Reforming UDRP Arbitration: The Suggestions to Eliminate Potential Inefficiency

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I. Introduction

Even though the internet has become an integral part of daily life, resolving legal disputes via Internet still remains in the development stage. The legal framework for regulating such Online Dispute Resolution (ODR) has not been established since the Virtual Magistrate Project offered the early ODR program began in 1995.\(^1\) Still, resolving disputes through Internet has been increasing dramatically\(^2\), especially in the area of Domain Name Disputes. After the Internet Corporation for Assigned Names and Numbers (ICANN) adopted the Uniform Domain Name Dispute Resolution Policy (UDRP) in 1999\(^3\), this procedure has been regarded as the most successful ODR to date.\(^4\)

This UDRP procedure deserves to exam not only because it is regarded as a model for e-commerce dispute settlement,\(^5\) but also because parties involved in a domain name dispute.\(^6\) Even though UDRP was initiated began as a way to provide inexpensive and quick dispute resolution procedure\(^7\), but it still contain certain potential inefficiencies.\(^8\) These potential inefficiencies that can result in lost time as parties try

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1 See general information in VMAG homepage at http://www.vmag.org.
2 American Arbitration Association (AAA) announced that the number of filed ODR case in 2003 increased 23% more than the previous year. This information is available at http://www.adr.org/si/asp?id=1543.
3 Detailed schedules are available at http://www.icann.org/udrp/udrp-schedule.htm.
6 ICANN announced that UDRP had made 13,311 decisions until May 10, 2004 at http://www.icann.org/udrp/proceedings-stat.htm.
8 The domain name arbitration system can be challenged on the grounds that it is non-
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unsuccessfully to resolve frequently result in wasting efforts in attempts at resolving the domain name disputes against the UDRP.

This research will analyze the sources causes behind of that potential inefficiency in UDRP through the comparison with processes used in traditional binding arbitration. After identifying the reasons for potential inefficiencies in the UDRP model, this paper will offer possible suggestions to improve service.

II. The System of domain name disputes

1. Domain name disputes

   (1) The Domain Name System

   People or entities planning to use the Internet as a platform must give potential visitors a way to find them in the cyberspace.9 The computer connected to the Internet is identified by a unique numerical Internet Protocol (IP) address, such as the number 193.5.93.80.10 This numeric addressing system functioned as a unique place where the information was transmitted, but pursuing convenience11, the domain name system was developed to identify their address in the cyberspace by names instead of numbers. Because of the nature of domain name system which identifies the specific address in the cyberspace and thus it should be unique; the system must establish clear ownership consensual and unfair. Stephen J. Ware, Domain-Name Arbitration in the Arbitration-Law Context: Consent to, and Fairness in, the UDRP, 6 J. Small & Emerging Bus. L. 129, 130 (2002).

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10 Id.
rights to a domain name and minimizes conflict in ownership disputes.  
Also, the system should be certainty, stability, and efficiency in its management and administration in order that the system operates properly, maximizing dissemination of information on a global scale.  

This domain name has hierarchical structure. Reading from the right to left, each level in a domain name is separated by a dot starting on the right with top-level domains and moving on to second-level and third-level domains.  
There are two types in top-level domains: generic top-level domains (gTLDs) such as .com, .net, or .org and country code top-level domains (ccTLDs) such as .kr for Korea, .jp for Japan. Functionally, there is no distinction between the gTLDs and the ccTLDs and there are open gTLDs and ccTLDs and restricted gTLDs.  
Under a gTLD, second and third level domains are usually registered by the applicant. Under ccTLDs, applicants would generally choose the third and fourth level domains because administrators of ccTLDs often create mandatory second-level domains such as “co.kr” for a corporation.  
If the top level domains are open, there would be no examination procedure to register any domains on the basis of “first come, first registered” if it is free.  

(2) Domain Name Disputes  
The domain names create a global addressing system in the cyberspace. However, a domain name can cause a conflict with another business’s trademark, which

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12 Id, at 140.  
13 Id.  
14 UNCTAD/EDM/Misc.232/Add.35, supra note 9, at 5.  
15 Id., at 7.  
16 Id.  
17 Id.  
18 Id.  
19 Id., 5.
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has been existed to protect someone engaged in the business sign commerce regarding only in specific goods or services within the national territory. If a person or entity registers a domain name that which is substantially similar to an existing trademark, consumers may be confused and would assume that the domain name holder is identical to the trademark holder. Then this confusion would allow the domain name holder could enjoy free riding on the existing trademark’s established reputation, or in the extreme case, the domain name register could obtain benefits by fraud. These typify a domain name dispute.

Domain name disputes fall into two categories. The first category is cybersquatting, which someone registered existed trademarks with the intention of selling the domain names back to them. Typo-squatting, the second genesis for domain name disputes, occurs when someone registers a domain name that includes an intentionally misspelled famous trademark. In the real world, domain name disputes are more complicated than the theory would suggest. This is because of the different legal regimes of trademark and domain name. Trademarks find protection in a specific area

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20 Trademark is defined as a “word, name, symbol, or device...to identify and distinguish his or her goods...from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” The Lanham Act, 15 U.S.C. 1127, citing from Anderson and Cole, supra note 5, at 242. But it requires that the trademark must be famous in order to obtain remedy. 15 U.S.C. 1125(c)(1).

21 However, insists there are three types of cybersquatting. The first type is cyberspiracy, which is to register 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. The second type is typo-squatting which is to register domain names that incorporate variations of well known marks such as misspelling or missing characters to advantage of unsuspecting web surfers. The last type is passive warehousing which is to register domain names that resemble trademarks but never use them. John J. White, ICANN’s Uniform Domain Name Resolution Policy in Action, note, 16 Berkeley Tech. L.J. 229, 230 (2001).


23 DuBoff and King, supra note 22, at 33.
of products or service in the national territory. A domain name, on the other hand, is protected in the cyberspace, which does not recognized business area region or national territory.

2. UDRP adopted by ICANN

ICANN, a quasi-governmental institute managing domain name, realized early on the necessity to that it needed to provide a uniform dispute resolution process alized for domain main name disputes.\(^\text{24}\) As a result, ICANN adopted UDRP’s mandatory administrative procedure\(^\text{25}\) in an effort to protect the rights of trademark holders to in securing domain names related to their trademark.\(^\text{26}\) As a private dispute system, UDRP contains a simple procedural system completely independent from the national substantive or procedure laws.\(^\text{27}\) Ideally, UDRP should serve as a less expensive and time-consuming alternative for resolving disputes involving domain names and trademarks’ these assets.\(^\text{28}\)

UDRP has three primary objectives. First, it seeks to create global formality about resolving trademark disputes, eliminating the variety and competition amongst the domain names conflicts.\(^\text{29}\) The second is to reduce the costs of resolving disputes.

\(^{24}\) The litigation in the U.S. is costly and time consuming. Also the geographic spread of commerce, the anonymity of transaction, and the reduced transactions costs inherent in the cyberspace not only made litigation inefficient, but also made the burden more disproportions. Anderson and Cole, supra note 5, at 237. This disadvantages stipulated ICANN to make its own efficient dispute resolution proceeding.


\(^{26}\) By crafting a new system that took some elements from international adjudication, arbitration, and administrative proceeding, UDRP creates the innovative proceeding. The UDRP’s innovative aspect is also seen in its non-national approach. See Laurence R. Helfer, *International Dispute Settlement at the Trademark-Domain Name Interface*, 29 Pepp. L. Rev. 87, 98-99 (2001).

\(^{27}\) Litigation may be the representative example of the public dispute resolution system. Anderson and Cole, supra note 5, at 238.

\(^{28}\) WIPO Final Report, supra note 7, 49.

\(^{29}\) Milton Mueller, *Rough Justice: A statistical assessment of ICANN’s Uniform Dispute*
Finally, UDRP seeks to limit its applicable role in resolving disputes because of the sensitivity of replacing national laws with global laws.\textsuperscript{30}

To achieve this uniformity and reduce costs, inexpensiveness, ICANN has leveraged the centralized and monopolistic nature of assignment of domain names.\textsuperscript{31} All registrants in .com, .net, and .org, must agree to use UDRP to resolve any domain name disputes before as their dispute resolution procedure accredited by ICANN.\textsuperscript{32}

When a complainant files a claim to a domain name with any provider approved by UDRP, the registrant party is contractually bound to conduct the arbitration under UDRP.\textsuperscript{33}

ICANN currently authorizes approved four institutes to conduct UDRP dispute resolution: the World Intellectual Property Organization (WIPO), the National Arbitration Forum (NAF), CPR Institute for Dispute Resolution (CPR), and the Asian Domain Name Dispute Resolution Center (ADNDRC).\textsuperscript{34} Upon filing a complaint, the complainant can select which organization it wants to resolve the dispute.\textsuperscript{35}

3. Other procedures to resolve domain name disputes

Before UDRP, the traditional method to stop someone from using a domain name was to bring a lawsuit suing them in the court for violating national trademark law. However, even after adopting of UDRP, litigation is still an important dispute resolution procedure because UDRP specifically preserves the parties’ right to bring a lawsuit in

\textsuperscript{31} Id.
\textsuperscript{32} ICANN Registrar Accreditation Agreement (ICANN Agreement), paragraph 3.8, available at http://www.icann.org/registrars/ra-agreement-17may01.htm#3 (last updated at Apr. 3, 2003).
\textsuperscript{33} Mueller, \textit{supra} note 29, at 6.
\textsuperscript{34} http://www.icann.org/dndr/udrp/approved-providers.htm.
\textsuperscript{35} UDRP, \textit{supra} note 25, 4(d).
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the court. This preservation of the right to sue is particularly true after the Anticybersquatting Consumer Protection Act (ACPA), which was enacted in Nov. 1999 in the United States. ACPA provides trademark owners with a strong weapon to use against cybersquatting litigation. Although the ACPA litigation remains costly and time consuming because of its nature as a judicial proceeding, the ACPA litigation can provide greater remedies which UDRP proceedings cannot provide. Alternatively, disputing parties can use alternative dispute resolution such as arbitration or mediation if UDRP arbitration fails to reach a settlement. Arbitration is a binding proceeding made by the neutral tribunal and it could be an efficient method to resolve the Internet domain dispute for its finality and binding effects between parties.

III. Features of UDRP arbitration

This domain name dispute resolution according to UDRP has some unique

36 Even though many scholars point that the litigation would not be an efficient method to resolve Internet domain disputes, litigation has the superior authority in the national judicial system and judicial judgments can make a final and binding decision.

37 Before ACPA, the suits were based on two theories: trademark law and state or federal antidilution act. It was said that the trade law action was not successful, while the antidilution action succeeded greatly. Leaffer, supra note 11, at 146.


39 Anderson and Cole, supra note 5, at 246.

40 The UDRP remedies are limited to the transfer or cancellation of the domain names. UDRP, supra note 25, 4(i).

41 WIPO provides this traditional binding arbitration in addition to the UDRP arbitration. The binding arbitral award is said final and binding, but it required the recognition and enforcement of the national courts in order to be enforced.

42 Although UDRP procedure is different from traditional arbitration, this paper will keep using UDRP arbitration to refer the UDRP administrative proceeding, even though referring to UDRP proceeding as arbitration is common. E.g., Robert A. Badgley, Internet Domain Names and ICANN Arbitration: The Emerging Law of Domain Name Custody Disputes, 5 Tex. Rev. Law & Pol. 343 (2001); Chad D. Emerson, Wasting time in Cyberspace: The UDRP’s inefficient approach toward Arbitrating Internet Domain Name Disputes, 34 U. Balt. L. Rev. 161 (2004);
features, which are distinguishable from the traditional methods of arbitration. Comparing the features of UDRP arbitration with can be recognized by the comparison with traditional arbitration will illustrate these differences.\(^4\)

1. Mandatory and Unilateral Arbitral Agreements

Domain name registrants agreed to use UDRP arbitration to resolve disputes as a dispute resolution for domain name disputes when registering their domain names. But this mandatory clause raises questions about whether this ICANN agreement represents a binding arbitral agreement. Registering a domain name occurs via contract, thus the UDRP arbitration agreement appears to be a valid contract term creating a valid arbitral agreement. It should be noted that ICANN is the only one organization to register the domain names, so registrants cannot escape agreeing UDRP arbitration if they want to register their domain name.\(^4\) The arguments may arise regarding the validity of the contract because of the predominant position of ICANN, but separability doctrine can resolves this legal issues. Arbitration agreements which forms part of a contract and which provides for arbitration are treated as an agreement independent of the other terms of the contract.\(^5\)

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\(^4\) One of the main features in UDRP arbitration is that it is conducted through Internet or mail, but this paper does not deal this issue because online arbitration is also arising in the area of traditional binding arbitration.

\(^5\) See UNCITRAL Arbitration Rules, 21.2, at http://www.uncitral.org/pdf/english/texts/arbitration/arb-rules/arb-rules.pdf. Also see Prima Paint Corp. v. Flood & Conklin Manufacturing Co., 388 U.S. 395 (1967); Rhoades v. Powell, 644 F. Supp. 645 (E.D. Cal. 1986). In this context, Badgley said that UDRP created a binding arbitration mechanism. Badgely, supra note 42, at 349. However, Ware said that the question in domain-name arbitration is not whether the registrant consents in the agreement, but whether the circumstances under which consent is given are appropriate. And he said that the Internet domain name market is not free with respect to the question of whether to use an arbitration clause or not. Ware, supra note 42, at 153-154.
However, UDRP differs from traditional arbitration because UDRP arbitration arises out of the domain name registering agreement. The complainant did not enter the ICANN agreement and its effect cannot be extended to a complaint, who is usually a potential registrant. This means that one of the disputing parties is not even a party to the agreement that requires arbitration. Besides, UDRP arbitral agreements are distinguished from binding arbitral agreements because it preserved the rights to access to the national courts. In all respects, UDRP arbitration is commenced as a mandatory administrative proceeding.

2. Limited scope of applicable disputes

Because the goal of UDRP is to provide a dispute resolution proceeding to protect a trademark holder, the applicable disputes of UDRP is limited. According to UDRP paragraph 4(a), the complaint should prove that (i) the domain name is identical or confusingly similar to the complainant’s trademark or service mark, (ii) the domain name holder has no rights or legitimate interests in respect of the domain name, and (iii) the domain name was registered and is being used in bad faith. While any private dispute can be resolved by traditional arbitration, ICANN limited its applicable disputes to abusive registrants of trademarks and service marks as domain names.

However, UDRP does not require that the alleged trademarks or service marks

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46 Emerson, supra note 42, at 172.
47 Id.
48 WIPO Final Report, supra note 7, at 49.
49 It is said that this limited applicable disputes makes UDRP arbitration fast and inexpensive, combined with the limited available remedy and limited written submission. Anderson and Cole, supra note 5, at 248-249.
50 However, such arbitrability would be screened by public policy. Alan Redfern and Martin Hunter, Law and Practice of International Commercial Arbitration, 139, (4th ed. 2004).
51 UNCTAD/EDM/Misc.232/Add.35, supra note 9, at 15.
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were registered. It is sufficient for the complainants to satisfy the arbitrators that it has unregistered rights in a trademark arising out of use in commerce. In addition to commercial entities, the domain names which are identical to well-known personal names are also regarded as applicable disputes.34

3. Appointment of providers and panels

UDRP arbitration is commenced by filing of complaint with one of the four organizations authorized by ICANN to handle these disputes in accordance with UDRP and the Rules for Uniform Domain Name Dispute Resolution Policy (the Rules). A respondent has no say in which provider will manage her case, and has no peremptory challenges to arbitrators she may fear and biased. When filing complaints, complainants also choose whether to arbitrate by single arbitrator or three arbitrators. Respondents can elect three-member panel if complainants choose one member, but respondents cannot refuse to have three-member panel if complainants choose to do so.

The provider will appoint a single panelist if both parties elect to have single panel arbitration. If either the complainant or the respondent elects to have the three member panel arbitration, the provider will endeavor to appoint one arbitrator from the list of candidates provided by each of the complainants and respondents. The third arbitrator will be appointed by the provider from a list of five candidates submitted by

52 This is supported by the fact that UDRP takes non-national approach in resolving the disputes. Helfer, supra note 26, at 98.
53 Id., 41.
56 Froomkin, supra note 5, at 672.
57 The Rules, supra note 55, 3(b)(iv).
58 Id, 5(b)(iv).
59 Id, 6(b).
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the provider to the parties. The arbitrator or arbitrators should be impartial and independent, but UDRP rules do not provide any proceeding to challenge the arbitrator qualification. Because complainants have rights to choose the provider and the number of panels, the system is weighted to give dispute resolution providers an economic incentive to compete by being complainant-friendly.

4. The effect of the decision

UDRP clearly declared that this UDRP mandatory administrative proceeding shall not prevent either a registrant or a complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before UDRP proceeding is commenced or after such proceeding is concluded. While a complainant can submit her dispute to a court at anytime, a registrant must submit a dispute to a court within ten business days of if a UDRP decision is made. This non-binding effect of a UDRP decision is its most significant feature as a mandatory administrative proceeding, in contrast to traditional arbitration. Several American cases also declared that plaintiffs have not waived their rights to file an action in the federal court by proceeding under UDRP.

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60 Id, 6(e).
61 Froomkin, supra note 5, at 672.
63 Id.
64 Non binding arbitration is completely different from binding arbitration. Ware, supra note 42, at 162. However, it is also said that the difference between binding and non-binding arbitration is not a difference of kind but rather a difference of degree, because binding arbitration is non binding in a sense, and even non-binding arbitration is binding in a sense. Id, 149.
65 Some National Arbitration Laws stated that binding arbitral awards have res judicata. See France Civil Procedure Code, art. 1477 at http://www.kcab.or.kr/M6/M6_4e.asp; Germany Civil Procedure Code, art. 1055 at www.dis-arb.de/materialien/schiedverfahrensrecht98-e.html; Japan Arbitration Act, art. 46 at http://www.jcaa.or.jp/arbitration-j/kaikitsu/minso.html.
5. Review Procedure

(1) No review procedure for UDRP arbitration

UDRP does not set up the review procedure within the UDRP system. The decision is obviously reviewable by courts, but there is no general review procedure for alternative dispute resolution, except traditional binding arbitration in most countries. Many countries’ arbitration laws provide a review proceeding for the arbitral award, but it is limited to the binding arbitration, which requires a proper formal arbitration agreement, due process, determination of the arbitrator authority, arbitrator composition, finality, arbitrability, and respect to public policy. In contrast to binding arbitration, UDRP arbitration lacks those requirements: UDRP arbitration is a mandatory proceeding and its decision is neither final nor binding. Thus it is impossible to use arbitration law as a review proceeding applicable to UDRP arbitration.

Specifically, U.S. courts have pointed out three reasons to explain the inapplicability why the arbitration review provision does not apply to UDRP arbitration. The first reason is that UDRP was never envisioned as intended to replace for formal litigation. Federal Arbitration Act (FAA) requires that parties to agree that the judgment of the court shall be entered upon the award made pursuant to the

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67 UDRP, supra note 25, 4(k). However, it is argued that some decisions may escape judicial review. Froomkin, supra note 5, at 637.


71 Parisi, 139 F. Supp. 2d at 752.
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arbitration, but UDRP lacked such agreement requirement. The second reason is that, UDRP proceedings do not qualify as the type of proceeding that the type that would entail compelling a party’s participation prior to independent judicial review. And finally, a registrant can effectively suspend a panel’s decision by filing a lawsuit in the specified jurisdiction and notifying the registrar in accordance with UDRP 4 (k).

(2) De novo review by the courts

Moreover, U.S. courts normally refrain from ordinarily reviewing administrative decisions of private parties, unless there is some claim of tort, breach of contract, or violation of some other legal rights. If a plaintiff successfully raises such a claim, the courts will consider her the claim de novo, without deferring at all to the UDRP decision.

6. Enforcement

Although a UDRP decision is not binding, it is self-enforcing. ICANN will cancel or transfer the disputed domain name along to the render a decision unless a defendant-registrant does not commence a lawsuit in the court in ten days. Although there is no enforcement procedure exists guaranteed by national enforcement law as does in traditional arbitration, the enforcement by ICANN has absolute power of the dispute since it retains because of ICANN’s exclusive authority in managing the domain name system.

73 Eric Dluhos, 321 F.3d at 372.
74 Id.
75 Froomkin, supra note 5, at 681.
76 Parisi, 139 F. Supp. 2d at 752.
77 Anderson and Cole, supra note 5, at 250.
78 UDRP, supra note 25, 4(k).
IV. Factors causing potential inefficiency in UDRP arbitration

1. Complainants-Biased Procedure

   (1) Commencement

   A complainant can elect to choose whether to resolve the dispute through the
   UDRP or resolution method.79 Even if a complainant elects to use UDRP arbitration,
   the complainant can bring a same claim to the in court, and in actuality may change the
   forum at any time regardless of the ten-day provision.80 Under the current regulation,
   which allows a complainant to reverse or even ignore UDRP arbitration and its decision
   at anytime, pursuing a case through UDRP arbitration only to have the complainant
   ignore UDRP arbitration. This lack of reliance on an arbitral decision undermines the
   uniformity of domain name dispute resolution and it threatens the significance of the
   existence of UDRP arbitration in the end.

   (2) Providers and Fees

   A complainant can also elect to choose the provider and a respondent should
   respect the choice although the choice of the provider would affect to the result of the
   decisions and fees.81

   • WIPO: It costs $1,500 for single arbitrator and $4,000 for three arbitrators
   to resolve a dispute involving 1-5 domain names.82 From 1999 to 2005,
   8678 cases were filed and 5493 decisions (63.30%) were made in favor of

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79 This is forum shopping between UDRP arbitration and litigation. Badgley, supra note 42, at 354.
80 A registrant is bound by the decision unless he files his complaint in the court in ten days. UDRP, supra note 25,4(k).
81 This is the second step forum shopping incentives in UDRP arbitration. Badgley, supra note 42, at 354.
82 http://arbiter.wipo.int/domains/fees/index.html
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complainants.  

- **NAF:** It costs $1,300 for single arbitrator and $2,600 for three arbitrators to resolve a dispute involving 1-2 domain names. From 2000 to 2005, 5128 cases were decided and 4478 decisions (87.32%) were made in favor of complainants.

- **CPR:** It costs $2,000 for single arbitrator and $4,500 for three arbitrators to resolve a dispute involving 1-2 domain names. From 2000 to 2005, 108 cases were decided and 66 cases (61.11%) were ordered in favor of complainants.

- **ADMDRC:** It costs $1,000 for single arbitrator and $2,500 for three arbitrators to resolve a dispute involving 1-2 domain names. From 2002 to 2005, 138 complaints were brought and 80 decisions (57.97%) were made in favor of complainants.

This research shows that depending on the provider, a complainant may have 29.35% more possibility to win the claim. Because there is not procedure to

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83 http://arbiter.wipo.int/domains/statistics/cumulative/results.html
84 In this paper, the decisions which were made in favor of complainants mean the decisions which ordered transfer or cancellation of the disputed domain names. See UNCTAD/EDM/Misc.232/Add.35, 37.
85 http://www.arbforum.com/domains/QCP/rules.asp
87 4452 decisions ordered transfer. See http://www.arbforum.com/domains/caseresults.asp?FullText=&SearchType=AND&CaseNo=&CaseName=&Domains=&CommenceDate=&DecisionDate=&Complainant=&Respondent=&Status=Transferred&RulesetID=&Sort=CaseNo. Also, 26 decisions ordered cancellation. See http://www.arbforum.com/domains/caseresults.asp?FullText=&SearchType=AND&CaseNo=&CaseName=&Domains=&CommenceDate=&DecisionDate=&Complainant=&Respondent=&Status=Canceled&RulesetID=&Sort=CaseNo.
89 http://www.cpradr.org/ICANN_Cases.asp?M=1.6.5
90 http://www.adndrc.org/adndrc/hk_supplemental_rules.html
91 http://www.adndrc.org/adndrc/hk_statistics.html
92 Generally, WIPO is regarded as a provider which is biased for complainants because it has a
challenges to the complainant’s choice of the provider, the respondent will appeal to the court if she feels any unfairness. This lack of fairness could make light of UDRP decisions and it will bring inefficiency in the end because parties would want to go to the courts directly.

2. The preserved right to access to court: permitted double filing

Parties of UDRP arbitration can opt out from the UDRP arbitration process at any time. Either of dispute party can bring a lawsuit during the UDRP procedure and the complainant retains the right to sue even after the decision has been entered as explained above. A defendant-registrant can also bring a lawsuit within ten business days after UDRP decision has been rendered. At the start outset of UDRP arbitration, this preservation of the right-to-sue encouraged parties to the use of UDRP procedure for distrusted trademark holders and domain name registrants.

Now, however, this aspect of UDRP arbitration has become one feature which detrains to the program and undermines the efficiency the entire process. The typical example of inefficiency by preserving the right to bring a lawsuit in the court is double-filing on the same dispute. Combined with the unfairness of the complainant-biased nature, the disputed parties would have both a UDRP procedure and another lawsuit in the national courts. There are no methods to enforce to use UDRP...
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arbitration because UDRP’s mandatory nature is one-sided.97 Besides, enforcing without eliminating unfairness would be against the ideal of UDRP.

3. De novo review by courts: no deference of fact-finding

This inefficiency of UDRP arbitration becomes more intense given the fact that the arbitration decision merits with no deference of the courts to UDRP arbitration. Courts do not give deference to the UDRP arbitration even after UDRP decision was rendered and review the same disputes de novo. A U.S. District Court in of Virginia declared stated that:

“…[J]udicial review of UDRP decision is not confined to a motion to vacate an arbitral award under section 10 of the Federal Arbitration Act (FAA), the UDRP’s contemplation of parallel litigation and abbreviated proceedings does not invite such deference. More importantly, the UDRP itself calls for comprehensive, de novo adjudication of the disputants’ rights…”98

Thus courts would give no credence to not consider the findings of UDRP arbitration, even when the registrant actively participates in the UDRP proceeding.99 Under the current UDRP procedure, this case corresponds with its nature of mandatory administrative proceeding, but certainly it undermines the efficiency because there is little incentive for investing time or money in the UDRP action.100

V. Possible suggestions to increase inefficiency

1. Reconstruction of UDRP

97 Emerson, supra note 42, at 172.
98 Parisi, 139 F. Supp. 2d, at 752.
100 Emerson, supra note 42,at 174.
(1) Giving binding effect

One way to increase the UDRP’s efficiency lies in possible solution is to reconstructing the UDRP arbitration to make it binding arbitration. The lack of authority most feature causing inefficiency in the UDRP arbitration comes from its non binding procedure and decision effect. If UDRP arbitration were treated as binding and final, and if the decisions of the arbitrator were respected by the parties and reviewing courts, the complainant would be also bound by the UDRP procedure. A complainant would have to follow commence its procedure along with the UDRP procedure and abide by the parties would have to follow the UDRP decision. As a result, UDRP could afford a uniform effective proceeding for domain name disputes.101

However, several problems impede efforts to reconstruct UDRP proceeding to binding arbitration. Changing to the binding arbitration could accompany reinforcing the current simple procedure and it could make UDRP complicated, costly, and time consuming procedure. If UDRP wants to give binding and final effects to its decision, it should have valid and binding arbitration agreement, proper notice proceeding, proper hearing proceeding to protect parties’ due process. Theses elements could deprive the speediness and inexpensiveness, thus it may not a good idea to give a binding effect to the UDRP decision. Also, binding potential complainant, who has not agreed to be bound to the arbitration by contract, creates obstacles to enforcing the decision.

Alternatively, giving a binding effect to the UDRP arbitral agreement can be suggested. Non-binding arbitration does not necessarily prohibit from compelling its procedure. American courts compelled the non binding arbitration under FAA if it had

101 See Id, 175-176, 196.
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proper advisory system\textsuperscript{102} or it did not explicitly preserve the rights to bring a lawsuit after the proceeding.\textsuperscript{103} UDRP does not qualify as such mandatory arbitration because it makes its decision based on the complaint and answer and it explicitly preserve the rights to bring a lawsuit. Thus, although there is a room to interpret UDRP as qualified mandatory arbitration because UDRP has limited applicable disputes, limited remedies, and qualified arbitration providers, the US court would not compel UDRP arbitration.\textsuperscript{104}

However, UDRP should be amended to have binding effect at least in the agreement because it would be unfair to have automatic enforcing mechanism without the minimum fairness factors. This unfairness could make parties avert to use UDRP arbitration and simply go to the courts to resolve their disputes. Adopting a hearing procedure or adding any elements for the fair proceeding would enable the UDRP to be treated as qualified mandatory arbitration and it could contribute to the efficiency of UDRP arbitration in the long run.

(2) Amending the Procedure of Selecting Providers

The next possible suggestion is providing a chance to challenge to the complainant’s choice of the provider. It should be noted that waiting for making consent in choosing the provider between the dispute parties could delay and undermine the efficiency of the UDRP arbitration at the end. A priority list system is suggested as a compromise, but it would work badly in a system with only four providers. For example, if a complainant propose A, B, C, D and a respondent D, C, B, A, it would be

\textsuperscript{103} Wolsey, Ltd. V. Foodmaker, Inc., 144 F.3d 1205, at 1209 (9th Cir. 1998).
\textsuperscript{104} Parisi, 139 F.Supp. 2d, at 751.
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a merely random selection proceeding. However, allowing challenge with the provider would eliminate the potential bias by increasing fairness in UDRP and satisfying parties. It could be a possible suggestion to provide to a respondent one chance to refuse the complainant’s choice within a few days.

(3) Provide challenge procedure within UDRP

Other possible suggestion to improve the efficiency of the UDRP system would be to provide a challenge procedure to give parties a chance to oppose arbitrators. Providing a review procedure would decrease the number of claims to go to the court by ensuring that the parties felt that the process was fair and that they are satisfied with the process followed to resolve the dispute parties. A challenge provision can be found in several arbitration institutions. For example, International Chamber of Commerce (ICC) Arbitration Rules provide that ICC’s Court decides on the merits of a challenge after the Secretariat has afforded an opportunity to the arbitrator concerned, the other party and any other members of the arbitral tribunal, to comment in writing within a suitable period of time.

International Center for the Settlement of Investment Dispute (ICSID) arbitration rules provides a more detailed challenge procedure regarding the disqualification of arbitrators. A party may propose to a Commission or Tribunal the disqualification of any of its members on account of any fact indicating a manifest lack of the qualities required by ICSID rules. Any challenge of an arbitrator must be

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105 Froomkin, supra note 5, at 691.
106 NAF, one of the providers, provide the arbitrator challenge procedure in its supplemental rule. http://www.arbforum.com/domains/QCP/rules.asp. But parties should challenge within 5 calendar days. It is doubtful that this procedure is practical.
108 Convention on the Settlement of Investment disputes between States and nationals of other
made promptly and in any event before the proceeding is declared closed.\textsuperscript{109} If the challenge is upheld, a vacancy is created in the arbitral tribunal; on the other hand, if the challenge is rejected, the arbitration proceeds.\textsuperscript{110}

Providing a challenge procedure would not be contradictory with to a mandatory administrative proceeding, and the challenge process can exist whether the so the provision can be combined the binding arbitration is binding or not. In addition, challenge procedure would contribute an effective mechanism to challenge the appointment of an arbitrator, overcoming the complaint biased feature. UDRP allows that only a complainant can choose the arbitration provider\textsuperscript{111}, so the respondent has no means to challenge even if the arbitrator should be disqualified because of bias or any other reasons recognized under current UDRP. Creating a challenge procedure would improve the fairness and contribute to the efficiency of UDRP arbitration.

2. Enactment of general ADR review law

Together with the reconstruction of UDRP, an additional possible solution would be to enact a government-supported an act to govern a general review procedure for Alternative Dispute Resolution, such as mediation. Although it is obvious that non-binding ADR obviously cannot be enforced, greater efficiency would be realized if it would be more efficient to provide a certain review procedure existed and to prevent de novo review at the end of case did not regularly occur. De novo review comes from no deference by courts in reviewing an ADR’s fact-finding. However, it would be duplication to review de novo the claim which was already of judicial process in a


\textsuperscript{110} Redfern and Hunter, \textit{supra} note 50, at 211.

\textsuperscript{111} The Rules, \textit{supra} note 55, 3(a).
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...disputed case already decided in the qualified and specialized ADR institute, such as UDRP. If Congress enacted a general review procedure act, this would bring more efficiency to the system by reviewing only for abuse of discretion in federal courts.

VI. Conclusion

Internet Domain Name is a substantial tool to find the business entity in the cyberspace. However, because of limited space of generic top level domain and different legal regime from trademark, Internet domain name disputes constantly occurs. Thus consolidating the dispute resolution proceeding for effective Internet domain name disputes resolution would contribute to revitalize electronic commerce. Especially, reforming ICANN’s UDRP arbitration, which is the most frequently used for resolving Internet domain name disputes, would make a progress in the virtual world.

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112 This suggestion assumes that the UDRP arbitration improves its fairness and it becomes more reliable proceeding enough to be given such deference.