

RESOLVING OF INTERNET DOMAIN NAMES DISPUTES USING ARBITRATION¹

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Abstract

The paper will present the benefits of resolution of internet domain names disputes by means of arbitration. For that purpose, the procedure for resolving internet domain names disputes will be analyzed at the Center for arbitration and mediation within WIPO as one of the most renowned centers for resolving this type of disputes worldwide and cases from practice. In order to establish the situation in the Republic of Macedonia in terms of arbitration resolving of internet domain names disputes, the arbitration procedure at MARnet will be analyzed as well as specific cases from practice and certain recommendations for improving the condition in the arbitration resolving of disputes of internet domain names in Macedonia.

Keywords: domain names, arbitration, internet, WIPO, MARnet.

INTRODUCTION

Taking into consideration the expansion of using the Internet, as well as the fact that a large number of trade deals globally have been concluded by the Internet or thanks to the Internet, the domain name is often considered as one of the industrial property rights. Domains are significant means for realizing the activity of legal subjects of the so-called "virtual market". The domain name is a textual address which is used by physical and legal entities for access and running websites on the Internet. It can contain names of trademarks, geographical names, and firms of legal

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entities, and they enable their holders to make contact with the consumers, i.e. act on the "virtual market". By expanding the using of the Internet, more and more attention is paid to the protection of domain names. Registration of domain names is made in companies -registrars on the principle "first come – first served", in which the company – registrar only inspects whether there is another registered domain using the same name².

Due to the manner of registering the internet domain names, in practice, there often appear disputable situations, due to a violation of foreign rights or certain breach. Disputable situations related to using the domain names can be categorized in several categories depending on the reasons on which the occurred dispute is based. So, it is necessary to distinguish a situation when both parties have a right to use a certain name (rights competition) from activities such as cybersquatting³, typosquatting⁴, standing on the way of competitive firms or using a foreign

²Unlike industrial property rights which are protected in front of state authorities, domain names are registered in front of legal entities who deal with registering domain names of "the highest level". When registering domain names, there is a contractual relationship between the domain name holder and the legal entity making the registration. Ana Rački Marinković, Arbitražno rješavanje sporova iz područja žigova, Pravo u gospodarstvu-časopis za gospodarsko-pravnu teoriju I praksu, godište 51, svezak 4, Zagreb, 2012, str.1051.

According to the Law on establishing a Macedonian Academic Research Network (Official Gazette of RM no. 124/2010, 47/2011, 41/2014), MARnet manages with the Macedonian domain and keeps a sole Register of registered subdomains in MK – domain. According to the Statute for organization and management of the top Macedonian .mk domain and top Macedonian.mkd domain, the registration of domains in the Republic of Macedonia has been done by MARnet, but there is an option for MARnet to transfer the right for registering domains to third parties in the capacity of registrars.

²Due to the difference of amount which is paid for registration of domain name and the amount for sale of certain domain names, certain people are fooled to register domain names in order to sell them later on for property benefits. In this way, these people register domain names which include popular names or signs, which they have no right to use.

⁴It is a situation when domain name is registered containing some protected name or a name intentionally mistakenly written, mostly in such form which users will unconsciously or ignorantly make when typing the domain name (for example ayhoo.com instead of yahoo.com) and in this way typosquatting person who registers domain name is trying to make profit in that way by exploiting some protected name.

market reputation, for which a “bad faith” is needed by the party using the disputable domain name⁵.

Parties whose rights to using a domain name had been violated have the possibility to resolve disputes in front of an authorized court or to ask for an alternative resolution in front of some of the institutions authorized for resolving of that type of disputes. The procedure for protection of domain names can be initiated at several institutions approved by ICANN⁶, if the Rules for Uniform Domain Name Dispute Resolution Policy (the Rules)⁷ are being applied. Currently, such institutions are: The Center for Arbitration and Mediation within WIPO, National Arbitration Forum (NAF), Asian Domain Name Dispute Resolution Center (ADNDRC), Arab Center for Domain Name Dispute Resolution (ACDR) and The Czech Arbitration Court Arbitration Center for Internet Disputes.⁸ The Center for Arbitration and Mediation within WIPO is a leading institution in administration and settlement of internet domain names disputes.

RESOLVING OF INTERNET DOMAIN NAMES DISPUTES IN FRONT OF WIPO

⁵Marko Jurić: Rješavanje sporova o imenima internetskih domena primjenom Uniform Domain Name Dispute Resolution Policy, Zbornik Pravnog Fakulteta u Zagrebu, Vol.59 br.2-3 str.421-473. pg.431.

⁶ICANN is a nongovernmental organization aimed at maintaining safe, stable and interoperable Internet. ICANN promotes competition and develops a policy of unique identifiers of Internet <https://www.icann.org/resources/pages/what-2012-02-25-en>.

ICANN is authorized to perform certain services related to DNS (Domain Name System) management. Within these authorizations, ICANN concludes contracts with separate organizations which deal with the technical running of these domains in every country, which usually manage those domains individually. Concerning national top domains, ICANN usually lets certain organizations deal with the managing disputes

Marko Jurić: Rješavanje sporova o imenima internetskih domena primjenom Uniform Domain Name Dispute Resolution Policy, Zbornik Pravnog Fakulteta u Zagrebu, Vol.59 br.2-3, pg.427.

⁷Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), <https://www.icann.org/resources/pages/udrp-rules-2015-03-11-en>

⁸<https://www.icann.org/resources/pages/providers-6d-2012-02-25-en>, accessed on 14.05.2018

As a specialized agency of OON, The World Organization for Intellectual Property (WIPO), is established in 1967, in order to improve the protection of intellectual property and encouraging creativity. Within WIPO, the Center for Arbitration and Mediation has been founded which is authorized for providing support to parties when resolving intellectual property disputes, as well as providing one of the manners of an alternative settlement of disputes: arbitration, accelerated arbitration, mediation and expert determination (expertise). The headquarters of the Center for Arbitration and Mediation is located in Geneva, and an additional office is located in Singapore. The Center has a vast practice in settling intellectual property disputes.

In 1999 WIPO started a process of preparation of recommendations related to internet domain names as well as a settlement of disputes which would occur from using internet domains. When settling these disputes, the Center uses the Uniform Domain Name Dispute Resolution Policy (Policy of UDRP)⁹, Rules for Uniform Domain Name Dispute Resolution Policy (The Rules) and World Intellectual Property Organization Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (The Supplemental Rules)¹⁰. Although according to the UDPR rules this procedure is called obligatory administrative procedure, in theory and in scientific literature it is qualified as arbitration procedure (but it must be taken into consideration that certain elements of this procedure and autonomy of the will of parties are in certain way limited, such as an obligatory access to use the rules of UDPR, the choice of appropriate right, the rules for procedure etc). The UDPR rules are applied for procedures initiated after 31st of July 2015, but if the Rules of WIPO stipulate something else, in that case, the Rules of WIPO are applied (The Supplemental Rules) which are also effective as of 31st of July 2015.

The List of panelists¹¹ for resolving internet domain names disputes is publicly available at the WIPO's¹² web site, according to the country of

⁹Uniform Domain Name Dispute Resolution Policy,
<https://www.icann.org/resources/pages/policy-2012-02-25-en>

¹⁰World Intellectual Property Organization Supplemental Rules for Uniform Domain Name Dispute Resolution Policy,
<http://www.wipo.int/amc/en/domains/supplemental/eudrp/newrules.html>

¹¹In the terminology for resolving of internet domain names disputes the term “panelist” is used instead of “arbitrator”.

¹²WIPO Domain Name Panelists,
<http://www.wipo.int/amc/en/domains/panel/panelists.html>

origin of panelists, in which the biographic data and achievements of all panelists are being stated. Panelists come from different regions of the world, with high reputation, experienced in resolving these disputes, having a solid understanding of material law for intellectual property, the electronic commerce, and the Internet. The procedure can be held in front of one panelist or a council composed of three panelists. According to the procedure for naming a panelist, in the Center, before naming a panelist, a special attention is paid to facts and circumstances which have occurred or might occur and might influence on the neutrality and the impartiality of the panelist. Also, the Center takes care of whether the panelists can respond to the time challenge – to resolve the dispute in time according to the stipulated time limits and the schedule of the process activities.

According to the Rules of UDPR, the procedure is written without holding a hearing by using a telephone conference, video conference or in any other way, unless the panelists decide that the procedure requires a holding of a hearing. In order to initiate the procedure more easily and simply, a WIPO model complaint is published and a WIPO model response, which the complainant and respondent can fill in, in a word document and to send the e-mail to the Center or to directly fill them in online. The Supplemental rules of WIPO contain a limit of the number of words (5.000 words) which the complainant should use for describing the factual situation for violation and similarity of domain names with trademark, as well as of the number of words used by the respondent to respond to the allegations for alleged violations of complainant's rights – also 5.000 words.

According to the UDPR rules, the decision for the dispute should be reached within 14 days from the appointment of panelists. Characteristic for this type of procedures is that unlike classic arbitration, here a prerequisite for initiating a procedure is not a pre-existence of arbitration clauses (which is not possible due to the fact that the parties in the dispute had not been in a business relation before, so as a consequence of violation of some contractual obligation a procedure is initiated) neither an arbitration compromise/ submission agreement, concluded after occurrence of dispute. The respondent should respond to the claim within 20 days from the start of the procedure, if the respondent does not respond to the claim, the panel can reach a decision based on allegations of the claim. However, parties have the right to ask for court protection before initiating or after termination of procedure in front of the panel.

If the panel had reached a decision that the domain name should be erased or altered, the decision will not be implemented within the next 10 business days. Within 10 business days, the Center will wait for evidence for initiated Courtproceedings for the same issue. If there is an evidence for initiated courtproceedings, the Center will not implement the panel's decision until receiving (i) evidence of a resolution between the parties; (ii) evidence that lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing lawsuit or ordering that do not have the right to continue to use domain name.¹³

Since the start of functioning of the Center for Arbitration and Mediation within WIPO so far, over 39.000 domain name disputes¹⁴ have been processed. According to the statistical data of the Center, the number of initiated cases and covered domain names by years was as follows¹⁵:

year	No. of cases	No. of domain names
2007	2156	3545
2008	2329	3958
2009	2107	4685
2010	2696	4367
2011	2764	4781
2012	2884	5084

The role of WIPO referring to the resolving of domain disputes can be seen in stipulating the minimal conditions which should be followed by the national registrars when adopting the rules for resolving of these disputes. They include the following requests: respecting the principle of contradiction and righteousness in procedure; disabling the transfer of domain for which there is an ongoing procedure; decisions can be performed by registrars without court proceedings; disputes can be resolved within a month, and the more complex ones within 2 months; the expenses of the procedure should be lower than the expenses incurred if there is a court

¹³4K Uniform Domain Name Dispute Resolution Policy(Policy of UDPR).

¹⁴Hong Kong International Arbitration Center HKIACin 2014 resolved- 201 disputes for domain name, in 2013 -170 disputes for domain name, in 2012 116 disputes for domain name etc. <http://www.hkiac.org/about-us/statistics> [10.03.2016].

¹⁵WIPO Arbitration and Mediation Center - 2012 Review, Internet Domain Name Dispute Resolution, Annex 5, available at http://www.wipo.int/pressroom/en/articles/2013/article_0007.html

procedure; the procedures should be independent (parties should have the possibility to settle all or certain disputes by alternative mechanisms).¹⁶

According to the geographic diversity of the parties in the procedures of disputes for internet domain names, in 2012, parties from 120 countries were included, the largest number of parties as complainants and respondents came from the USA, followed by the number of complainants from: China, Great Britain, Australia, Holland etc., while as respondents, the largest number came from the USA, then followed: Great Britain, France, Germany, Denmark, Switzerland etc.¹⁷ Internet domain names disputes by sectors had mostly included domains from the area of retail – 19%, fashion – 13%, banking, and finance – 11%, biotechnology, and pharmacy – 8% etc.. There were 341 panelists from 48 different countries involved in disputes settlement.¹⁸

Bayer AG Germany against Ahmet Ukulfe from Turkey Case

In the case number *D2016-0801* between parties *Bayer AG Germany against Ahmet Ukulfe from Turkey*, the subject of dispute was a registered domain <bayermarket.com>. The complainant filed a lawsuit to the Center for mediation and arbitration on 22nd of April 2016. After examining the data about the person who had registered the domain, the Center sent the lawsuit for obtaining a response, but the respondent had not acted. The Center for settlement of this dispute named a panelist. According to the factual situation, the complainant Bayer AG was a trading company acting globally for more than 150 years in the area of healthcare, nutritionism, and pharmacy. The complainant had been trading under trademark BAYER for decades. The trademark was protected in many countries of the world, including Turkey. According to UDPR, the trademark BAYER was considered as a well-known trademark. The complainant had registered the domain <bayer.com> and in Turkey the domain <bayer.com.tr>. The respondent had registered the disputable domain on 16.02.2015 and they

¹⁶Branko Korže, Alternativno rješavanje sporova vezanih uz domene, *Pravo u gospodarstvu-časopis zagospodarsko-pravnu teoriju i praksu*, godište 45, svezak 1, Zagreb, 2006, pg.94.

¹⁷WIPO Arbitration and Mediation Center - 2012 Review, Internet Domain Name Dispute Resolution, Annex 6, available at http://www.wipo.int/pressroom/en/articles/2013/article_0007.html

¹⁸WIPO Arbitration and Mediation Center - 2012 Review, Internet Domain Name Dispute Resolution, Annex 7 and 8, available at http://www.wipo.int/pressroom/en/articles/2013/article_0007.html

used the same for selling various chemical products, which were competitive with the complainant's products. According to the panelist decision, the complainant had the right to use trademark BAYER, while the respondent who had used the domain bayermarket.com had fully included the name of the trademark. By adding the word "market" they had not made any significant distinctiveness so the registered domain caused confusion due to similarity.

From the factual situation, it was concluded that the respondent had not used the domain in good faith "bona fide". Due to those reasons, the panelist had decided to transfer the disputable domain to the complainant. The decision was reached on 8th of June 2016 or the complete procedure was ended within 47 days. This case is an example of efficiency, economy, and professionalism in settling this type of disputes. Any other court protection in this specific dispute would have lasted much longer and would have cost much more for the complainant referring to expenses for both running the procedure and the lost profit, damaged reputation etc..

MARnet ARBITRATION

Macedonian academic research network MARnet, according to the Statute for the organization and managing the top Macedonian .mk domain and top Macedonian .mkd domain is authorized to decide on disputes when registering a domain.¹⁹ If within registration procedure, there appear disputes between registrants and the domain user and a third party regarding the right to use the domain, each party has the right to initiate an arbitration procedure according to the Statute for arbitration procedure within the Macedonian academic research network MARnet, adopted in December 2013.

According to the Statute for arbitration procedure each party which considers that some of their rights had been violated: domain name same or similar to a third party's name; there is a similarity or equivalence between domain names; domain user has no right or legitimate interest for using a domain with such name or using the domain is contrary to the principle of conscientiousness and honesty can initiate an arbitration procedure. The

¹⁹According to the available statistic data there have been 7.784 com.mk registered domains so far, 17 564 .mk domains, 638 .mkd domains, 854 org.mk domains, 167 net.mk domains, 15 inf.mk, 287 gov.mk domains and 287 edu.mk domains from 18 registrars. This is available on <http://marnet.mk/domeni/operacii-so-domeni/statistika/> [03.05.2018] <http://marnet.mk/domeni/registrari/lista-na-registrari/> [03.05.2018].

procedure is initiated by a request for initiating a mediation or arbitration procedure. Arbitration is run by an individual arbitrator from the list of named arbitrators of MARnet or a council of three arbitrators. A characteristic of the MARnet arbitration procedure is that in this procedure there is no possibility for highlighting another request and the arbitration cannot reach a decision for other issues, like compensation of contractual or non-contractual damage, neither a decision by which the domain registrant is obliged to do something, or to take actions as well as other types of expenses²⁰. The final decision of the arbitration procedure which orders something to be done, erasing or some other action which is related to the registered domain is mandatorily delivered to the registrant who is obliged to act upon the arbitration decision.

The decision reached in the arbitration procedure at MARnet, according to the Statute for arbitration procedure within the Macedonian academic research network MARnet, has a binding effect for the participants in the procedure. According to art. 3 of the Statute for arbitration procedure within the Macedonian academic research network MARnet, the decision reached in the arbitration procedure does not deprive the right of parties to ask for protection at an authorized court or to initiate other procedures stipulated by law.²¹ In practice, this problematic provision has contributed to a large number of disputes resolved by an arbitration procedure at MARnet to be again a subject of deciding in a court procedure. Unlike that, according to the Statute for organization and management with top national internet domain, CARnet (Croatian academic research network) is obliged to implement the arbitration decision within 3 days and there is no possibility for the dispute to be again settled at court.

According to a submitted request for a number of initiated and finished procedures at MARnet, an official response had been received that up to the 31st of March 2016 MARnet received a total of 46 requests for initiating arbitration procedure, of which 36 have been settled, and the remaining 10 are in progress.

In the arbitration procedure at MARnet between *F.I. Vitaminka JSC Prilep and Videks BV Ltd. Skopje*, for the disputed domain *vitaminka.mk*, a decision had been reached which annuls the registration, deactivates and

²⁰Art. 7 of the Statute for arbitration procedure within the Macedonian academic research network MARnet.

²¹This decision is not new, so in art. 4 of UDPRUniform Domain Name Dispute Resolution Policy, within a certain due date upon completion of procedure there is a possibility for the parties to ask for dispute resolution in front of an authorized court.

erases the domain vitaminka.mk. On 08.01.2014 Videks BV Ltd. – Skopje registered a domain vitaminka.mk. On 09.12.2014 JSC Vitaminka – Prilep submitted a request for initiating an arbitration. Enclosed to the request was a submitted evidence for registered trademark VITAMINKA. The arbitration procedure request, together with the attachments was delivered to Videks BV Ltd. Skopje for a response. However, the registrant did not act within the stipulated term. Based on the factual situation, the individual arbitrator found that the registrant had violated the protected right to a trademark. The decision was made on 14.01.2015 or the procedure lasted for 37 days.²²

In the Official Gazette of the Republic of Macedonia no. 10/2016 a Decision for the abolition of the Statute for arbitration procedure within the Macedonian academic research network –MARnet was made by the Management Board of MARnet. This decision directs the parties to settle the occurred disputed related to domain registration in front of an authorized court. The same Official Gazette published the Statute for amendments of the Statute for organization and management with top Macedonian .mk domain and the top .mkd domain. This Statute amends the art. 37 so the parties are directed to settle the occurred disputed related to domain registration in front of an authorized court. The motive for making such decision was the fact that even after arbitration resolving of disputes, for most of them court procedures wereinitiated.Considering that national courts are more competent for resolving of these disputes, a decision was made to abolish the arbitration within MARnet. Since the MARnet arbitration still has some unresolved procedures, the Decision for the abolition of the Statute for arbitration procedure within the Macedonian academic research network – MARnet and the Statute for amendment of the Statute for organization and management with top Macedonian .mk domain and the top mkd. Domains also have a normative drawback, since they do not stipulate legal procedure of ongoing, unresolved 10 procedures.

The Decision for the abolition ofthe Statute for arbitration procedure and the decision of the Statute for amendment of the Statutefor organization and management with top Macedonian .mk domain and the top mkd.domain is opposite to the world trends for resolution of this type of disputes by arbitration. As an illustration, the Center for arbitration and mediation itself within the World organization for intellectual property has processed over

²² In the specific dispute, the parties had received a legal advice, a right to appeal within 8 days since the date of receiving the decision to the Management Board for MK domain of the Macedonian academic research network MARnet, although the Statute for arbitration procedure within the Macedonian academic research network MARnet had not stipulated such possibility.

39.000 disputes for a domain name.²³ We believe that this decision for abolition of MARnet arbitration, which might have been a result of insufficient informing for arbitration advantages, is not good decision. We believe that it would be better to leave a legal possibility for running an arbitration procedure within MARnet.

If the Croatiaexample is not accepted, after completing the arbitration, the parties cannot initiate a court procedure²⁴, in that case, it would be good to follow the Rules of UDPR. But, anyway, the decision for the abolition of arbitration for this type of disputes is not a good at all. We will note that the arbitration procedures as an alternative to the court proceedings are often characterized by completion and resolution of dispute for a shorter period of time and for fewer money resources. Just as an illustration, the expenses for running an arbitration procedure at MARnet was 3.000,00 denars if an individual arbitrator had made a decision.

CONSLUSION

Although primarily, the purpose of domain names was technical - facilitation of connecting the computers to the internet, domain names, mainly because of their easy to remember form, they have become part of the identity of a large number of businesses. Their using has become a routine, as a means for advertising and affirming the presence of companies on the Internet. In this way, companies have found a new method with large potential for providing data to consumers for goods and services they offer. But, due to the fact that the system for registration of domain names and the registers for protected trademarks are not mutually connected, the number of possible violations and disputes is increasing, and also the possibilities for making damage for a large number of companies. That is why a mechanism is necessary which will provide a fast and effective protection from unauthorized use or registration of domains. We believe that the decision to abolish the MARnet arbitration which might have arisen as a result of insufficient informing about arbitration advantages, but also due to certain normative drawbacks with the regulation of arbitration, is a bad decision and a step back. It is better to leave a legal possibility for initiating an arbitration

²³<http://www.wipo.int/amc/en/domains/>, Domain Name Dispute Resolution [03.05.2018]

²⁴Article 55 -Rules of administration and management with the top national internet domain, NN 38/2010.

procedure within MARnet for unauthorized usage of domains, especially because arbitration procedure as an alternative to the court procedure, is characterized by completing and resolving of disputes in a shorter period of time and for fewer money resources, unlike court procedures which are more expensive, longer and more complex.

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