



April 9, 2009

Dear Mr. Jeffrey, Mr. Giza,

Re: Registrar Lead Networks Domains Pvt. Ltd.

The World Intellectual Property Organization Arbitration and Mediation Center (WIPO Center) has, through our having administered over 15,000 administrative proceedings as a Dispute Resolution Service Provider (Provider) under the Uniform Domain Name Dispute Resolution Policy (UDRP) concerning some 26,000 domain names, observed that for the most part, ICANN-accredited registrars act in a judicious manner consistent with the efficient and effective functioning of the UDRP. This includes registrars providing relevant information used in day-to-day case administration¹ as well as implementing, where appropriate, WIPO UDRP Panel Decisions.

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Mr. John Jeffrey, Mr. David Giza
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601
United States of America

By courier, and
Email: jeffrey@icann.org, david.giza@icann.org

¹ As reflected in ICANN's *Draft Advisory Concerning Registrar Best Practices to Protect Registrants upon Initiation of a Uniform Domain Name Dispute Resolution Policy ("UDRP") Complaint*, available at: www.icann.org/en/compliance/draft-advisory-best-practices-udrp-complaint-31oct08-en.pdf, on which WIPO submitted formal comments in its Letter of November 27, 2008 Concerning *Draft Registrar Best Practices*, available at: www.wipo.int/amc/en/docs/icann271108.pdf.

Regrettably however, we continue to observe a number of practices which frustrate otherwise cost and time-efficient UDRP proceedings.² Such conduct includes sometimes lengthy delays in registrar replies to the WIPO Center's requests for information, changes in registrant data in apparent contravention of the UDRP itself, perceived blurring of registrar and registrant roles, and difficulties or delays in implementation of WIPO UDRP Panel Decisions. In certain cases, such conduct has risen to the level where WIPO UDRP Panels have seen fit to note an observed pattern of registrar conduct in published Decisions.³

In this connection, you may already be aware of reports of conduct by the ICANN-accredited registrar Lead Networks Domains Pvt. Ltd. (Lead Networks) which by all appearances undermines the efficacy of the UDRP in both spirit and letter. Following earlier contacts, we are raising the matter with you more formally here, in the prospect that you should find it warrants considered attention on ICANN's part.

Several recent publications illustrate concerns with Lead Networks' observed conduct, e.g., the *INTA Bulletin*, February 15, 2009, Vol. 64, No. 4 and the *Electronic Commerce & Law Report*, BNA 2-11-09 (copies attached), as do two lawsuits alleging collusion between Lead Networks and domain name

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² As raised in communications with ICANN, and as captured in a higher level overview in our Letter of April 16, 2008 on Registrar Practices, available at: www.wipo.int/amc/en/docs/icann160408.pdf.

³ See to that effect, *inter alia*, the WIPO UDRP Panel Decisions in the following cases concerning the registrar Lead Networks Domains Pvt. Ltd.: *Western Union Holdings, Inc. v. Private Whois Escrow Domains Private Limited / COMDOT Internet Services Pvt. Ltd., LAKSH Internet Solutions Private Limited., PLUTO Domain Services Private Ltd., COMPSYS Domain Solutions Private Limited*, WIPO Case No. D2008-1675, noting in particular sections 5.C. and 6.A., available at: www.wipo.int/amc/en/domains/decisions/html/2008/d2008-1675.html, and *Société Anonyme des Eaux Minérales d'Evian (SAEME) v. Private Whois Escrow and PLUTO DOMAIN SERVICES PRIVATE LIMITED / PLUTO DOMAIN SERVICES PRIVATE LIMITED*, WIPO Case No. D2009-0080, noting in particular section 7, available at: www.wipo.int/amc/en/domains/decisions/html/2009/d2009-0080.html.

registrants designed to frustrate trademark owners' brand enforcement options including the UDRP.⁴ The conduct alleged in those lawsuits primarily focuses on Lead Networks apparently knowingly providing "UDRP evasion services" such as facilitating the provision of misleading WhoIs data followed by orchestrating the filing of what are stated to be sham appeals intended to avoid implementation of WIPO UDRP Panel Decisions. In short, through such described conduct, Lead Networks would appear to be engaged in "contributory cybersquatting" at the continuing expense of trademark owners.

For its part, the WIPO Center can confirm that of the alleged UDRP-related lawsuits it has been made aware of challenging a WIPO UDRP Panel Decision concerning a domain name registered with Lead Networks (on the remarkable order of some 50 alleged suits, several of which we understand UDRP complainant counsel have also brought⁵ to ICANN's attention), certain of those do not appear to meet procedural scrutiny.⁶ Whether or not timely filed, i.e., within the UDRP-mandated 10 business day period, it has been reported that notice of these suits is frequently not provided to the concerned complainants (or indeed the WIPO Center). It may be perceived as unusual for a WIPO UDRP Panel Decision not to be implemented on the basis of the registrar's routine

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⁴ *Verizon et al. v. Lead networks et al.* (U.S. District Court Eastern District of Virginia), available at: www.domainnamenews.com/wp-content/uploads/2009/02/verizon-v-leadnetworks-et-al.pdf; *Verizon et al. v. Lead networks et al.* (U.S. District Court Central District of California Western Division), available at: www.domainnamenews.com/wp-content/uploads/2009/02/verizon-v-lead-in-california.pdf.

⁵ Whether directly via icann@icann.org, or using the *Uniform Domain Name Dispute Resolution (UDRP) Intake Report System*, available at: <http://www.internic.net/UDRPIntakeReportSystem.html>, or via the ICANN Support Services *InterNIC Complaint Form*, available at: <http://reports.internic.net/cgi/registrars/problem-report.cgi>.

⁶ This would appear to apply for example to the organization of the suit filed (in this case as provided by the registrar to the UDRP complainant and the WIPO Center) concerning the ordered transfer of the disputed domain name in the case *Newcastle Permanent Building Society Limited v. Pluto Domain Services Private Limited*, WIPO Case No. D2008-1468. It is also worth noting that, of the suits filed under UDRP paragraph 4(k) which have been brought to the WIPO Center's attention, the same local counsel appears to have been routinely instructed by a group of related respondents using the services of the registrar Lead Networks (e.g., those listed in *Verizon et al. v. Lead networks et al.*, *supra* and WIPO Case No. D2008-1675, *supra*).

receipt of a suit of apparently questionable veracity, timeliness, and procedural fairness. For example in one case,⁷ it has been brought to the WIPO Center's attention that over a year after the Center's Notification of Decision, and despite multiple requests, no copy of an alleged court filing was provided to the UDRP complainant, and the WIPO UDRP Panel Decision remains unimplemented. Such behavior effectively places the WIPO UDRP Panel Decision in a period of potentially indefinite limbo, with the UDRP complainant having no effective means of recourse.

Noting also the more detailed allegations of collusion in the mentioned articles and lawsuits filed against the registrar Lead Networks, it would seem that the highlighted conduct warrants the attention of ICANN, in the interest of the continued effective functioning of the UDRP system and for all its stakeholders.

We trust that you will find the above useful in ICANN's ongoing contractual compliance activities. The WIPO Center would also stand ready to provide any information or assistance to ICANN on the matter.

We are posting a copy of this letter on the WIPO website for public information at <http://www.wipo.int/amc/en/domains/resources/icann/>.

Yours sincerely,



Erik Wilbers
Director
WIPO Arbitration and Mediation Center

⁷ *F. Hoffmann-La Roche AG v. Comdot internet services private limited/ PrivacyProtect.org*, WIPO Case No. D2007-1637.



Bulletin

The Voice of the International Trademark Association



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UDRP Hijacking: Avoiding an Involuntary Passage to India

Susan O'Neill, Hanson Bridgett LLP, San Francisco, California, USA, Internet Committee, Online Trademark Use Subcommittee

Your client alerts you to a new infringing domain name registered by a company with an address in India. As it turns out, the registrar is also located in India. Your client asks you to file a complaint under the Uniform Domain Name Dispute Resolution Policy (UDRP). Ordinarily, you might think this is an economical and expeditious approach to resolving your client's infringement claim and recovering the domain name. However, in light of the jurisdiction rules under the UDRP, you might want to think twice before filing—particularly if the registrar involved is the one behind the UDRP appeals in India.

Under the UDRP, if your client receives a decision ordering the domain to be transferred, any challenge to that decision must be filed within 10 days. (See UDRP, Paragraph 4(k).) The procedural rules under the UDRP also require that when filing a complaint, the trademark owner must consent to the jurisdiction of the courts where the principal office of the registrar is located or where the domain registrant is located (as specified in the Whois database) *with respect to any challenges to a decision issued under the policy*. (Rules for Uniform Domain Name Dispute Resolution Policy, Paragraph 3(b)(xiii); emphasis added.) What if it turns out that the two locations (registrar and registrant locations) are the same and are both in a foreign country where your client does not want to litigate? Based on some recent developments, it appears this is exactly what this Indian registrar must have contemplated.

According to the transcript of the ICANN Meeting in Lisbon in March 2007, at a program entitled "Tutorial – How the Marketplace for Expiring Names Has Changed: Why names aren't released and what is the impact on consumers and other interests? Are registrars becoming domain name portfolio owners?," the speaker (Rob Hall, the CEO of Momentous.ca) offered the following comment:

[W]e have a very inventive registrar out of India that's offering a service to domainers at the last traffic conference that says, look, I'm a registrar in India, I will incorporate you a registrant in India, and I will put all your domains in that registrant with our registrar, so that if anyone ever [files a] UDRP, even if they're successful, the only court you can turn to or go to is the Indian court. And, by the way, I'll even start that action for you, they claim, and I guarantee you it'll take at least ten years to get through any Indian court. So you can continue to own and operate that domain for ten years, even if you lose a UDRP. (www.icann.org/en/meetings/lisbon/transcript-tutorial-expiring-25mar07.htm)

While Mr. Hall did not identify the particular registrar making this offer, it appears that the same registrar in India mentioned in the opening hypothetical is actually behind this scheme. In fact, according to the online records of the High Court of Bombay in Mumbai, as of the date of this publication, certain domain registrants have filed approximately 60 lawsuits against various brand owners who successfully prevailed in UDRP decisions. In each of these cases, the domain registrar is the same, and the plaintiffs are represented by the same attorney.

The court records also show that most of these suits have been filed by the same three domain

registrants: one with approximately 23 lawsuits against brand owners, a second with 15 lawsuits, and, more recently, yet another with 9 such lawsuits. It is unclear whether these plaintiffs are customers of the registrar or whether they are actually associated with the registrar itself. All three of these registrants have addresses in the “Lokhandwala Complex,” which appears to be a large residential and commercial establishment in Mumbai; the Whois records show that the registrar also has an address in the Complex. The same attorney has further filed roughly 14 lawsuits on behalf of various individuals in India who have lost UDRP cases involving domains registered through the same registrar and who may even be connected to the registrar. As if the lawsuits weren’t enough, a few trademark attorneys have reported instances where, after the suits were filed, the registrar or the Indian plaintiff demanded money from the brand owner, either as compensation for sending a copy of the complaint to the brand owner or for the domain name itself.

With any UDRP proceeding, it has always been technically possible that your client could be sued in another country, (i.e., if both the registrant and registrar are located there), and it is wise to consider this possible consequence before filing a UDRP complaint at any time. However, it is particularly problematic here where the registrar appears to be orchestrating this result, presumably as a way to make money for itself and its customers. And, it appears that the registrar has eliminated the usual disincentive for a registrant to file suit to challenge a decision, as it probably costs the registrant little or nothing, since the same attorney (presumably hired by this registrar) files a similar complaint in each case.

Making matters even worse, the current rules seem to allow the registrant to continue to own—and use—the domain name while the court case is pending. In India, it can take several years for cases to be decided, thereby allowing the infringer and registrar to continue to profit by monetizing the domain. Thus, although you and your client may think you have won a UDRP decision (and therefore recovery of the domain name), your client may not have access to it for several years, while the registrant continues to make money from it.

If your client is a U.S. trademark owner that wishes to avoid this fate, one option it should consider is to bring a claim under the U.S. Anticybersquatting Consumer Protection Act (ACPA) instead. Under the ACPA, a U.S. trademark owner can bring a claim in rem against the domain name itself, in the jurisdiction (federal district court) where either the registrar or registry is located. With a non-U.S. registrar, there is no available federal district court, so the option is the court where the registry is located. For example, for .com domains, a claim could be brought in the Eastern District of Virginia, where Verisign, the .com registry, is physically located. If the action is successful, the court can issue an order directing Verisign to change the registrar from the registrar where the infringing domain was registered to the registrar of the plaintiff’s choice, who will then put the domain in the plaintiff’s name. While a lawsuit may seem more expensive initially than a UDRP complaint, it may be the best bet for a client to avoid being sued in India, and far less expensive in the long run.

Concerned trademark owners and their counsel should also consider submitting a written complaint regarding the particular registrar described in this article to the U.S. Federal Trade Commission (Katrina Blodgett at kblodgett@ftc.gov and/or Shaundra Watson at swatson@ftc.gov), the ICANN Governmental Advisory Committee, the ICANN Board and the World Intellectual Property Organization (Erik Wilbers at erik.wilbers@wipo.int and/or Eunjoo Min at eunjoo.min@wipo.int).

Although every effort has been made to verify the accuracy of items carried in the INTA Bulletin, readers are urged to check independently on matters of specific concern or interest.

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phone +1-212-642-1700 | fax +1-212-768-7796 | www.inta.org | bulletin@inta.org

Lead Report

Domain Names

Brand Owners Want Congressional Review Of New gTLD Program's Costs, Ramifications

The new top-level domain program that the Internet Corporation for Assigned Names and Numbers says could launch as soon as this fall will impose significant financial burdens on trademark owners, and the program—along with ICANN's role in expanding the Internet space—should be evaluated by Congress, a brand owner trade association said Feb. 3.

Trademark owners have long been critics of ICANN's new domain program. Announced in June, that program would, with certain restrictions, allow registrants to apply for any word or letter combination as a top-level domain. There are currently only 21 top-level domains, including the common .com, .org, and .net.

Trademark owners worry that opening the proverbial floodgates on domain applications will dramatically increase the costs of monitoring and enforcing their marks without many resulting benefits.

Looking for Congressional Evaluation. The Coalition for Domain Name Abuse, a trade association of trademark and intellectual property owners, hosted a policy forum for Capitol Hill staffers and business executives Feb. 3 in Washington, D.C., to discuss the ICANN plan in light of trademark owners' concerns. The forum, titled "The \$1.5 Billion Business Tax Brands Are Not Expecting," urged Congress to evaluate ICANN's goals, motivations, and authority to expand the namespace before brand owners are harmed.

"ICANN's role needs to be called into question, and a Congressional hearing is a favorable possibility," Josh Bourne, CADNA's president, said at a press briefing after the event, which was closed to media.

"We're getting a very good feeling from both the Senate and the House that this is an important issue, and we have been impressed with the level of understanding of the staff and the members they represent," Bourne said.

There are no current plans for a Congressional evaluation of the new gTLD program, or of ICANN's role in facilitating it. "But it's definitely getting warmer," Bourne said.

"We're looking forward to more concrete steps, and are pleased with the interest and concern we've seen on the Hill," Elisabeth Escobar, senior intellectual property counsel at Marriott International, added.

Trademark owners also called for Congressional intervention during January's State of the Net Conference, which was sponsored by the advisory committee to the Congressional Internet Caucus (14 ECLR 75, 1/21/09).

Brand Owners Express Concerns. Trademark owners' concerns with ICANN and its processes are essentially four-fold, Bourne said, and said that a Congressional review should address each in turn:

- concerns that ICANN's voting structure and policy process favors registrars and registries over rights owners;

- concerns that the structural imbalance will be exacerbated by ICANN's planned transition from Commerce oversight to independent governance in September 2009;

- concerns that the domain program is not backed by any demonstrated interest or need; and

- concerns that the program will impose substantial costs on trademark owners.

The thrust of the policy forum centered on cost, especially with respect to defensively registering domains that may not otherwise be desirable to the brand owner.

Escobar described her company's anticipated response to the coming gTLDs as requiring both (1) policing and (2) defensive registrations.

Policing will require the company to monitor the application process to guard against infringing applications, Escobar said, and then with each application that is approved, the company will have to monitor registrations at the second level.

For domains that may seem desirable—marriott.hotels, for instance, or marriott.nyc—the company will be forced to defensively register to prevent fraud or competition, Escobar said, and the company will certainly want to protect the .marriott TLD.

ICANN's draft applicant guidebook, which ICANN is in the process of revising, estimates the cost of a new domain at upwards of \$185,000 (13 ECLR 1414, 11/5/08). Costs for second-level names will be at the discretion of the registrar.

"It's a real conundrum," Escobar said; "there's no way we can defensively register everything."

Trademark owner organizations including the International Trademark Association and MarkMonitor have expressed similar concerns over the latent costs they say the process will thrust upon owners (13 ECLR 1575, 12/24/08).

For its part, ICANN has vowed that it is "listening very carefully" to trademark owners' concerns, and CEO Paul Twomey said Feb. 5 that the program was in no way intended to hold trademark owners "to any form of extortion in the operation of new gTLDs" (see related report this issue).

Cost Fears May Not Be Realized. A recent report calls the trademark owners' cost concerns into question, however.

In an analysis published Feb. 2, Paul Stahura, chief strategy officer of Santa Monica, Calif.-based Demand Media, argued that opening the domain space to even an unlimited number of top-level domains should not, given trademark owners' existing practices, force defensive registrations.

"The vast majority of trademark holders are not registering their trademarks in all the current generic TLDs, let alone all the TLDs," Stahura said. "Therefore, we do not expect them, in general, to register their trademarks in new gTLDs."

According to Stahura, the costs projected by Escobar and others may not be realistic. Based on domain trends in the current namespace, defensive registrations are not effective at prohibiting fraud, and they are unlikely to be profitable in any event, he said.

Malware, phishing, and other cybercrimes have seen a steady increase in profitability over the years in the existing limited-TLD namespace (13 ECLR 1555, 12/17/08), (13 ECLR 1527, 12/10/08). Defensive registrations in the existing namespace are not reversing this result, Stahura said. Although the expanded namespace will bring with it an expanded canvas for foul play, defensive registrations will not likely succeed if the goal is to prevent fraud.

"Costs that exceed benefits arise when domain name registrants register their marks for the sole purpose of

preventing another party from registering that mark as a domain name. If trademark holders are not registering their trademarks in existing TLDs, especially the open TLDs where registering trademarks is easy and inexpensive, then they probably would choose not to register them in new TLDs," Stahura said.

By CHRISTINE MUMFORD

Further information on CADNA's Feb. 3 briefing, as well as information on the organization's work to encourage Congressional involvement, is available at the Coalition for Domain Name Abuse Web site, <http://www.cadna.org/en/newsroom/press-releases/cadna-washington-policy-forum-discussion>

Paul Stahura's report, "Analysis of Domain Names Registered Across Multiple Existing TLDs and Implications for New gTLDs," is available at the CircleID Web site, http://www.circleid.com/posts/20090202_analysis_domain_names_registered_new_gtlds/