the Policy and Rules more broadly, often shifting the burden of proof to the Respondent. Panels justify this approach based on the Policy's overall purpose of curbing abusive domain name registrations.

A. The Literal Interpretation Approach

The panel in the *industrialproductfinder.com* case⁶⁹ applied a literal interpretation of the Policy. The panel stressed that a Complainant "bears the burden of pleading at least a prima facie case."⁷⁰ Because of the "highly expedited nature of administrative proceedings," the "relative lack of formal due process," and the "relative difficulty in assessing complex factual questions," Complainants must "offer at least some modicum of specific, factual allegations, not merely conclusory legal assertions."⁷¹ Other panels have employed a similar approach.⁷²

67. Justin Kelly, *ICANN Board Member Calls for End to Domain Dispute Policy*, ADRWORLD.COM, at <http://www.adrworld.com> (Oct. 23, 2000).

68. Panels must treat parties fairly and follow applicable administrative requirements. Furthermore, if a Complainant is to prevail, it must prove that each of the three elements (identical or confusingly similar, no rights or legitimate interests, and registration and use in bad faith) are present. *UDRP Rules*, *supra* note 28, § 14; *see also UDRP*, *supra* note 18, § 4(a).

69. *Raj Vasant Pandit v. Vishal Bhuta*, DeC, No. AF-0224, at <http://www.eresolution.ca/services/dnd/decisions/0224.htm> (July 10, 2000).

70. *Id.* § 5(a).

71. *Id.* at n.9 (analogizing Complainant's burden to a summary judgment motion where the moving party may not rest upon mere allegations).

72. *See, e.g., Cyro Indus. v. Contemporary Design*, WIPO, No. D2000-0336, at <http://www.arbitrator.wipo.int/domains/decisions/html/d2000-0336.html> (June 19, 2000)

B. The Broad Interpretation Approach

In contrast, many panels adopt a broad interpretation of the Policy in cases where the Respondent defaults. The *canadiansuperstores.com* panel⁷³ noted that a literal reading of the Policy and Rules would “fatally” impair a Complainant’s ability to meet its burden of proof when a Respondent “wholly disregards its obligations and submits no response.”⁷⁴ The panel stressed that “punishing [C]omplainants for failing to proffer evidence that is unavailable to them” and “creating an incentive to Respondents . . . to gain tactical advantage by evading their obligation to respond” is “inconsistent with the spirit and intent of the ICANN Policy.”⁷⁵ Of the two approaches, the broad interpretation is most prevalent.⁷⁶ It serves as the foundation for applying the Policy to passive warehousing.

III. FINDING BAD FAITH USE—THE EMERGENCE OF THE INACTION DOCTRINE

During the development of the UDRP, there were concerns that the Policy’s dual requirement to find both bad faith registration and use⁷⁷ on the part of a domain name holder was too onerous.⁷⁸ Some predicted that because of this constraint, the Policy would not clearly apply to passive warehousing. That prediction came true. Panels almost immediately faced

(holding that in cases of default, panels must pay special attention to evaluating the accuracy of Complainant’s submissions); *Softquad Software Inc. v. Eleven-Eleven Ltd., DeC*, No. AF-0143, at <http://www.eresolution.ca/services/dnd/decisions/0143.htm> (June 1, 2000) (stressing that in default cases, the burden of proving required elements remains with the Complainant).

73. *Loblaws, Inc. v. Charlo Barbosa, DeC*, No. AF-0163, at <http://www.eresolution.ca/services/dnd/decisions/0163.htm> (June 23, 2000).

74. *Id.* § 5.

75. *Id.*

76. *See, e.g., Slep-Tone Entm’t Corp. v. Sound Choice Disk Jockeys, Inc., NAF*, No. FA93636, at <http://www.arbforum.com/domains/decisions/93636.html> (Mar. 13, 2000) (ordering the transfer of the domain name *sound_choice.com* despite the fact that the defaulting Respondent appeared to use the name in connection with a bona fide offering of services); *Wine.com, Inc. v. Zvieli Fisher, WIPO*, No. D2000-0614, at <http://arbiter.wipo.int/domains/decisions.html/d2000-0614.html> (Sept. 11, 2000) (stating that it would place a heavy burden on Complainants to require them to prove a Respondent’s lack of rights or legitimate interests in a mark).

77. *UDRP, supra* note 18, § 4(b).

78. ICANN, *Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy* § 4.5(a), at <http://www.icann.org/udrp/udrp-second-staff-report-24oct99.htm> (Oct. 25, 1999) (refusing to change the requirement of both bad faith registration and use based on the late stage of the UDRP’s development process and the need for further study) [hereinafter *Second Staff Report*].

the challenge of inferring bad faith use in circumstances where a domain name holder had not used the disputed domain name in the traditional sense (no website, no e-mail address, and no attempts to sell or otherwise transfer the domain name).

Sections 4(b)(i)-(iv) of the Policy list four nonexclusive factors that panels should consider in determining bad faith registration and use: (1) acquiring a domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name to a trademark owner for a price in excess of documented out-of-pocket costs (targets traditional cyber-squatters); (2) registering a domain name to prevent the owner of a trademark from using the mark in a corresponding domain name, provided that there is a pattern of such conduct (may apply to passive warehousing); (3) registering the domain name primarily for the purpose of disrupting the business of a competitor (targets cyberpirates); or (4) using the domain name to attract intentionally, for commercial gain, users to a website by creating potential confusion with the Complainant's mark as to the source, sponsorship, affiliation, or endorsement of the website or products and services offered on the website (targets cyberpirates and typo-squatters).⁷⁹

These factors are flexible. On one hand, they are illustrative, not exhaustive. On the other hand, they do not necessarily require "use" in the traditional sense. For example, someone could register a domain name to disrupt his or her competitor's business and accomplish that goal by simply holding the domain name indefinitely. Since most passive warehousing cases do not involve direct competitors,⁸⁰ the focus is squarely on section 4(b)(ii).⁸¹ In the absence of active use, can panels infer a reasonable pattern of conduct indicating that the domain name holder registered the name to prevent the trademark owner from using it?

A. The Inaction Doctrine

The most well-developed approach used by panels to address passive warehousing of domain names is what this Note refers to as the "inaction doctrine." In analyzing the doctrine and assessing its viability, it is critical to determine whether it is consistent with the letter and spirit of the UDRP. If it is, the doctrine is an invaluable tool. If the doctrine extends beyond

79. *UDRP*, *supra* note 18, § 4(b)(i)-(iv).

80. In most cases, the Complainant is a corporation or other business, while the Respondent is either an individual or a small business that specializes in marketing, sales, or domain name sales and leasing.

81. Registering a domain name to prevent the owner of a trademark from using the mark in a corresponding domain name, provided that there is a pattern of such conduct. *UDRP*, *supra* note 18, § 4(b)(ii).

the bounds of the Policy, however, it may expand trademark rights too far and jeopardize the credibility of the UDRP.

The doctrine first emerged in the *telstra.org* case.⁸² The case involved the Complainant Telstra Corporation Limited, a well-known Australian telecommunications company, and a Respondent that went by the name Nuclear Marshmallows.⁸³ The disputed domain name *telstra.org* was identical to the Complainant's registered trademark.⁸⁴ The Respondent had not used the domain name for a website or any other online presence, and never offered to sell or otherwise transfer the name.⁸⁵ All efforts to contact the Respondent failed; in fact, it appeared that the Respondent had taken active measures to conceal its true identity.⁸⁶

After finding that the Respondent had not actively used the domain name, the Panel conducted an extensive analysis of section 4(b) of the Policy, concluding that "it is possible, in certain circumstances, for inactivity by the Respondent to amount to the domain name being used in bad faith."⁸⁷ Applying this interpretation, the panel developed a fact-specific test requiring "close attention to all the circumstances of the Respondent's behavior."⁸⁸ The panel applied this test and found bad faith use.⁸⁹

Several panels faced with similar passive warehousing cases have applied the same test to find bad faith use, firmly establishing the inaction doctrine.⁹⁰ These panels typically apply a combination of two to four of

82. *Telstra Corp. Ltd. v. Nuclear Marshmallows*, WIPO, No. D2000-0003, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0003.html> (Feb. 18, 2000).

83. *Id.* § 4.

84. *Id.*

85. *Id.*

86. *Id.*

87. *Id.* § 7.9.

88. *Id.* § 7.11.

89. *Id.* § 7.12. The panel based its decision on the following facts: (1) the trademark in question was widely known; (2) the Respondent provided no evidence of actual or planned good faith use of the domain name; (3) the Respondent took active steps to conceal his identity; (4) the Respondent actively provided false contact information in breach of the registration agreement; and (5) considering the previous facts, it was impossible to conceive of a legitimate active use of the domain name by the Respondent in light of the Complainant's trademark rights. *Id.*

90. This analysis focuses on eighteen cases (including the *telstra.org* case) that apply or address the inaction doctrine. Most of these cases explicitly cite the *telstra.org* decision as "precedent." See *Teledesic LLC v. McDougal Design*, WIPO, No. D2000-0620, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0620> (Sept. 1, 2000); *Do the Hustle, LLC v. Donald Wilson*, WIPO, No. D2000-0627, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0627.html> (Aug. 18, 2000); *ABF Freight Sys., Inc. v. Am. Legal*, WIPO, No. D2000-0185, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0185.html> (May 9, 2000); *CBS Broad. Inc. v. Edward Enters.*, WIPO, No. D2000-0242,

the following factors: (1) the domain name is identical to or closely resembles a widely known trademark; (2) the Respondent failed to deny any allegations in the complaint or provide evidence of actual or planned good faith use; (3) the Respondent failed to reply to cease-and-desist letters, e-mails, or other correspondence from the Complainant sent prior to UDRP proceedings; (4) it is impossible to conceive of a legitimate active use of the domain name by the Respondent considering the Complainant's trademark rights; (5) the Respondent took active steps to conceal its identity by providing false or incomplete contact information during domain name registration; and (6) the Respondent registered other domain names that are recognizable as third party trademarks.

1. The Domain Name Is Identical to or Closely Resembles a Widely Known Trademark

Approximately forty-five percent of the panels in the surveyed decisions applied this factor. For example, in the *presidentchoicesocks.com* case,⁹¹ the panel noted that when the disputed domain name is identical to the Complainant's well-known mark, panels could infer that the Respondent intended to prevent the Complainant from using the domain. This fac-

at <http://arbiter.wipo.int/domains/decisions/html/d2000-0242.html> (May 24, 2000); *Guerlain S.A. v. Peikang*, WIPO, No. D2000-0055, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0055.html> (Mar. 21, 2000); *Stralfors AB v. P D S AB*, WIPO, No. D2000-0112, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0112.html> (Apr. 13, 2000); *Marconi Data Sys., Inc. v. IRG Coins and Ink Source, Inc.*, WIPO, No. D2000-0090, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0090.html> (Apr. 11, 2000); *Compaq Computer Corp. v. Boris Beric*, WIPO, No. D2000-0042, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0042.html> (Mar. 28, 2000); *Gordon Rush & Co. v. Ramon Rono*, NAF, No. FA95495, at <http://www.arbforum.com/domains/decisions/95495.htm> (Oct. 20, 2000); *Hewlett-Packard Co. v. Greg Martineau*, NAF, No. FA95359, at <http://www.arbforum.com/domains/decisions/95359.htm> (Aug. 30, 2000); *Aeroturbine, Inc. v. Domain Leasing Ltd.*, NAF, No. FA93674, at <http://www.arbforum.com/domains/decisions/93674.htm> (Mar. 23, 2000); *SeekAmerica Networks Inc. v. Tariq Masood and Solo Signs*, WIPO, No. D2000-0131, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0131.html> (Apr. 13, 2000); *CIGNA Corp. v. JIT Consulting, DeC*, No. AF-00174, at <http://www.eresolution.ca/services/dnd/decisions/0174.htm> (June 6, 2000); *Phillips Int'l, Inc. v. Rao Tella*, NAF, No. FA95461, at <http://www.arbforum.com/domains/decisions/95461.htm> (Sept. 21, 2000); *Ass'n of British Travel Agents Ltd. v. Sterling Hotel Group Ltd.*, WIPO, No. D2000-0086, at <http://www.arbiter.int/domains/decisions/html/d2000-0086.html> (Mar. 29, 2000); *Loblaws, Inc. v. Yogen Int'l, DeC*, No. AF-0164, at <http://www.eresolution.ca/services/dnd/decisions/0164.htm> (June 9, 2000); *Sporoptic Pouilloux S.A. v. William H. Wilson*, WIPO, No. D2000-0265, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0265.html> (June 16, 2000).

91. *Loblaws*, AF-0164.

tor is consistent with section 4(b)(ii) of the Policy;⁹² evidence that the domain name is identical to or closely resembles a widely known trademark is essential to support an inference that the Respondent intended to prevent the Complainant from using its mark in a domain name.

2. *Respondent's Failure to Respond to Allegations or Show Actual or Planned Good Faith Use*

This factor is also popular with panels; approximately forty-five percent of the panels in the surveyed decisions applied it. However, because most inaction doctrine cases involve Respondents who default, this factor simply states the obvious. As a result, some panels have criticized the application of this factor, noting that a Respondent's failure to respond to the complaint and show actual or planned good faith use does not establish bad faith use.⁹³ Although the factor may be more determinative in cases where the Respondent submits an inadequate response, panels should give little if any weight to this factor in the typical passive warehousing case.

3. *Respondent's Failure to Respond to Earlier Correspondence from Complainant*

Approximately forty percent of the panels in the surveyed decisions applied this factor. In these cases, the Complainant had made efforts to contact the Respondent, usually via a cease-and-desist letter, prior to initiating UDRP proceedings. Some panels found this factor determinative of bad faith use. For example, in the *cignadirect.com* case, the panel rejected other inaction doctrine factors but concluded that the Respondent's failure to respond to the Complainant's cease-and-desist letter was an "admission by silence."⁹⁴ The panel argued that a reasonable party would respond to such a letter with a correction or denial.⁹⁵ Other panels, however, have not found this factor particularly persuasive in finding bad faith use.⁹⁶

This factor works best in combination with other factors; it does not stand well on its own. Panels usually do not investigate why Respondents fail to reply to letters or e-mails. Perhaps the Respondents did not receive the correspondence, or perhaps they were intimidated by cease-and-desist

92. This section addresses domain name holders that register many domain names that are confusingly similar to well-known marks, preventing trademark owners from using their marks in corresponding domain names.

93. See *Loblaws*, AF-0164, § 5; *CIGNA Corp.*, AF-00174, § 5.

94. *CIGNA Corp.*, AF-0174, § 5.

95. *Id.*

96. See, e.g., *Sporoptic Pouilloux S.A. v. William H. Wilson*, WIPO, No. D2000-0265, at <http://arbitrator.wipo.int/domains/decisions/html/d2000-0265.html> (June 16, 2000).

letters and did not know how to proceed.⁹⁷ Whatever the explanation may be, it seems unfair to enable a Complainant to prove, at least indirectly, a Respondent's bad faith use by sending correspondence to the Respondent prior to initiating UDRP proceedings. Panels should use this factor with caution and only in combination with other factors.

4. *Impossible to Conceive of a Legitimate Active Use of the Domain Name by the Respondent*

Approximately thirty percent of the panels in the surveyed decisions applied this factor. Some panels found it determinative. In the *viasatellite.com* case, the panel concluded that "it makes no sense whatever to wait until [the Respondent] actually 'uses' the name, when inevitably, where there is such use, it will create the confusion described in the Policy."⁹⁸ Thus, for this panel, the mere threat of harm was enough to find bad faith use.⁹⁹ Similarly, in the *abta.net* case, the panel found that the threat of infringing well known marks was sufficient to support a finding of bad faith use.¹⁰⁰

Other panels, however, sharply criticize this factor. For example, in the *presidentchoicesocks.com* case, the panel argued that a "threat of infringement" approach "would, in effect, render the additional requirement of bad faith use entirely meaningless."¹⁰¹ This stance reflects an underlying concern that, given the limited fact-finding abilities of the panels, automatic application of this factor might cause panels to overlook potentially legitimate noncommercial or fair uses of the domain name by a Respondent. After all, the threat of harm to a Complainant might exist even if the Respondent has a right to and legitimate interest in the domain name.¹⁰² As a result, panels should be very cautious when applying this factor and use it only in combination with other factors supporting an inference of bad faith use.

97. This scenario is realistic since most Respondents are individuals and do not necessarily have experience with legal transactions.

98. *Phillips Int'l, Inc. v. Rao Tella*, NAF, No. FA95461, at <http://www.arbforum.com/domains/decisions/95461.htm> (Sept. 21, 2000).

99. *Id.*

100. *Ass'n of British Travel Agents Ltd. v. Sterling Hotel Group Ltd.*, WIPO, No. D2000-0086, at <http://www.arbiter.int/domains/decisions/html/d2000-0086.html> (Mar. 29, 2000).

101. *Loblaws, Inc. v. Yogen Int'l, DeC*, No. AF-0164, § 5, at <http://www.eresolution.ca/services/dnd/decisions/0164.htm> (June 9, 2000).

102. In such a case, the Respondent should prevail.

5. *Respondent Took Active Steps to Conceal its Identity by Providing False or Misleading Contact Information*

Only twenty percent of the panels in the surveyed decisions applied this factor. During the registration process, domain name registrants must provide accurate contact information (e.g., name, address, phone number, e-mail address, etc.). When panels applied this factor, there was usually strong evidence that the Respondent fabricated misleading information.¹⁰³ In those cases, the factor is a reasonable indicator of at least some bad faith. However, in most cases, panels likely are reluctant to apply this factor because it is probably quite common for domain name registrants to forget to update contact information. Forgetfulness falls short of bad faith.

6. *Respondent Registered Other Domain Names that Are Recognizable as Third Party Trademarks*

Only eleven percent of the panels in the surveyed cases applied this factor. In the *guerlain.net* case, the panel found bad faith use based in part on the fact that the Respondent owned twenty-four other domain names, fourteen of which were easily recognizable as third party trademarks.¹⁰⁴ Similarly, in the *stralfors.com* case, the panel inferred bad faith use based in part on evidence that the Respondent was in the business of registering and selling domain names.¹⁰⁵ On the other hand, in the *cignadirect.com* case, the panel noted that although the Respondent had registered at least fifty other domain names, the panel did not know why the Respondent registered the domain names and therefore could not infer bad faith use absent some finding of intent.¹⁰⁶

Although intent is certainly useful in inferring bad faith, when this factor is combined with other factors, it can lead to a strong inference of bad faith use. The factor finds strong support in section 4(b)(ii) of the Policy; evidence that someone is warehousing several domain names that resemble trademarks is a good indicator of the required pattern of conduct.

103. *See, e.g.*, *Telstra Corp. Ltd. v. Nuclear Marshmallows*, WIPO, No. D2000-0003, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0003.html> (Feb. 18, 2000).

104. *Guerlain S.A. v. Peikang*, WIPO, No. D2000-0055, § 6, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0055.html> (Mar. 21, 2000).

105. *Stralfors AB v. P D S AB*, WIPO, No. D2000-0112, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0112.html> (Apr. 13, 2000) (noting Respondent registered over forty domain names that were identical to the trademarked term *Stralfors*).

106. *CIGNA Corp. v. JIT Consulting, DeC*, No. AF-00174, § 5, at <http://www.eresolution.ca/services/dnd/decisions/0174.htm> (June 6, 2000).

B. Why ICANN Must Formally Address Passive Warehousing

Although some inaction doctrine factors are vulnerable to criticism on their own, when combined with other factors, they form a powerful tool to help panels infer bad faith use in passive warehousing cases. If applied in a reasonable way, the doctrine leads to fair and efficient results. In many respects, it is remarkable that the doctrine is so well established and consistent. Panels have applied the doctrine to varied factual situations in cases originating in the United States, Australia, Sweden, Canada, and Great Britain. This international consistency is testament not only to the clarity and strength of the Policy, but also to the diligence and fairness of the panels.

Despite the success and consistency of the doctrine, however, without formal guidance from ICANN, the doctrine runs the risk of being misapplied or ignored, resulting in unfair or inefficient results. The following cases illustrate these risks.

Some panels have applied the inaction doctrine too broadly. In these cases, the panels simply cite the *telstra.org* case as binding authority for the proposition that passive use equals bad faith use, and infer bad faith use without conducting the requisite fact-specific analysis.¹⁰⁷ Although factors indicating bad faith use may have been present in the case, the panels did not reference them in their written decisions. As a result, it at least appears that the panels used the inaction doctrine to justify what are essentially default judgments in favor of the Complainants. That approach conflicts with section 4(a) of the Policy, which requires Complainants to establish at least a *prima facie* case. Fortunately, this “trend” appears confined to just a few cases at this point.

In stark contrast are cases where panels overlook opportunities to apply the inaction doctrine. The *buyvuarnetsunglasses.com* case is a prime example.¹⁰⁸ The panel did not refer to the inaction doctrine at all, stating that the UDRP does not apply to cybersquatters who register domain names “but do not use them.”¹⁰⁹ The panel made this finding despite its own conclusions that passive warehousing was “deplorable” and that the Respondent was a cybersquatter who registered the name in bad faith.¹¹⁰

107. See, e.g., *Aeroturbine, Inc. v. Domain Leasing Ltd.*, NAF, No. FA93674, at <http://www.arbforum.com/domains/decisions/93674.htm> (Mar. 23, 2000); *SeekAmerica Networks Inc. v. Tariq Masood and Solo Signs*, WIPO, No. D2000-0131, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0131.html> (Apr. 13, 2000).

108. *Sporoptic Pouilloux S.A. v. William H. Wilson*, WIPO, No. D2000-0265, at <http://arbiter.wipo.int/domains/decisions/html/d2000-0265> (June 16, 2000).

109. *Id.* § 6A (quoting *Second Staff Report*, supra note 78).

110. *Id.* § 6F.

The panel concluded that *any* future use of the domain name by the Respondent would *automatically* be in bad faith, warning the Respondent not to use the domain name in the future.¹¹¹ Finally, the panel suggested that the Complainant file a new complaint if and when the Respondent uses the domain name.¹¹²

The panel had a perfect opportunity to apply the inaction doctrine to arrive at the correct result, but failed to do so, citing the restraints of the Policy. Instead, it reached a decision that maintained an impasse. While it is possible that the decision might encourage the Respondent to hand over the domain name to the Complainant, it is more likely that the Respondent will continue to warehouse the name without any consequences—a result that seems in striking conflict with the overarching goals of the Policy. Moreover, requiring the Complainant to file a new complaint to enforce its rights is inefficient. At least in this case, the inaction doctrine would have supported a more efficient and correct result.

IV. CONCLUSION

The UDRP has clearly established itself as a powerful tool to combat cybersquatting. Now that the Policy has been in place for over a year, ICANN should take immediate steps to evaluate the Policy's performance and implement appropriate improvements.¹¹³ Part of the evaluation must address passive warehousing and should consider formally adopting the inaction doctrine. Adopting the doctrine would improve the efficiency, fairness, and predictability of results. Clarifying the Policy could help resolve the perceived need for a potentially costly and inefficient appellate mechanism. Such a mechanism may interfere with the UDRP's three great advantages: speed, simplicity, and cost. Panels can make the right decisions without sacrificing any of those qualities.

ICANN should also study the reasons underlying the high default rate and take appropriate action. While some panels make considerable efforts to contact Respondents and often extend deadlines,¹¹⁴ their options are limited given the constraints of the Policy. Ensuring that more Respon-

111. *Id.*

112. *Id.*

113. ICANN's Domain Name Supporting Organization will conduct a review of the UDRP in the near future. Oscar S. Cisneros, *ICANN't Believe That Domain Name*, WIRED NEWS, at <http://www.wired.com/news/print/0%2C1294%2C37801%2C00.html> (July 27, 2000).

114. *See, e.g.*, Chemco Rubber Ltd. v. Greg Ricks, DeC, No. AF-0235, at <http://www.eresolution.ca/services/dnd/decisions/0235.htm> (July 13, 2000) (granting an extension for filing a response).

dents are represented would enhance the credibility and fairness of the Policy, particularly since many Respondents do not have to carry a heavy burden to prevail.¹¹⁵

Much of the criticism of the UDRP as a biased “slam dunk” mechanism for trademark holders appears unfounded. Domain name holders would seem to be at their most vulnerable when their interests are not represented. As the passive warehousing cases illustrate, panels usually make considerable efforts to verify that the claims against the domain name holders have some substance. Ultimately, it is up to ICANN to take active measures to improve the Policy to promote its long term viability and credibility.

115. For example, in two cases involving passive warehousing where Respondents did submit a response, both Respondents prevailed after making arguably weak showings regarding alleged planned future use. *William Beaumont Hospitals v. Wildfire Media*, NAF, No. FA95564, at <http://www.arbforum.com/domains/decisions/95564.htm> (Oct. 20, 2000) (beaumonthospital.com); *Bd. of Trs. of The Leland Stanford Junior Univ. v. Thomas Manski*, NAF, No. FA95543, at <http://www.arbforum.com/domains/decisions/95543.htm> (Oct. 9, 2000) (stanforduniversity.com).

