

DOCUMENT FOR ccTLD WORKSHOP

- Source:** Scott Donahey, Tomlinson Zisko LLP, Reproduced with permission of BNA's Electronic Commerce & Law Report, Vol. 7, No.47, pp. 1204-1206 (Dec. 11, 2002). Copyright 2001 by the Bureau of National Affairs, Inc. (800-372-1033) <<http://www.bna.com>>
- Title:** The new dispute resolution procedures for .cn
-

THE NEW DISPUTE RESOLUTION PROCEDURES FOR .CN

© 2002, BNA, Electronic Commerce & Law Reports
M. Scott Donahey
Tomlinson Zisko LLP
200 Page Mill Road
Palo Alto, CA 94306
Email: sdonahey@tzllp.com

M. Scott Donahey, an attorney with Tomlinson Zisko LLP, Palo Alto, Calif., is an international arbitrator and an arbitrator specializing in international property disputes. He is a member of three of the four panels currently certified to provide disputer resolution under the Uniform Domain Name Dispute Resolution Policy, and is the only non-Asian serving as a panelist under the China Internet Network Information Center Domain Name Dispute Resolution Policy. The firms Web site is at <http://www.tzllp.com>.

The New Dispute Resolution Procedures For .cn

Following China's admission to the World Trade Organization (the "WTO") on December 11, 2001, one of the determinations made to meet Chinese commitments to liberalize and open its economic policies was to open the registration of domain names in the .cn domain to include registrants who are not Chinese nationals. Beginning December 15, 2002, registration in the .cn space is open to the world on a first come, first served basis. There has been and will be no sunrise period reserved for those claiming trademark or service mark rights. No Chinese nexus will be required. Names may be registered with any of the registrars currently certified by the China Internet Network Information Center ("CNNIC"), a nonprofit organization operating under the auspices of the Ministry of Information of the People's Republic of China.

The size of the Chinese Internet marketplace is staggering and is expanding rapidly. At the beginning of 2002, the number of Internet users in China was estimated by the Chinese government to be approximately 34 million. By July, 2002, that number had been revised to 46 million, and by the end of September 2002, the number of Chinese Internet users had been revised to 54.4 million, with the number of computers connected to the Internet in China put at 21 million, and the number of web sites at 82,000. Pyramid Research Inc. of Cambridge, Massachusetts predicts that by 2003, China will become the second largest Internet market. Others estimate that by 2004, China will account for more than one fourth of the world's total online population.

How will disputes be handled in this rapidly expanding country code domain? Country code top level domains ("ccTLDs") are not subject to the Uniform Domain Name Dispute Resolution Policy (the "UDRP") developed through the work of the World Intellectual Property Organization (the "WIPO") and adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"). While the registrars of names in all generic top level domains ("gTLDs") have agreed to require all registrants to agree to be bound by the UDRP, such is not the case with the registrars of ccTLDs. While WIPO has persuaded many such registrars to voluntarily adopt the UDRP as the dispute resolution mechanism that constitutes a "best practice,"¹ many other ccTLDs have adopted other dispute resolution policies or have adopted none at all. CNNIC, like some of the other ccTLD registries, has adopted a modified version of the UDRP. However, CNNIC's variations from the UDRP are significant and far-reaching and are worthy of careful attention. In the following

¹ Currently 28 ccTLDs have adopted the UDRP and use the WIPO as their exclusive dispute resolution provider: .ac (Ascension Island), .ae (United Arab Emirates), .ag (Antigua & Barbuda), .as (American Samoa), .au (Australia), .bs (Bahamas), .bz (Belize), .cc (Cocos Islands), .cy (Cyprus), .ec (Ecuador), .fj (Fiji), .gt (Guatemala), .la (Lao People's Democratic Republic), .md (Republic of Moldova), .mx (Mexico), .na (Namibia), .nu (Niue), .pa (Panama), .ph (Philippines), .pn (Pitcairn Island), .ro (Romania), .sc (Seychelles), .sh (St. Helena), .tt (Trinidad and Tobago), .tv (Tuvalu), .ug (Uganda), .ve (Venezuela), and .ws (Western Samoa).

analysis, where no change from the UDRP is mentioned, it can be assumed that the CNNIC DRP or the CNNIC Rules closely follow the UDRP and the UDRP Rules.

Policy Shaped by National Laws

The CNNIC Domain Name Dispute Resolution Policy (the "CNNIC DRP") and the Rules for CNNIC Domain Name Dispute Resolution Policy (the "CNNIC Rules") are mandatory for all registrars certified by CNNIC in the .cn domain.² Article 1 of the CNNIC DRP states that it has been formulated "in accordance with relevant Chinese laws, administrative regulations and policies, as well as the provisions of the China Internet Domain Names Regulations (the "CIDNR"). Among other things, the CIDNR prohibits any domain name registered by any individual or organization to include:

1. Content against the basic principles prescribed by the Chinese Constitution;
2. Content that jeopardizes national security, leaks trade secrets, is directed toward overturning the Chinese government, or disrupts state integrity;
3. Content that harms national honor or interests;
4. Content that instigates hostility or discrimination between different nationalities or disturbs national solidarity;
5. Content that violates state religion polices or that propagates cult and feudal superstitions;
6. Content that spreads rumors, disturbs public, or disrupts social stability;
7. Content that spreads pornography, obscenity, gambling, violence, homicide, terror, or crimes;
8. Content that insults, libels others, or infringes the legal rights of others;
9. Content that is prohibited in laws, rules, and administrative regulations.

While it is unclear from its inclusion in the CNNIC DRP whether it was intended that CNNIC DRP panelists are required to consider such matters in their determinations, because these matters involve the application of the policy and the law of the sovereign state of the People's Republic of China, it would seem inappropriate and unseemly for private persons to be making such determinations. Other provisions of the CNNIC DRP support this interpretation.³ It seems that the application and interpretation of such provisions lie exclusively with the courts of the People's Republic of China.

Certain powers under the CNNIC DRP are reserved to CNNIC, granted to the providers, or reserved for the panel which were either not contemplated under the UDRP or were assigned in a completely different manner by the UDRP. In addition the parties' rights under the CNNIC DRP are decidedly different from those granted under the UDRP. Finally, the elements which a complainant must establish in order to prevail under the CNNIC DRP are significantly different from those under the UDRP.

Both the CNNIC DRP and the CNNIC Rules are subject to the interpretation of CNNIC. CNNIC

² Presently CNNIC has certified two providers: the China International Economic and Trade Arbitration Commission ("CIETAC") and the Hong Kong International Arbitration Centre ("HKIAC").

³ For example, Article 31 of the CNNIC Rules provides that the "Panel shall decide the complaint on the basis of statements and documents submitted and in accordance with the [CNNIC DRP], and any rules and principles of law the Panel deems applicable."

DRP, Art. 20; CNNIC Rules, Art. 50. It is apparent that ICANN never intended to assert that it has the power to interpret the UDRP or the UDRP Rules.

Panels Share Power With Provider

The provider has powers that were either not contemplated or were expressly assigned to the panel by the UDRP or the UDRP Rules. With the consent of a party, the provider may appoint one of the panelists in a three-member panel for a party. CNNIC Rules, Art. 12(iv) and Art. 18(v). No similar provision is present in the UDRP Rules. Upon the request of a party, a provider may remove a panelist whom the provider finds has a material interest in the opposing party. CNNIC DRP, Art. 11; CNNIC Rules, Art. 29. Again, no such power is given the provider under the UDRP or its rules.

Under the CNNIC DRP, the provider either shares or has usurped certain powers granted to the panel under the UDRP. The presiding panelist in a three-person panel is appointed directly by the provider without consultation with the parties. CNNIC Rules, Art. 25. Under the UDRP Rules, the provider furnishes each party a list of five panelists, which each party ranks and returns to the provider. The provider then selects the highest mutually ranked panelist to be the presiding panelist. UDRP Rules, ¶ 6(e). Under the CNNIC Rules, either the provider or the panel may decide to suspend or terminate a proceeding where legal or arbitral proceedings have been brought prior to or during a CNNIC DRP proceeding. CNNIC Rules, Art. 41. Under the UDRP Rules, this decision rests exclusively with the panel. UDRP Rules, ¶ 18(a).

The CNNIC DRP specifies qualifications which a panelist is to possess, including “expertise on computer networks and laws, . . . a high sense of professional ethics and [the capability] of rendering independent and unbiased Decisions in domain name disputes.”⁴ While the language of the proceeding is assumed to be Chinese, the panel has the discretion “in exceptional cases” to determine otherwise. CNNIC DRP, Art. 6; CNNIC Rules, Art. 8.⁵

In some instances the powers vested in the panel are different from those granted under the UDRP. Under the CNNIC DRP, while the decision is to be made by a majority of a three-person panel, where no majority can be reached, the presiding panelist is given authority to issue a decision. CNNIC Rules, Art. 39. Under the UDRP, a decision must be made by a majority of the panel. UDRP Rules, ¶ 15(c). Under the CNNIC DRP, if one of the parties requests it, the first panel entrusted to decide a dispute between the parties may consolidate other disputes under the CNNIC DRP. CNNIC Rules, Art. 36.

Additional Variations From UDRP

The rights of parties differ under the CNNIC DRP and the UDRP. As previously noted, under the CNNIC DRP, either party may request consolidation of proceedings before a single panel. CNNIC Rules, Art. 36. If such a request is made, it should be made to the first panel appointed to hear any disputes between the parties. *Id.* Either party has the right, under the CNNIC DRP, to challenge a panelist on the basis that the panelist has a material interest in the other party. CNNIC DRP, Art. 11; CNNIC Rules, Art. 29. Either before, during, or after the commencement of a CNNIC DRP

⁴ The fact that the qualifications include only an expertise as to “computer laws” reinforces the conclusion that questions of national policy, laws, or Constitution, were not intended to be entrusted to panelists.

⁵ The parties by agreement may also determine the language. Under the UDRP, the language of the proceeding is presumed to be that of the registration agreement, subject to the discretion of the panel to determine or the parties to agree otherwise. UDRP Rules, ¶ 11(a).

proceeding, a party may file an action concerning the domain name in a Chinese court where CNNIC's principal office is located or, by agreement with the other party, with a Chinese arbitral institution. Unlike under the UDRP, a party is not authorized to make a good faith and reasonable argument for the extension of existing law. *Compare*, UDRP Rules, ¶¶ 3(b)(xiv) and 5(b)(viii) with CNNIC Rules, Arts. 12(xiii) and 18(viii). Finally, while the general rule against in-party hearings also exists under CNNIC DRP, a party may request such a hearing where that party is willing to bear its expense. CNNIC Rules, Art. 33.

Finally, and perhaps most importantly, what must be proved in order to succeed under the CNNIC DRP is very different from that under the UDRP. First, a complainant must prove that the domain name at issue is identical or confusingly similar to complainant's **name** or to a mark in which complainant has **civil rights or interests**. CNNIC DRP, Art. 8(i) (emphasis added). Second, it must be established that the domain name registrant has no right or legitimate interest in respect of the domain name **or a major part of the domain name**. CNNIC DRP, Art. 8(ii) (emphasis added). Because each party has the burden of proof as to its claims (CNNIC DRP, Art. 7), it is unclear whether the complainant or the respondent has the burden of proof as to this element. Third, the complainant must show that the domain name registrant has registered **or** is using the domain name in bad faith. CNNIC DRP, Art. 8(iii) (emphasis added).

Even though the CNNIC DRP requires a showing of bad faith only in the disjunctive (i.e., bad faith registration or bad faith use), it gives examples in the conjunctive ("Any of the following circumstances may be the evidence of the registration **and** use of a domain name in bad faith . . .") CNNIC DRP, Art. 9 (emphasis added). The CNNIC DRP gives three specific examples of bad faith registration and use. First, registration or acquisition of the domain name by the registrant "for the purpose of selling, renting or otherwise transferring the domain name **to obtain unjustified benefits**" is an example of bad faith registration and use. CNNIC DRP, Art. 9(i) (emphasis added).⁶ The second example is the registration of the disputed domain name "in order to prevent the owners of the **name** or the mark from reflecting the **name** or the mark in a corresponding domain name, provided that the domain name holder has been engaged in a pattern of such conduct." CNNIC DRP, Art. 9(ii) (emphasis added). The third specific example of bad faith is where the domain name holder has registered or acquired the domain name **for the purpose of damaging the Complainant's reputation**, disrupting the Complainant's normal business or creating confusion with the Complainant's name or mark so as to mislead the public." CNNIC DRP, Art. 9(iii) (emphasis added).⁷ The fourth subparagraph of Article 9 merely provides that the three examples given therein are not intended to be the exclusive examples of what may constitute bad faith. CNNIC DRP, Art. 9(iv).

While it is unclear how the specific provisions will be interpreted and applied by the panels ultimately charged with deciding cases under the CNNIC, there are surely dramatic differences from the UDRP, and there are potential differences even more dramatic and far reaching, depending on the interpretation and application by the panels and any interpretation by CNNIC. At the least it should be noted that the CNNIC DRP intends to extend its application to personal and organizational names, as well as marks. Second, protection in marks applies more broadly than

⁶ Unlike under the UDRP, this provision does not include the modifier "**primarily** for the purpose." It is unclear whether the language "to obtain unjustified benefits" is to be read as the equivalent of "for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name" or is to be read more expansively. *See*, UDRP, ¶ 4(b)(i).

⁷ This does not expressly require that the respondent be a competitor of complainant, as does paragraph 4(b)(iii) of the UDRP. Nor does it expressly require that the confusion caused in the mind of the public be created for commercial gain, as does paragraph 4(b)(iv) of the UDRP.

simply to registered marks, and perhaps even more broadly than to common law marks, depending on what is meant by "civil rights" or "interests" in a mark. Third, criticism sites, generally given protection under the UDRP, appear to be illegitimate under the CNNIC DRP. Finally, the degree to which the panelists will be asked to consider and apply the provisions of CIDNR is not absolutely clear. What is clear is that the CNNIC DRP panelists will be operating "in interesting times."
