



Insight

Commercial Dispute Resolution

17 August 2011

Cybersquatters face eviction notice

In the past, cybersquatters have pocketed millions of dollars for simply being the first to register a domain name of a famous company or its product. Thanks to a welcome international development, domain names can now be transferred back to their rightful owners through a simple online process.

Domain names can be extremely valuable to a company. Apple Inc, just a few months ago, paid \$4.5 million dollars for the iCloud.com domain and in 2007 reportedly paid at least \$1 million for the iPhone.com domain.

Domain name "entrepreneurs" have been quick to also register domain names such as iPhone5.com, iPhone6.com and even iPhone50.com hoping for a windfall on their modest investment. But times have changed.

On 21 July 2011, the World Intellectual Property Organisation (WIPO) ordered, through the implementation of Uniform Domain Name Dispute Resolution Policy (UDRP), that "iPods.com" must be transferred to Apple without any money being paid to the original registrant. This marks a fundamental change in the way that domain name disputes are resolved.

What is the UDRP?

The UDRP system employed by Apple in the above decision is a quick, cheap, effective and final method of resolving domain name disputes. It has the power to resolve all domain name disputes, no matter where the registration occurred. The UDRP is a truly useful international legal arbitrator. It is now the most favoured dispute resolution avenue for companies seeking to resolve domain name disputes.

The UDRP process was established in 1999 by the ICANN (Internet Corporation for Assigned Names and Numbers), a company that administers the internet, supervises the register of domain names and ensures that the internet runs smoothly. The power of the UDRP is created at the time the registrant registers a domain name. As a prerequisite for obtaining registration, the registrant has to agree to a compulsory dispute resolution process (through the UDRP) if a dispute arises over the domain name that they have registered. If a dispute arises, the registrant is contractually bound to abide by the processes, decisions and orders of the UDRP.

Given that the UDRP arbitrator's have no legal authority outside of the UDRP, an arbitrator cannot award damages or grant any form of injunction to the successful party. However, if a complainant is successful, no further action is required by the registrant, as pursuant to UDRP Policy, the domain name registrar (who has the power to modify or delete information in a central registry database) is bound to take the necessary steps to enforce a decision, such as transferring the domain name to a complainant.

Since the UDRP was adopted in 1999 until 2008, over 15,000 cases have been decided. As at 2008:

- 80% of the cases are disputes about ".com" domain names;
- Between 60% and 70% of cases are not defended;
- Complainants have won approximately 84% of cases.

How can you make an application?

A complainant in a UDRP application must prove 3 elements in order to succeed in having a domain name cancelled or transferred to them:

1. The domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
2. The registrant does not have any rights or legitimate interests in the domain name; and
3. The registrant registered the domain name and is using it in "bad faith".

The first step of the UDRP process is for the complainant to make written complaint to ICANN. The written complaint must include evidence to support the 3 requisite elements. The registrant is then given a chance to defend the complaint by justifying the registration of the domain name. The entire process is undertaken online.



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A resolution for complainants through the UDRP can therefore be achieved without the need for pleadings, oral submissions or witnesses making the process extremely quick and cost effective. The only costs involved are for the parties to prepare their written material and the costs of the arbitrator (usually US\$1,500 for a single panellist). The entire proceedings are normally concluded within two months from the initiation of the complaint and each written decision is made public by posting it on the dispute forum's website.

Recent cases that have been decided under the UDRP regime include:

- sony-z5.com was transferred to Sony Corporation;
- myeronline.com was transferred to Myer Stores Limited; and
- ticketmasteer.com, ticketmasster.com and tickectmaster.com were transferred to Ticketmaster Corporation.

Conclusion

The UDRP process is fast and cost effective compared to litigation and although the trademark holder cannot recover damages, it "wins" the use of the domain name which can be an extremely valuable or strategic asset to acquire.

If someone is cybersquatting on a domain name which is identical or confusingly similar to a trademark you own, contact us and we can make an application under the UDRP on your behalf to reclaim the use of that domain.

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Our team

Holding Redlich's commercial dispute resolution team aim is to achieve their clients' objectives. They pride themselves on working with clients as a team. They consult from the outset with their clients to identify their objectives and provide clear, concise and practical advice to achieve their goals.

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