



Arbitration: Another Option for Resolving Domain Name Disputes

by Kristan B. Burch¹

In today’s cyber age, businesses are known by their virtual addresses. In order to access those virtual addresses, computer users type a domain name into their internet browser. If a domain name is not already in use, it is easy to obtain ownership rights—simply complete the online forms and pay the registration fee. The registrar, however, does not review or check the registration to prevent entities from registering domain names that contain trademarks belonging to others. As a result, the Internet has become the new frontier for trademark disputes as entities fight over ownership of domain names.

One option for resolving domain-name disputes is to file a lawsuit in federal court under the Anticybersquatting Consumer Protection Act (“ACPA”). Enacted in 1999, the ACPA was designed to protect businesses from individuals who register or keep domain names for the purpose of profiting by selling those domain names to trademark owners or businesses whose name is similar to the domain name.² The ACPA permits courts to order the cancellation or transfer of an offending domain name and permits trademark owners to recover statutory damages from the trademark infringer. The ACPA applies to individuals or entities who register, traffic in, or use—with a bad-faith intent to profit—a domain name that is identical or confusingly similar to another party’s trademark.

Another option for resolving domain-name disputes is to initiate an administrative proceeding under the Uniform Domain Name Dispute Resolution Policy (“UDRP”). This article focuses on resolving domain-name disputes through arbitration.

Formed in 1998, the Internet Corporation for Assigned Names and Numbers (“ICANN”) is the world-wide governing body for domain names and is responsible for “keeping the Internet secure, stable and interoperable.”³ On October 24, 1999, ICANN enacted the UDRP to establish the terms and conditions for disputes between parties (other than the registrar) that relate to the registration and use of domain names.⁴ The policy is between the registrar and its customer (the domain-name registrant).⁵ All domain-name registrars are bound by the UDRP, and by registering a domain name through any such registrar, each registrant agrees to follow the UDRP for disputes.⁶

Under the UDRP, the registrar has the power to cancel, transfer, or otherwise make changes to domain name registrations when: (1) the registrar

ARBITRATION: DOMAIN NAME DISPUTES — cont’d on page 3

Table of Contents

Arbitration: Another Option for Resolving Domain Name Disputes	1, 3
<i>by Kristan B. Burch</i>	
Letter From the Chair	2
<i>by Scott Ford</i>	
<i>Blount v. DK Hospitality, LLC & Strategies for Pleading Damages in Virginia</i>	5
<i>by John Cowherd</i>	
Spoilation of Evidence: Litigants Beware	9
<i>by Barbara S. Williams</i>	
View From the Bench	13
<i>by David W. Lannetti</i>	
Supreme Court of Virginia Civil Cases	17
Litigation Section Board of Governors	26

Kristan Burch is a Partner at Kaufman & Canoles, P.C., in Norfolk.

Arbitration: Domain Name Disputes *cont'd from page 1*

receives a written or electronic instruction from the registrant to take such action; (2) the registrar receives a court order or decision from an arbitral tribunal requiring such action; and/or (3) the registrar receives a decision from an administrative panel in any administrative proceeding conducted under the UDRP in which the registrant was a party.⁷ A mandatory administrative proceeding is initiated when a complainant makes a claim to one of the administrative-dispute-resolution service providers approved by ICANN.⁸ Examples of service providers who arbitrate domain-name disputes include the National Arbitration Forum⁹ and the World Intellectual Property Organization (“WIPO”).¹⁰

In order to prevail in such an administrative proceeding, the complainant must prove that (1) the registrant’s domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; (2) the registrant has no rights or legitimate interests in the domain name; *and* (3) the domain name has been registered by the registrant and is being used in bad faith.¹¹ The UDRP lists the following as evidence of bad-faith registration and use:

- (1) registrant registered the domain name “primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name;”
- (2) registrant registered the domain name to prevent the owner of the trademark from reflecting the mark in a corresponding

domain name, provided that the registrant has engaged in a pattern of such conduct;

- (3) registrant registered the domain name for “the purpose of disrupting the business of a competitor;” *or*
- (4) registrant’s use of the domain name has “intentionally attempted to attract, for commercial gain, Internet users” to registrant’s website or other on-line location “by creating a likelihood of confusion with the com-

plainant’s mark as to the source, sponsorship, affiliation, or endorsement” of registrant’s website or location or of a product or service on registrant’s website or location.¹²

Unlike in litigation under the ACPA, the only remedies available to a complainant who files an administrative proceeding are cancellation of registrant’s domain name or transferal of registrant’s domain name to the complainant.¹³ Nothing in the UDRP, however, prevents a registrant or a complainant from filing a lawsuit in court either before an administrative proceeding or after the conclusion of

such a proceeding.¹⁴

In addition to promulgating the UDRP, ICANN also approved the Rules for Uniform Domain Name Dispute Resolution Policy (“Rules”).¹⁵ Service providers for administrative proceedings are permitted to adopt supplemental rules as long as such supplemental rules are not inconsistent with the UDRP or the Rules.¹⁶ Pursuant to the Rules, any party or entity may initiate an administrative proceeding by submitting a complaint that complies with the UDRP and the Rules to a dispute resolution provider approved by ICANN.¹⁷ The Rules outline the information that must be included in a complaint, and a complaint

Unlike in litigation under the ACPA, the only remedies available to a complainant who files an administrative proceeding are cancellation of registrant’s domain name or transferal of registrant’s domain name to the complainant.

may relate to more than one domain name as long as the domain names are registered by the same domain-name holder.¹⁸ After the dispute-resolution provider has reviewed a complaint to ensure compliance with the UDRP and the Rules and has received the fees owed by the complainant, it notifies the respondent (the registrant).¹⁹ Unless an extension is provided, the respondent must respond within twenty days of the date of commencement of the administrative proceeding. As with the complaint, the Rules specify the information that the response must include.²⁰

Unless either party elects to have the dispute resolved by a three-member panel, a single-member panel shall be appointed.²¹ Where a single panelist is used or the complainant elects to have the dispute resolved by a three-member panel, the fees for the panelists shall be paid entirely by the complainant.²² When the respondent requests to have a three member panel resolve the dispute, the fees shall be shared equally by the parties.²³ Such administrative proceedings are decided by the panel based on the statements and documents submitted by the parties, and no in-person hearings are permitted unless the panel determines in “its sole discretion and as an exceptional matter” that such a hearing is necessary to decide the complaint.²⁴ The panel’s decision shall be issued in writing and shall include the reasons on which the decision is based along with the date the decision was rendered and the members of the panel.²⁵ Such arbitration decisions are publicly available through searchable databases maintained on the websites of the service providers for the arbitrations.²⁶

After a panel notifies the registrar of a decision requiring that a domain name be cancelled or transferred, the registrar must wait ten business days before implementing the decision.²⁷ Unless the registrar is notified during that ten day period that a lawsuit has been commenced against the

complainant (with proof of a file-stamped complaint provided to the registrar), the registrar shall implement the decision of the panel.²⁸ If notification of a lawsuit is provided within the ten day period, the registrar shall take no further action to implement the decision of the panel until evidence is received that the parties have resolved the dispute, the lawsuit has been withdrawn or dismissed, or an order has been entered by the court dismissing the lawsuit or ordering that the registrant does not have rights to the domain name.²⁹

Filing domain-name disputes under the UDRP provides a less-expensive and less-time-consuming method to resolve such disputes.

To date, service providers for administrative proceedings have conducted thousands of arbitrations for domain name disputes. For example, since the UDRP was implemented in 1999, the National Arbitration Forum has handled over 17,000 disputes,³⁰ and WIPO has handled over 21,000 disputes.³¹

Filing domain-name disputes under the UDRP provides a less-expensive and less-time-consuming method to resolve such disputes. Unlike a proceeding under the ACPA, the parties cannot participate in discovery, and a decision is rendered on ownership of the domain name based on a limited submission of materials by the complainant and the registrant. If either party disagrees with the result of the administrative panel, it has the option of proceeding to litigation in federal court. For these reasons alone, arbitration under the UDRP remains a viable method for resolving domain name disputes. ☒

ENDNOTES:

1. Kristan is the Co-Chair of the Intellectual Property and Franchising Practice Group at Kaufman & Canoles, P.C. She is a past Chair of the Intellectual Property Law Section of the Virginia State Bar and a past Chair of the Intellectual Property & Information Technology Section of the Virginia Bar Association.

2. 15 U.S.C. § 1125(d).

3. www.icann.org/en/about/.

4. www.icann.org/en/udrp/udrp-policy-24oct99.htm.

5. *Id.*

6. *Id.* at 1. *Purpose.*
7. *Id.* at 3. *Cancellations, Transfers and Changes.*
8. *Id.*; see also www.icann.org/en/dndr/udrp/approved-providers.htm.
9. www.domains.adrforum.com.
10. www.wipo.int/portal/index.html.en.
11. www.icann.org/en/udrp/udrp-policy-24oct99.htm at 4.a.
12. *Id.* at 4.b.
13. *Id.* at 4.i.
14. *Id.* at 4.k.
15. www.icann.org/en/dndr/udrp/uniform-rules.htm.
16. *Id.* at 1. *Definitions, Supplemental Rules.* See also Supplemental Rules adopted by the National Arbitration Forum (www.domains.adrforum.com/main.aspx?itemID=631&hideBar=False&navID=237&news=26) and WIPO (www.wipo.int/amc/en/domains/rules/supplemental).
17. www.icann.org/en/dndr/udrp/uniform-rules.htm at 3. *The Complaint.*
18. *Id.*
19. *Id.* at 4. *Notification of Complaint.*
20. *Id.* at 5. *The Response.*
21. *Id.* at 6. *Appointment of the Panel and Timing of Decision.*
22. *Id.*
23. *Id.*
24. *Id.* at 13. *In-Person Hearing and 15. Panel Decisions.*
25. *Id.* at 15. *Panel Decisions.*
26. See, e.g., www.domains.adrforum.com/decision.aspx; www.wipo.int/amc/en/domains/decisionsx/index.html.
27. www.icann.org/en/udrp/udrp-policy-24oct99.htm at 4.k.
28. *Id.*
29. *Id.*
30. www.domains.adrforum.com.
31. www.wipo.int/amc/en/domains/statistics/cases.jsp *

Blount v. DK Hospitality, LLC & Strategies for Pleading Damages in Virginia

by John Cowherd

On May 18, 2010, a Richmond jury awarded Ava Blount a verdict of \$3,100,000 for slip-and-fall injuries against DK Hospitality, LLC, the owner of a Richmond hotel. Ms. Blount broke her ankle and suffered permanent nerve damage on an allegedly defective concrete step at the hotel.¹ In *Blount*, the hotel owner did not file a timely response to the Complaint and the trial was on the issue of damages only.² The Circuit Court for the City of Richmond reduced the judgment to \$500,000, the amount for which Ms. Blount originally sued, plus interest and costs. Prior to trial as well as after the verdict, Plaintiff's counsel moved the Court to increase her *ad damnum* to \$2.5 million. These motions were denied.³ On August 3, 2011, the Supreme Court of Virginia granted an appeal on Ms. Blount's assignment of error to the Circuit Court's denial of her motions for leave to amend.⁴ On October 13, 2011, this appeal was withdrawn by an unpublished order.

Although concluded, *Blount* poses a couple practical questions: What pleading strategies are effective for obtaining a judgment amount based on the merits of a case? And how do *ad damnum* pleading requirements shape litigation outcomes in Virginia? The Supreme Court of Virginia did not have an opportunity to answer the questions that *Blount* raised, but existing case law provides some

John Cowherd is an attorney at Culin, Sharp, Autry & Day, PLC in Fairfax.