1 DOMAIN NAME DISPUTE RESOLUTION AND THE WTO AGREEMENT ON TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS

[*] **Celia Lerman**

ABSTRACT

Despite the close relationship between domain names, intellectual property and trade, domain names are intangible rights that are not expressly protected under the World Trade Organization (WTO) Agreement on Trade-Related Intellectual Property Rights (TRIPS). Nevertheless, domain names have been raising trade concerns for WTO Members, as reflected by over 17 free trade agreements that establish provisions on domain name dispute resolution and policy. The purpose of this paper is to explore to what extent the WTO TRIPS system has influenced country-code top-level domain (ccTLD) name policies. To that end, the paper examines the regulation of ccTLDs in the context of the global trade agreement network that has emerged post-TRIPS, along with the international practice in domain name dispute resolution. It argues that a new standard of domain name dispute resolution is taking shape. This standard is compatible with the framework of TRIPS Article 41. The impact of this rising standard, however, deserves further examination.

Keywords*: domain names, TRIPS Agreement, alternative dispute resolution, ccTLDs, free trade agreements*

I. INTRODUCTION

Domain names are intangible rights that are becoming increasingly important in international trade. With the global expansion of the Internet, and as new domain name extensions are created, domain names pose new challenges for trade in the digital world.

Despite the close relationship between domain names, intellectual property and trade, domain names are intangible rights that are not expressly protected under the TRIPS Agreement. Nevertheless, domain names have been raising trade concerns for WTO Members, as reflected by over 17 free trade agreements that establish provisions on domain name dispute resolution and domain name privacy rules. Examples of these treaties include the free-trade agreement network of the United States and bilateral agreements between China and Nicaragua.[1]

The purpose of this paper is to explore to what extent the WTO TRIPS system has influenced country code top level domain (ccTLD) name policies. Given the limited scope of

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[*] **Ms Celia Lerman** (Argentina), Lawyer (Universidad Torcuato Di Tella, Buenos Aires, Argentina, 2008, Valedictorian Award) and Intellectual Property LL.M (Universidad Austral, Buenos Aires 2010), is currently an intellectual property professor and researcher at the Universidad Torcuato Di Tella law school and coordinator of the Internet Governance and Online Dispute Resolution initiatives at the Latin American E-Commerce Institute (eInstituto). Her areas of research and teaching are intellectual property, Internet governance and private international law. Previously, she was an associate lawyer in the intellectual property department of Mitrani, Caballero, Rosso Alba, Francia, Ojám y Ruiz Moreno Abogados (2008-2010). Recently, she was Visiting Intellectual Property Scholar of the Kernochan Centre for Law, Media and the Arts at Columbia University (New York, 2012) and a fellow of the Internet Corporation for Assigned Names and Numbers - ICANN (Senegal and Costa Rica, 2011-2012). She won the Fulbright Foreign Award to pursue her doctoral studies in the United States (2013-2014).

[1] See Section II.

this paper, it will focus only on whether the TRIPS system has influenced domain name dispute resolution policies in countries.

To that end, this paper examines the regulation of ccTLDs in the context of the global trade agreement network that has emerged post-TRIPS, along with international practice in domain name dispute resolution. It suggests that a new standard of domain name dispute resolution is taking shape. This standard is compatible with the framework of TRIPS Article 41; the adoption of alternative dispute resolution mechanisms could be interpreted as a measure to ensure that enforcement procedures are available under Members' laws, permitting effective action against any act of trademark infringement (as required under TRIPS Article 41.1).

The impact of this emerging standard, however, deserves careful examination. Since WTO Members are not obliged to put in place a judicial system for the enforcement of intellectual property rights (TRIPS Article 41.5), this new standard does not create any obligation to adopt the rising standard describe here. Nevertheless, the current context suggests that most countries, including developing countries, will converge towards the adoption of this new standard.

II. DOMAIN NAMES IN TRADE

The importance of domain names in trade is constantly increasing. Both developing and developed country markets are experiencing an unprecedented growth of e-commerce and Internet penetration. In developing regions such as Latin America, Africa and the Middle East alone, Internet penetration has significantly risen in the past ten years.[2] In 2011 alone, Latin America was the region with the highest Internet growth in the world: Internet users grew by 16 per cent, and Internet penetration rose by 30 per cent.[3] Internet usage in all regions is developing swiftly, and simultaneously domain name registration is rising rapidly.

There are over 142 million registered generic top-level domain (gTLDs) names[4], and over 100 million ccTLD names worldwide.[5] In Latin America alone, there are over eight million ccTLDs, approximately a third of which is represented by Argentinian domain names ('.ar', approximately 2.47 million), another third by Brazilian domain names ('.br', approximately 2.79 million), a sixth by Colombian domain names ('.co', approximately 1.2 million), followed by Mexican domain names ('.mx', 508 thousand), Chilean domain names ('.cl', 370 thousand),

[2] According to the Internet World Stats Index, based on information from the International Telecommunications Union among others, Internet penetration since 2000 has increased 1,310.8 per cent in Latin America and the Caribbean in the period 2000-2012, 3,606.7 per cent in Africa and 2,639.9 per cent in the Middle East, available online at: <http://www.internetworldstats.com/stats.htm>

[3] See ComScore studies 'Estado de Internet en Argentina' (May 2011) and 'Futuro Digital Latinoamérica 2012' (March 2012).

[4] See 'Domain Counts and Internet Statistics', available online at: <http://www.whois.sc/internet-statistics/>

[5] Verisign, 'The Domain Name Industry Brief' (October 2012), available online at: <http://www.verisigninc.com/assets/domain-name-brief-oct2012.pdf>

Venezuelan domain names ('.ve', 214 thousand), Peruvian domain names ('.pe', 59 thousand) and other ccTLD names.[6]

With the rise in Internet penetration, domain name piracy is becoming a constant challenge for trademark owners. Domain names may act as barriers to commerce when they are registered or used in bad faith to violate third-party rights, including intellectual property rights.

Despite the cybersquatting menace, domain names have not been included in the TRIPS Agreement. Historically, this is due to the fact that the Internet was not yet a pressing source of intellectual property infringements when the TRIPS Agreement was drafted. Moreover, since domain names are not intellectual property rights *per se*, it is still a sensible decision not to regulate them under the TRIPS Agreement. Instead of autonomous protection, the intellectual property that rests in a domain name is protected under the trademark provisions of Section 2 of the TRIPS Agreement.

Despite their absence from the TRIPS Agreement, domain names feature increasingly in the intellectual property sections of free trade agreements. These trade agreements include, as a bilateral covenant, the obligation to establish an appropriate procedure for the settlement of ccTLD disputes based on ICANN's Uniform Domain-Name Dispute-Resolution Policy (UDRP) and to grant online public access to the ccTLD WHOIS database, based on the following guidelines:

> (1) In order to address trademark cyber-piracy, each Party shall require that the management of its country-code top-level domain (ccTLD) provide an appropriate procedure for the settlement of disputes, based on the principles established in the Uniform Domain-Name Dispute-Resolution Policy.
>
> (2) Each Party shall require that the management of its ccTLD provide online public access to a reliable and accurate database of contact information for domain-name registrants.[7]

There are 34 reported free trade agreements that include provisions on domain name dispute resolution: three were signed between 1995 and 1999, nine were signed between 2000 and 2004, and 22 were signed since 2005.[8]

[6] Latinoamericann, Statistics for Domain Name Registrations in Latin America (28 September 2011). On the growing tendency, see also Pablo Ruiz-Tagle, 'Trademarks, the Internet and Domain Names in Latin America' [2007] 97 Trademark Rep 974.

[7] These treaties include the following free trade agreements: United States - Australia (Article 17), United States - Bahrain (Article 14.3), United States - CAFTA (Article 15.4), United States - Chile (Article 17.3), United States - Colombia (Article 16.4), United States - Korea (Article 18.3), United States - Morocco (Article 15.4), United States - Oman (Article 15.3), United States - Panama (Article 15.4), United States - Peru (Article 16.4), United States - Singapore (Article 16.3), CN (Taiwan) - Nicaragua (Article 17.2). The United States - CAFTA, Chile and Panama agreements also specify that local privacy laws will be taken into account when providing WHOIS information.

[8] See Raymundo Valdés and Runyowa Tavengwa, 'Intellectual Property Provisions in Regional Trade Agreements', WTO working paper (2012), 22.

Further to these covenants, the International Trademark Association (INTA) 2011 Model Free Trade Agreement included domain name dispute resolution as a trade concern in even broader terms, referring to the assignment of domain names and their relationship with trademark rights, and adding other measures against cybersquatting.[9] With the rising value of an Internet presence, countries are increasingly treating domain name matters as trade matters.

III. COUNTRY-CODE TOP-LEVEL DOMAINS: ORIGINS AND GOVERNANCE

Since 1985, ccTLDs have been granted to governments and other entities representing countries and territories.[10] Country code top level domains have always been subject to the laws of their governments; accordingly, governments establish the policies for the assignment, maintenance and use of these domain names.[11]

In 1999, WIPO issued the 'Report of the first Internet Domain Name Process', a seminal report on domain names and intellectual property rights.[12] The report examined the regulation of both gTLDs and ccTLDs. On the latter, it included a questionnaire to the administering authorities for 35 representative ccTLDs.[13] At the time, the questionnaire 'revealed that there [was] no coherent approach to dispute resolution among ccTLD administrators, although an informal conciliation role is often assumed in an effort to prevent disputes from escalating into litigation'.[14] Further, the questionnaire showed that 46 per cent of ccTLDs had an established policy for the resolution of domain-name disputes and that only 21 per cent required applicants, in the registration agreement, to submit the dispute to any alternative dispute resolution (ADR) procedure.[15] Finally, the report made a recommendation to ccTLDs administrators for submitting disputes to the jurisdiction of particular courts and to alternative dispute resolution procedures, such as those for gTLDs.[16]

Furthermore, in 2001, as part of its ccTLD program, WIPO released a 'best practices' document regarding ccTLD disputes. The document was intended 'as a flexible framework built around a number of basic elements that [were] deemed critical from an IP perspective' for open

[9] INTA Model Free Trade Agreement (30 May 2011), Section III.

[10] See Elisabeth Porteneuve, 'Country code Top Level Domain-names - ccTLD - History in the Making', available online at: <http://www.wwtld.org/meetings/cctld/20010219.ccTLD-history-in-the-making-EP.html>

[11] As stated by the United States Government, 'national governments now have, and will continue to have, authority to manage or establish policy for their own ccTLDs'. See National Telecommunications and Information Administration, 'Statement of Policy on the Management of Internet Names and Addresses' of 1998 (also known as the 'White Paper'), available online at: <http://www.ntia.doc.gov/federal-register-notice/1998/statement-policy-management-internet-names-and-addresses>

[12] WIPO, 'Report of the First Internet Domain Name Process' [1999], available online at: <http://www.wipo.int/amc/en/processes/process1/report/finalreport.html>

[13] The participating countries included Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Czech Republic, Denmark, Egypt, France, Germany, Hungary, India, Ireland, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Niue, Norway, Senegal, Singapore, South Africa, Spain, Sweden, Switzerland, United Arab Emirates and the United Kingdom.

[14] See n 12, 339.

[15] ibid Annex XIX, 'Dispute Resolution', questions 1 and 7.

[16] ibid 111 and Annex XVIII, 'Application of Recommendations to ccTLDs'.

ccTLDs. In the document, it was stated: 'the prevailing view now is that ADR is the most appropriate method of dealing with IP infringements in the DNS' [Domain Name System].[17]

Precise characteristics were suggested for such dispute resolution mechanisms: (a) mandatory character (incorporating it into the Registration Agreement); (b) decisions based on all facts and circumstances; (c) blocking of transfers pending the proceedings; (d) direct enforcement; (e) quick results; (f) moderate costs; (g) the relationship with ccTLD administrators (should shield it from legal liability and extricate it from the dispute); (h) the relationship with court proceedings (should not replace them, only constitute an additional option); and (i) the scope of procedure (cover not only clear cases of abuse, but also disputes with more or less equivalent rights as is the case with the UDRP).

Over a decade after WIPO's report, as can be seen below, their suggestions were widely incorporated by ccTLDs administrators internationally.

IV. ALTERNATIVE DISPUTE RESOLUTION AS AN INTERNATIONAL STANDARD IN DOMAIN NAME DISPUTE RESOLUTION

The ccTLD dispute resolution situation has radically changed since WIPO's last report. As the table below shows, virtually all countries from the original questionnaire have adopted some form of ADR and most of them have adopted processes in the form of expert panels.

Table 1.1 Domain Name Dispute Resolution in Countries Featured in WIPO's 1999 Final Report of the Internet Domain Name Process

ccTLD	ADR Panel Dispute Resolution (2001)	ADR Panel Dispute Resolution (2012)
.AE	No	Yes
.AR	No	No (but allows for domain revocation for rights-violations)
.AT	No	Yes
.AU	No	Yes
.BE	Yes	Yes
.BG	No	Yes
.BR	No	Yes
.CA	No	Yes
.CH	No	Yes
.CL	Yes	Yes
.CN	Yes	Yes
.CZ	No	Yes
.DE	No	No (but locking procedures are established to avoid domain transfer)

[17] WIPO 'ccTLD Best Practices for the Prevention and Resolution of Intellectual Property Disputes', available online at: <http://www.wipo.int/amc/en/domains/bestpractices/bestpractices.html>

ccTLD	ADR Panel Dispute Resolution (2001)	ADR Panel Dispute Resolution (2012)
.DK	No (but conciliation was encouraged)	Yes
.EG	No	No
.ES	No	Yes
.FR	No	Yes
.HU	No	Yes
.IE	No	Yes
.IL	Yes	Yes
.IN	No	Yes
.IT	Yes	Yes
.JP	No	Yes
.MX	No (although disputes were sent to the local Patent and Trademark Office)	Yes
.MY	No	Yes
.NL	No	Yes
.NO	No	Yes
.NU	Yes	Yes
.NZ	No	Yes
.SE	Yes	Yes
.SG	No	Yes
.SN	No	No (but conciliation is provided)
.UK	Yes (voluntary)	Yes
.VE	Yes	Yes
.ZA	No	Yes

In 2001, when WIPO's ccTLD Best Practices report was issued, only nine out of 35 countries provided for alternative ADR mechanisms. In 2012, however, 31 out of 35 countries provided for ADR for domain names in the form of a panel, and three other countries provided some type of extra-judicial mechanism for facilitating the resolution of such disputes. Moreover, currently, at least 123 of the 256 ccTLD administrators provide for some type of ADR mechanism, generally in the form of an expert panel resolution.[18]

These numbers reflect the standard for domain name regulation now taking shape.

V. DOMAIN NAMES UNDER ARTICLE 41 OF TRIPS

Under the TRIPS Agreement, Members need to ensure that enforcement procedures are available under their law in order to permit effective action against any act of trademark

[18] Pursuant to WIPO's Arbitration and Mediation Centre ccTLD Database, available online at: <http://www.wipo.int/amc/en/domains/cctld_db/output.html>

infringement, including expeditious remedies to prevent infringements and remedies constituting a deterrent to further infringements (Article 41.1 of the TRIPS Agreement). However, Members are not obliged to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, and likewise they are not obliged with respect to the distribution of resources as between the enforcement of intellectual property rights and the enforcement of law in general (Article 41.5 of the TRIPS Agreement).

The impact of this rising standard, therefore, deserves careful examination. Since WTO Members are not obliged to put in place a judicial system for the enforcement of intellectual property rights, this new standard does not obligate Members to adopt enforcement or dispute resolution procedures for domain names. Creating such mechanisms would arguably require the allocation of special resources for their creation and maintenance. These mechanisms could be beneficial, but are not strictly mandated under the TRIPS Agreement.

Nevertheless, the current context suggests that most countries, including developing countries, will converge towards this new standard.

Firstly, the adoption of ADR mechanisms is, all things considered, not unreasonably expensive for any country. If a country does not wish to create an alternative mechanism of its own, it may revert to WIPO's extended ccTLD system. Although this solution may not be ideal[19], it could incorporate in its local domain system a mechanism, which is highly sought by developed countries under the TRIPS Agreement framework. Adopting ADRs for ccTLDs may allow a country to grant a concession on domain name matters, in order to obtain advantageous concessions on other intellectual matters in exchange. This has been the experience of China, an emerging country, that has incorporated ADR mechanisms for the '.cn' as signalling the opening of its economy and related policies simultaneously with their accession to the WTO.[20]

Secondly, it should be kept in mind that Article 41 of the TRIPS Agreement could be interpreted in light of the international practice in domain name dispute resolution that has emerged post-TRIPS. As provided by Article 31.3 of the Vienna Convention on the Law of Treaties (Vienna Convention), treaties shall be interpreted by taking into account:

> (a) Any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions;
>
> (b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation.

In light of the Vienna Convention, which is applicable in interpreting the TRIPS Agreement[21], the subsequent agreements among WTO Members and their practice in the application of TRIPS provisions could be relevant for interpreting the agreement. Bilateral

[19] For instance, because WIPO's international standardized costs and procedures may not be suitable for the population of the country involved.

[20] Hong Xue, 'The Voice of China: A Story of Chinese-Character Domain Names' [2004] 12 Cardozo J Intl and Comp L 559.

[21] Susy Frankel, 'WTO Application of "the Customary Rules of Interpretation of Public International Law" to Intellectual Property' [2006] 46 Va J Intl L 365.

treaties such as free trade agreements, along with the country-practice in domain name dispute resolution mechanisms, could be considered within a WTO TRIPS framework.[22] If there is a new standard of ADR in ccTLD dispute resolution that has become an international practice, then TRIPS Article 41 could suggest that WTO Members adopt ADR in order to provide an acceptable level of protection.[23]

VI. CONCLUSION

This paper examined the impact of the WTO TRIPS system on country-code (ccTLD) domain name policies. It examined the regulation of country-code domain names in the global trade agreement network that has emerged post-TRIPS, along with the international practice in domain name dispute resolution. It suggested that a new standard of domain name dispute resolution is taking shape. The impact of this new standard, however, deserves further examination. The current context suggests that most countries, including developing countries, will converge towards the adoption of this new standard.

[22] Scholars have disagreed on the hierarchy of treaties with respect to international customary law, but they acknowledge that both are important interpretation sources. See, for instance, John O McGinnis, 'The Appropriate Hierarchy of Global Multilateralism and Customary International Law' [2004] 44 Va J Intl L 229.

[23] The potential expansion of international standards has been identified in other areas of intellectual property under the TRIPS Agreement and could be extended to domain names. See Peter Drahos, 'Expanding Intellectual Property's Empire: the Role of FTAs' (2003), available at: <http://ictsd.org/downloads/2008/08/drahos-fta-2003-en.pdf> See also Carlos Correa, 'Bilateral Investment Agreements: Agents of New Global Standards for the Protection of Intellectual Property Rights' [2004] GRAIN report, 29: 'The standards set forth in investment agreements may influence not only national IPR legislation and practices, but also multilaterally negotiated IPR standards. The MFN clauses (...) contribute to a global elevation of protection standards'. See n 8. New global standards for the protection of intellectual property rights are emerging in the WTO-TRIPS framework. When a country increases its intellectual property protection through bilateral investment treaties (BITs) or through free trade agreements, the scope of the increased protection is multiplied by means of the most-favoured-nation clause (MFN) included in those treaties and in the TRIPS agreement. Article 4 of the TRIPS Agreement provides a MFN clause, under which any country that grants higher intellectual property protection to the nationals of any country shall accord the same heightened protection to nationals of all other WTO Members. Through MFN clauses, it has been pointed out, new international standards of IP protection may be established.

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