

## JUDICIAL INVOLVEMENT IN DOMAIN NAME DISPUTES IN CANADA

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Volume 34, numéro 1-2, 2003–2004

URI : <https://id.erudit.org/iderudit/1107588ar>

DOI : <https://doi.org/10.17118/11143/12289>

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Éditeur(s)

Revue de Droit de l'Université de Sherbrooke

ISSN

0317-9656 (imprimé)

2561-7087 (numérique)

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Citer cet article

Campbell, R. L. (2003). JUDICIAL INVOLVEMENT IN DOMAIN NAME DISPUTES IN CANADA. *Revue de droit de l'Université de Sherbrooke*, 34(1-2), 373–420. <https://doi.org/10.17118/11143/12289>

Résumé de l'article

Les premières oppositions aux noms de domaines étaient principalement résolues par des demandes d'injonctions aux tribunaux. Pour obtenir ce redressement, les opposants argumentaient que l'utilisation d'un nom de domaine enfreignait un droit privé. Aujourd'hui, la plupart des conflits au sujet des noms de domaines sont résolus en ayant recours à une pratique de règlement des conflits mise en place par contrat lors de l'enregistrement des noms de domaines. Les droits des deux parties sont soupesés soigneusement dans la politique pertinente et une décision écrite est requise lors de la formation du panel.

Quel est le statut d'une telle décision vis-à-vis d'une intervention du tribunal ultérieure une fois le processus de règlement extrajudiciaire des conflits achevé ? Le tribunal a-t-il la juridiction de traiter une dispute *de novo* en raison de l'adoption d'une déclaration ? L'application des principes traditionnels de l'attaque indirecte et de l'issue estoppel pour une même question de droit administratif en litige n'appuient pas *de novo* l'intervention judiciaire. Les principes de droit administratif pour le contrôle judiciaire des décisions du tribunal n'appuient donc manifestement pas les interventions judiciaires.

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par R. Lynn CAMPBELL\*

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*Early domain name challenges were primarily resolved by application to the courts for an injunction. To obtain this relief, challengers argued that the use of the domain name infringed a private law right. Today, most current domain name disputes are resolved by recourse to a dispute resolution policy set up by contract at the time a domain name is registered. The rights of both parties are carefully balanced in the relevant policy and a written decision is required of the panel.*

*What is the status of such a decision after completion of the alternate dispute resolution process vis-à-vis subsequent court intervention? Does a court have jurisdiction to hear the dispute de novo by way of an application for declaration? Application of traditional administrative law principles of collateral attack and issue estoppel do not support de novo judicial intervention. Nor do the administrative law principles for judicial review of consensual tribunal decisions clearly support court intervention.*

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## **Introduction**

Today there are millions of domain names used in the Internet. For owners, a domain name may well be an integral part of their identity and be that which distinguishes them from all others. For others, a domain name may be the most valuable asset of the business. Business registrants often view a domain name as an opportunity capable of tremendous financial benefit in the future. Due to the global reach of the Internet, it is understandable that there are disputes over ownership of unique domain names, particularly the ones that are either identical or similar to registered trade-marks. An aggrieved person, unable to obtain and use a particular domain name, will expend deep pocket capital to take all sorts of means to get it, including recourse to the courts.

This paper examines the involvement that Canadian courts have had in domain name disputes. The first part examines the early challenges of domain name disputes in the Federal Court of Canada and the superior courts of the provinces. This part will focus on the granting of interlocutory injunctions, primarily for trade-mark infringements, passing off and breach of copyright. The second part will explore the various provisions of the Domain Name Dispute Resolution Policy of the Canadian Internet Registration Authority to determine the scope of the policy and how the rights of a complainant and respondent are protected. The third section reviews a recent case before the Ontario Superior Court of Justice and explores several standards of review of Panel Decisions under the CIRA policy. This part demonstrates the need for lawyers and courts to clearly articulate the grounds for and scope of judicial review over private dispute resolution procedures involving domain names. The final part will make several observations in relation to the resolution of future disputes.

## **Early Judicial Involvement**

Recourse to the courts for resolution of domain name disputes has had a relatively brief, but interesting, history. Many of the cases have been heard in the Federal Court of Canada because the cause of action is based on trade-mark infringement. However, passing off, breach of copyright and defamation actions have been heard in courts of provincial jurisdiction. Very few of these cases have gone as far as trial. Most plaintiffs want to quickly restrain the use of a

domain name and have ownership of it transferred to them, thus, the existing jurisprudence has mainly focused on motions and applications for interim orders, particularly injunctions. Whether or not the use of a particular domain name actually constitutes an infringement of a registered trade-mark is beyond the scope of this paper<sup>1</sup>.

### **Federal Court Action**

The jurisprudence in relation to domain name disputes in the Federal Court of Canada has dealt primarily with actions for infringement of trade-mark under s. 22 of the Canadian *Trade-marks Act*<sup>2</sup> and corollary injunctive relief to restrain someone from using a domain name. In order to obtain an injunction in the Federal Court, an applicant must meet a threefold test. First the applicant must satisfy the Court that there is either a prima facie case, or at least a serious question to be tried. Second, the applicant has to demonstrate that unless the injunction is granted, it will suffer irreparable harm that is not susceptible to, or is difficult to compensate in damages. Finally, the balance of convenience must lie with the applicant. Invariably, the relief to restrain the use of domain names has been brought in the form of injunction.

The first case in the Federal Court of Canada in relation to domain names was filed in 1997. In *ITV Technologies Inc. v. WIC Television Inc.*<sup>3</sup>, the plaintiff, a British Columbia corporation, was a web provider and had an Internet address «www.itv.net». The defendant, also a British Columbia corporation, was in the business of television broadcasting and owned several trade marks using «ITV» and had registered a web site with the domain name «www.ITV.ca». The plaintiff sought an order expunging the «ITV» trade-marks of the defendant and a declaration that the plaintiff was not precluded by those trade-marks from using the web address «www.itv.net». The defendant filed a counterclaim alleging infringement of its ITV trademarks and sought an interim injunction. MacKay J. ordered an interim injunction, pending a hearing for an interlocutory injunction until trial and issued an order restraining the plaintiff

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1. For liability of «use» of a trade-mark on a web site, see, *Pro-C Limited v. Computer City, Inc.* (2001), 149 O.A.C. 190; 107 A.C.W.S. (3d) 1073.
  2. Trade-marks Act, R.S.C. c. T-10.
  3. (1997), 76 A.C.W.S. (3d) 157 (MacKay).

from using the ITV trade-marks. Pinard J. dismissed the defendant's subsequent motion for an interlocutory injunction because no case for irreparable harm had been established<sup>4</sup>. Two years later, the plaintiff's application for summary judgment for a declaration that it was entitled to use the domain name «www.itv.net» was dismissed because issues of confusion and distinctiveness had been raised<sup>5</sup>.

Before any injunctive order can be issued, an applicant must show that a prima facie case exists. In *Weight Watchers International v. Vale Printing Ltd.*<sup>6</sup>, the plaintiff commenced an action for trade-mark infringement, statutory passing off and depreciation of goodwill. The defendant had displayed the plaintiff's trade-mark WEIGHT WATCHERS and the term «WW» on its Web sites at the domain names «www.wocompanion.net» and «www.wocompanion.com». The defendant did not shut down the sites as promised, but removed all explicit references to the plaintiff's trade-mark and then transferred the domain names to two third parties. The plaintiff brought a motion for an order to add the new owners of the domain names as defendants and for an interlocutory injunction to restrain any further transfer and use of the domain names. Heneghen J. granted the motion to add the two new owners as defendants and issued an order that the web sites could not be again transferred. However, there was no evidence on which the court could order that the transfer of the domain names to the third party be cancelled because it was not shown that they had violated the plaintiff's trade-mark WEIGHT WATCHERS. Nor had the plaintiff shown that it had any rights in the term «WW». Further, the new owners had not displayed the trade-mark WEIGHT WATCHERS on the Web sites. Thus, no order cancelling the transfer of or restraining the use of the domain names was issued<sup>7</sup>.

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4. (1997), 77 A.C.W.S. (3d) 160 (Pinard).

5. (1999), 90 A.C.W.S. (3d) 857 (Teitelbaum). The Plaintiff appealed the dismissal of application to the Federal Court of Appeal. The appeal was dismissed, 2001 FCA 11 (Noel, Evans, Sharlow, J.J.A.).

6. (2000), 7 C.P.R. (4<sup>th</sup>) 92 (Heneghan, J.). The Defendants had previously brought a motion for particulars (96 A.C.W.S. (3d) 366, Blais, J.) which was granted in part.

7. About a year later, the defendant applied for a motion to remove the plaintiff's solicitor. The defendant wanted to examine the plaintiff's counsel about an e-mail the receipt of which had been denied by plaintiff's counsel. Morneau Prothonotary, dismissed the motion because of the expense of litigation, the enormous waste of time. Further, it was far from certain that

A change of circumstances can be fatal to an application for injunction as was shown in *Toronto.com v. Sinclair*<sup>8</sup>. The plaintiff had operated a Web site under the domain name «www.toronto.com». The defendant later operated a Web site under the domain name «www.toronto2.com» and framed portions of several Web pages published on the plaintiff's site. The plaintiff commenced an action for passing off and for copyright infringement and brought a motion for an interlocutory injunction to restrain the defendants from using its domain name. By the time the motion was brought, the defendant's Web site no longer had framed content from the plaintiff's Web site. Heneghan J. was of the opinion that the plaintiff had not shown clear evidence that it would suffer irreparable harm. In this case, infringement of the proprietary rights that were at issue had not constituted irreparable harm because the harm could be quantified in monetary terms. Nor was there any proof that the plaintiff's goodwill had been diminished. Thus the motion was dismissed<sup>9</sup>.

Not all aggrieved plaintiffs have been unable to obtain an interlocutory injunction to restrain the use of a domain name. In *Bell Actimedia Inc. v. Puzo*<sup>10</sup>, the plaintiff owned registered trade-marks in «YELLOW PAGES» and «PAGES JAUNES» which it had used for 50 years. It had used these trade-marks in association with telephone directories and had annual sales of 500 million dollars. The defendants obtained the domain name «www.lespagesjaunes.com» and through this Web site marketed a business directory of the French speaking world. The plaintiff commenced an action for trade-mark infringement, depreciation of registered trade-marks and contravention of s. 7 of the *Trade-marks Act*. After obtaining two interim injunctions, the plaintiff brought a motion for an interlocutory injunction to continue the interim injunctions until trial. Blais J. was of the opinion that there was a serious issue to be tried and that the plaintiff would suffer irreparable

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the merits of the case warranted examination of the plaintiff's solicitor. (2001), 106 A.C.W.S. (3d) 539.

8. (2000), 6 C.P.R. (4<sup>th</sup>) 487 (Heneghan J.).
9. The defendant's inability to pay damages was not sufficient for the irreparable harm test. Further, the plaintiff had not shown that it had lost or would lose reputation, brand name awareness, consumer loyalty or the ability to attract advertisers. (2000), 6 C.P.R. (4<sup>th</sup>) 487 at 491.
10. (1999), 2 C.P.R. (4<sup>th</sup>) 289 (Blais J.).

harm if the interlocutory injunction was not granted. The court was influenced by the plaintiff's level of sales and the fact that it had dealt with tens of thousands of businesses for over 50 years. The Federal Court ordered that an interlocutory injunction be granted to restrain the defendant from using the domain name «www.lespagesjaunes.com» or any other domain name confusingly similar to this one<sup>11</sup>.

The only case relating to a domain name dispute in Federal Court that has had a decision on the substantive issues raised in it has been *Sprint Canada Inc. v. Merlin International Communications Inc.*<sup>12</sup> In this case, the plaintiff which was the registered owner of «SPRINT» trade-mark for use in the telecommunications industry, sought injunctions and damages for trade-mark infringement because the defendant had used «Sprint Canada» as a trade name in the communications business. O'Keefe J. was of the opinion that there was infringement because of the likelihood that the trade name of the defendant would cause confusion with the trademark of the plaintiff. Because the plaintiff indicated it would use the trade name unless enjoined from doing so, the Court granted a *quia timet* injunction<sup>13</sup>. However, no injunction was granted to restrain the defendant from adopting domain names in Canada that might be confusing with the plaintiff's trade-marks. Even though the defendant had obtained domain names «www.sprintcanada.com» and «www.sprintus.com», it had not set up a web site to offer services under these names nor had services been offered through the web site addresses. Their use as e-mail sites by the defendant did not constitute infringement of the plaintiff's trade-mark.

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11. The defendant was also ordered to deliver to the plaintiff all computer hardware and software bearing the trade-mark «Pages Jaunes» and copies of «all purchase orders, invoices, sales slips, delivery slips, bills of lading, custom broker documents and records relating to the defendant's business. These were to be used to establish the damages and/or profits payable to the Plaintiff». (1999), 2 C.P.R. (4<sup>th</sup>) 289 at 294.
  12. (2000), 101 A.C.W.S. (3d) 600. (O'Keefe J.) In this case there was a joint statement of facts that the Court adopted.
  13. The defendant had indicated that it would continue using this trade name unless enjoined from doing so. However, there was no injunction granted with respect to loss of goodwill because the evidence did not show any depreciation in the value of the goodwill attached to the plaintiff's trade-mark.



Other domain name cases in the Federal Court have dealt primarily with procedural issues<sup>14</sup>. Apart from *Sprint Canada Inc.*, none of the cases has proceeded to trial. Only in *Bell Actimedia Inc.* was the defendant ordered not to use a domain name. Thus, aggrieved plaintiffs have had limited success in the Federal Court of Canada in obtaining orders to restrain defendants from using domain names that have allegedly infringed trade-marks.

## Provincial Courts

Provincial superior courts have heard cases dealing with passing off, breach of copyright or defamation in relation to domain name disputes. These actions are well known to the common law. In a passing-off action, the plaintiff

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14. In *Canada Post v. Epost Innovations Inc.* (1999), 2 C.P.R. (4<sup>th</sup>) 21 (Hargrave J.) the plaintiff which owned several trade-marks that included the word «Post» commenced an action for trade-mark infringement against the defendant who had obtained «www.cypost.com» as a domain name. The defendant made a motion for particulars and the plaintiff was ordered to provide the dates of first use for each mark allegedly infringed as well as trade-marks that were associated with «electronic message services». The request for identification of wares and services was denied. The defendant's subsequent application for declaratory relief was dismissed (1999), 91 A.C.W.S. (3d) 214 (Edwards J.). Over a year later, the plaintiff brought a motion to strike out several paragraphs of the defendant's statement of defense and counterclaim. This motion was granted in part (2001), 105 A.C.W.S. (3d) 140 (Hargrave, P.).
- In *Molson Breweries v. Kuettnner* (1999), 3 C.P.R. (4<sup>th</sup>) 479 (Aronovitch P), the plaintiff owned registered trade-marks «MOLSON» and «MOLSON'S». The defendant had registered with Network Solutions, Inc. the domain names «www.molson.com» and «www.molsonbeer.com». As was the policy of Network Solutions, Inc., upon notice of a complaint from a third party, it placed the domain names on a «hold» status. Network Solutions, Inc. made a declaration that it would not allow any change to the registration or status of the domain names until a Court rendered a temporary or final decision regarding the interests of the defendant. The plaintiff then commenced an action for trade-mark infringement and brought a motion seeking leave to deposit this declaration into the registry of the Court. By its terms the declaration tendered control over the use and registration of the domain names to the Court. The Court noted that the law with respect to domain names, their registration, the rights and property that they confer were merely nascent. The court was also concerned that it might assume a potential burden and even responsibility if the declaration were to be deposited into the Court registry. It was not clear whether intellectual property was «property» within the meaning of Rule 377 of the Federal Court Rules and further that there was no evidence of irreparable harm if the application were denied. The motion was dismissed without prejudice to the parties to bring a subsequent motion. No such motion has ever been brought.

must prove the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage to the plaintiff. In order to prove breach of copyright, the plaintiff must show that another person has reproduced an original artistic work belonging to the plaintiff without permission. The three elements of defamation are simply stated : the words in question have been published, the words refer to the plaintiff and the words, in their natural or ordinary meaning, or some extended meaning, are defamatory of the plaintiff. Despite the clarity with which these causes of action may be stated, their proof in court requires a high level of evidence, particularly if there is potential issue of bad faith, breach of fiduciary duty or a constitutional argument.

The first judicial involvement with a domain name dispute occurred in 1995 in the Trial Division of the Supreme Court of Prince Edward Island. In *PEINET Inc. v. O'Brien*<sup>15</sup> the plaintiff which provided access services to the Internet used the domain name «www.peinet.pe.ca». The defendant who once was an employee of the plaintiff formed his own business as an Internet service provider and obtained the domain name «www.PEI.NET». The plaintiff feared public confusion with its corporate name and commenced an action of passing off and sought an interlocutory injunction to prevent the defendant from using the domain name «www.PEI.NET». MacDonald C.J.T.D. noted that the whole area of the use of the Internet and its conventions was new to the court. However, even if the domain name «www.PEI.NET» was an infringement of use of the plaintiff's name, the plaintiff had not established the elements of a passing-off action<sup>16</sup>. Specifically, there was no misrepresentation that would likely lead the public to believe that the services offered by the defendant were the services of the plaintiff because upper case letters and a period were used in the disputed name. Therefore, the application for an interlocutory injunction to

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15. (1995), 61 C.P.R. (3d) 334. (MacDonald C.J.T.D., Prince Edward Island Supreme Court, Trial Division).

16. McDonald C.J.T.D. found that the plaintiff had only made superficial submissions without explaining the Internet. Nor had the plaintiff given viva voce evidence, but had merely filed a short affidavit. On the other hand, the defendant gave direct evidence and stated that anyone trying to contact the plaintiff using PEI.NET would be unable to do so. (1995), 61 C.P.R. (3d) 334 at 338.

restrain the defendant from using the domain name «www.PEI.NET» was dismissed.

The Ontario Superior Court was less sympathetic to the use of a near identical domain name in *Airline Seat Co. v. 1396804 Ontario Inc.*<sup>17</sup> wherein the defendant merely deleted a dash in an otherwise identical domain name. The plaintiff, an English travel company carrying on business under the name «Canadian Affair», conducted a significant portion of business through an interactive Web site at «www.canadian-affair.com». The defendant, a current competitor of the plaintiff, obtained a domain name «www.canadianaffair.com» whose web site allegedly contained pornographic text. The plaintiff commenced an action for passing off and defamation. The defendant moved<sup>18</sup> to strike the defamation and passing-off claims. Mesbur J. was of the opinion that the claim would not necessarily fail because all the elements of both defamation and passing off were in the claim and could not find it plain and obvious, or beyond doubt that there was no reasonable cause of action. Thus the motion was dismissed<sup>19</sup>.

A person who has no legitimate interest in a domain name may be restrained from using it if it is confusingly similar to the name of another business that is well known. This is particularly true if a person has registered the name with the intention of selling it either to the business that has an interest in restraining its use or to a highest bidder. In the Internet this pernicious practice is known as cyber-squatting. In *Saskatchewan Star Phoenix Group Inc. v. Noton*<sup>20</sup> the plaintiff published the StarPhoenix, the largest paper in Saskatchewan and maintained a Web site at «www.thestarphoenix.com» that contained lead stories and advertising. The defendant was in the business of registering domain names with the intention of selling them to interested

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17. (2000), 8 C.P.R. (4<sup>th</sup>) 12 (Mesbur J., Ontario Court of Justice).

18. This motion was under Rule 21 of the Rules of Civil Procedure, R.R.O. 1990, Reg. 194. A claim can only be struck if, even on the basis of those facts being proved, it is plain and obvious, or proved beyond doubt, the claim must nevertheless fail.

19. There has been no report of a decision at trial.

20. (2001), 12 C.P.R. (4<sup>th</sup>) 4 (Laing J., Saskatchewan Court of Queen's Bench).

parties<sup>21</sup>. He obtained the domain name «www.saskatoonstarphoenix.com» and created a Web site that looked identical to the plaintiff's except that different advertising was inserted. The plaintiff commenced an action for passing off. As the defendant was noted in default, the plaintiff applied for assessment of damages and an order for permanent injunction. The plaintiff was awarded damages for passing off and was also granted an order restraining the defendant from using the domain names. The defendant was also ordered to transfer to the plaintiff the domain names within 30 days<sup>22</sup>.

Freedom of expression, in certain circumstances, can weigh heavily in a passing off action even if there is intentional use of a trade-mark in a domain name. In *British Columbia Automobile Association v. O.P.E.I.U.*<sup>23</sup> the British Columbia Supreme Court agreed that the common law should be interpreted in a manner consistent with the *Charter of Rights and Freedoms*. The plaintiff was a not-for-profit automobile association and had obtained domain names «www.bcaa.bc.ca» and «www.bcaa.com» and «www.bcaa.org». The defendant union during strike action at the plaintiff, launched a Web site containing copyright and trade-mark materials of the plaintiff and obtained domain names «www.bcaabacktowork.com» and «www.bcaonstrike.com». The plaintiff claimed passing-off, trade-mark and copyright infringement and launched an application for damages, a declaration, a permanent injunction, an order to deliver up infringing materials as well as an order to cancel or transfer to the plaintiff the union domain names. Sigurdson J. held that the domain names were neither misleading nor identical to the plaintiff's. Further, even though the defendant intercepted people intending to search for «BCAA», the domain names by themselves constituted no misrepresentation to the reasonably prudent Internet user. Nor was the defendant competing commercially with the plaintiff, but was merely attempting to communicate its message to the public about an

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21. The domain names «www.thestarphoenix.com» and «www.starphoenix.com» were also on a list of names offered for sale by the defendant.

22. This order included the three domain names.

23. (2001), 102 A.C.W.S. (3d) 975 (Sigurdson J., B.C.S.C.). This case has been subsequently considered in *Law Society of British Columbia v. Canada Domain Name Exchange Corp.* (2002), 22 C.P.R. (4<sup>th</sup>) 88 (Williamson J., British Columbia Supreme Court).

ongoing labour relations campaign. Thus the application for an order to cancel or deliver up and transfer the domain names to the plaintiff was declined<sup>24</sup>.

In *Bell ExpressVu Limited Partnership v. Tedmonds & Co.*<sup>25</sup> the exercise of free speech which is protected by s. 2(b) of the *Charter of Rights and Freedoms*<sup>26</sup> also impacted upon the Court's decision in considering a motion for interlocutory injunction. The plaintiff applied for and was granted an interlocutory injunction prohibiting the defendants from distributing equipment in Canada that could receive and decode encrypted subscription programming signals from the United States<sup>27</sup>. Some time later the defendant brought a motion to dissolve this injunction. The plaintiff also brought a motion for a permanent injunction to restrain the defendants from using the domain name «www.expressvu.org» for a web site used for the purpose of promoting the «Tedsat Legal Defense Fund» and criticizing the plaintiff as a commercial enterprise. The word «ExpressVu» was registered as a trade-mark assigned to the plaintiff. Anyone searching for «expressvu» would be directed to the defendant's web site and the domain name used in this way would allegedly infringe the trade-mark. The Ontario Superior Court dismissed the plaintiff's motion for lack of a genuine issue for trial because there was no commercial use of the plaintiff's trade-mark nor intention to tarnish the trade-mark, but rather merely criticism of the plaintiff as a commercial enterprise<sup>28</sup>.

If the availability of a domain name has become known through a potential breach of fiduciary duty or bad faith execution of a contract, a

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24. There was no order of declaration nor permanent injunction granted. Damages for passing off and breach of trade-mark were also declined because there was no passing-off and the defendant's use of the trade-marks was outside the scope of s. 22 of the Trade-marks Act. However, nominal damages in the amount of \$2,500 were awarded to the plaintiff for breach of copyright and passing off in the Union's early Web sites. (2001), 102 A.C.W.S. (3d) 975.
25. (2001), 104 A.C.W.S. (3d) 856 (Nordheimer J., Ontario Superior Court of Justice).
26. Part I of the *Constitution Act, 1982*, being Schedule B to the *Canada Act 1982* (U.K.), 1982, c. 11.
27. (1999), 91 A.C.W.S. (3d) 563 (Nordheimer J. Ontario Superior Court of Justice).
28. The Court granted the motion to dissolve the injunction in respect of the gray market activities only. The black market activities remained within the prohibition because they likely violated the *Radiocommunication Act*, R.S.C. 1985, c. R.2. The parties sought a further motion to clarify the wording of the order to show that the original order was varied. (2001), 105 A.C.W.S. (3d) 335.

restraining order may be granted. Registration of a domain name for the prime purpose of selling it to a business that has a legitimate interest in it or even for the purpose of disrupting the business, may also be grounds for a restraining order. In such circumstances, the Alberta Court of Queen's Bench did order that a domain name not be transferred in *Innersense International v. Manegre*<sup>29</sup>. The plaintiff distributed beauty products to more than 300 individual distributors in Canada and the U.S., all of whom had access to the Web site at «www.innersense.com». The plaintiff had a registered trade-mark in the name «Innersense» and obtained its domain name through a trusted employee, Michelle Menagre who also was charged with the responsibility of developing the Innersense Web site. The domain name was not renewed by the plaintiff but taken up by Michelle Menagre's brother, Keith who had it removed from the Telus host servers, and then offered to sell the domain name to the plaintiff for \$20,000. Mr. Menagre told reporters that he had immediate plans to sell the domain name to a performing group in the United States.

The plaintiff commenced an action for trade-mark infringement and for an order directing return of the domain name. The plaintiff also brought a motion for an interim injunction restraining the defendants from selling or transferring the domain name<sup>30</sup>. The Court was of the opinion that there was a serious issue was to be tried and that irreparable harm would result if the injunction were not granted. There was uncertainty surrounding the value of the domain name as a marketable entity and the defendant might not have the means to pay an undefined amount of damages. The Court also was of the opinion that the balance of convenience was best served by granting the injunction because the domain name could be quickly transferred beyond the jurisdiction of the Court. In addition, the viability of the plaintiff's business could be seen tied to its domain name in the eyes of its customers. Thus the order for an interim injunction was granted.

A person who has no legitimate interest in a domain name other than for resale at an exorbitant price may well be considered to be acting in bad faith, and thus an order restraining the transfer of the name may be issued. Such was

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29. (2000), 7 C.P.R. (4<sup>TH</sup>) 107 (Lee J., Alberta Court of Queen's Bench).

30. At this time, Network Solutions Inc. no longer placed domain names on hold in these circumstances.

the case in *Itravel2000.com Inc. v. Fagan*<sup>31</sup>. The plaintiff who was a travel retailer with a web site at «www.itravel2000.com» had registered the name «Itravel» with the Travel Industry Council of Ontario and under the *Business Names Act*<sup>32</sup>. The plaintiff wanted to register the domain name «www.Itravel.ca» with the newly created Canadian Internet Registration Authority to obtain a «.ca» domain name. The defendant, who had no connection with the travel industry, had already registered this name and was willing to sell it to the highest bidder. The plaintiff brought an action and sought an interlocutory injunction to restrain the defendant from using, selling, transferring, disposing of, or otherwise dealing with the domain name<sup>33</sup>. The Court held that there was a serious issue to be tried and that the plaintiff would suffer irreparable harm if the domain name were sold before trial. Also because the plaintiff had been expanding its travel business on the Internet and the defendant had acquired the domain name merely to sell it, the balance of convenience favoured the plaintiff. The Court granted the interlocutory injunction<sup>34</sup>.

The Ontario Superior Court of Justice has dealt with one domain name dispute that has come forward not from any cause of action arising in Ontario, but from one in the United States. Before hearing *Easthaven, Ltd. v. Nutrisystem.com Inc.*<sup>35</sup>, Nordheimer J. had to decide whether the Ontario Court of Justice had jurisdiction to hear the case because one party was not domiciled in Ontario. Easthaven, Ltd., a corporation incorporated in Barbados with its head office in Bridgetown, owned the domain name «www.sweetsuccess.com» which featured sports-related content. The domain name was registered with a Delaware corporation whose head office was located in Toronto.

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31. (2001), 197 D.L.R. (4<sup>th</sup>) 760 (Chadwick J., Ontario Superior Court).

32. R.S.O. 1990, c. B.17.

33. The plaintiff laid a complaint to CIRA, but was advised that its dispute resolution policy was not yet in effect.

34. The plaintiff agreed to post \$25,000 as security for damages.

35. (2001), 55 O.R. (3d) 334 (Nordheimer J., Ontario Superior Court of Justice). Nutrisystems.com Inc. also commenced proceedings under the Uniform Domain Name Dispute Resolution Policy and ICANN, but on November 28, 2000, the arbitrators declined to order that the domain name be transferred to Nurisystem.com Inc. *Nutrisystem.com, Inc. v. Easthaven, Ltd.* (2000), CPR Institute for Dispute Resolution, File Number 012, (O'Shaughnessy, Menkel-Meadow, Ellicott).

Nutrisystem.com Inc., a Delaware corporation with major business in Pennsylvania, owned the trade-mark «Sweet Success» which was used in connection with weight loss programmes that it marketed. Upon an inquiry of the Easthaven, Ltd., Nutrisystem.com Inc. was informed that the domain name was for sale for \$146,250. Nutrisystem.com Inc. then commenced an action to gain control over the domain name<sup>36</sup>. Easthaven, Ltd. unsuccessfully brought a motion in Pennsylvania to dismiss the action for lack of *in personam* jurisdiction<sup>37</sup>. Even though the Court dismissed the motion, it subsequently granted Nutrisystem.com Inc. a preliminary injunction restraining Easthaven, Ltd. from transferring the domain name to anyone other than Nutrisystem.com Inc<sup>38</sup>.

Easthaven, Ltd. then commenced an action in Ontario for damages and a declaration that it owned the domain name and an order to transfer «www.sweetsuccess.com» to it. Nutrisystem.com Inc. moved to have the action dismissed on the basis of *forum non conveniens*. The Court held that there was no real and substantial connection between Ontario and the subject matter of the litigation. The mere fact that the domain name was registered by a corporation that happened to carry on business in Toronto did not give the domain name any physical presence or existence in Ontario. Nutrisystem.com Inc. was neither domiciled nor engaged in activities in Ontario, therefore, the Ontario court had no general jurisdiction. The court noted that it would be unreasonable to exercise jurisdiction over a Pennsylvania corporation at the behest of a Barbados corporation and accordingly granted the stay<sup>39</sup>.

As in the Federal Court of Canada, domain name disputes in the provincial superior courts have primarily dealt with procedural issues. Only in

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36. Nutrisystems.com Inc. relied upon the Cyberpiracy Act, 15 U.S.C. & 1125 (1999).  
37. (2000), 58 U.S.P.Q.2D (BNA) 1160, (Fullam, Sr. J., United States District Court for the Eastern District of Pennsylvania. The e-mail and telephone call that included an offer to sell the domain name were sufficient to confer specific jurisdiction upon the Court.  
38. The plaintiff ceased to participate in the action, thus Nutrisystems.com Inc. brought a motion for an adjudication of contempt against the plaintiff. This motion was denied. 2001 U.S. Dist. LEXSIS 5372.  
39. The court also noted that Pennsylvania had already assumed jurisdiction and was the more convenient forum to determine the issues raised in this action. *Supra* note 35 at 344.



*British Columbia Automobile Association v. O.P.E.I.U.*<sup>40</sup> has the court had the opportunity of rendering a decision on the substantive issues. A final order was issued in *Saskatchewan Star Phoenix Group Inc. v. Noton*<sup>41</sup>, but on the basis of a default judgment. In the provincial courts, broader legal principles such as potential breach of fiduciary duty, freedom of speech and jurisdiction have been invoked to assist the courts. However, the reach of their application has been limited due to the nature of procedural issues.

### Assessment

The fact that the majority of cases have dealt with only procedural motions and applications for injunctions would make any assessment difficult. Only two of the fifteen Canadian cases dealing with domain name disputes have issued decisions on the substantive issues. Despite the very expansive and thorough reasoning of Sigurdson J. in the *British Columbia Automobile Association v. O.P.E.I.U.*<sup>42</sup>, one could argue that it is too early to make any opinion of legal precedent in this area. As stated in *Molson Breweries v. Kuettner*, the law in respect of domain names is merely nascent<sup>43</sup>. Several of the cases have had subsequent motions and applications and have not yet been listed for trial<sup>44</sup>.

However, a current search in the Internet of the disputed domain names from both the federal and the provincial superior courts has revealed just how checkered and dubious the court system has been in resolving domain name disputes. In the fifteen cases, five cases in which the party challenging the domain name has been successful, none of the domain names could be found when the search was conducted<sup>45</sup>. A search of the domain name in the one case

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40. *Supra* note 23.

41. *Supra* note 20.

42. *Supra* note 23.

43. *Supra* note 14.

44. For example, *ITV Technologies Inc. v. WIC Television Inc.*, *supra* note 3; *Weight Watchers International v. Vale Printing Ltd.*, *supra* note 6; *Bell ExpressVu Limited Partnership v. Tedmonds & Co.* *supra* note 25 and *Easthaven, Ltd. v. Nutrisystem.com Inc.* *supra* note 35.

45. The last search was conducted on November 1, 2002. Cases in which the challenger was successful were, *Bell Actimedia Inc. v. Puzo*, *Sprint Canada Inc. v. Merlin International Communications Inc.*, *Saskatchewan Star Phoenix Group Inc. v. Noton*, *Innersense*

wherein the court declined jurisdiction has resulted in a transfer to the web site of the party that challenged the name<sup>46</sup>. These results were to be expected.

Cases in which the challenging party has had no success have had interesting search results. In four cases in which the challenging party was unsuccessful in obtaining an injunction, the domain names could not be found in a current search<sup>47</sup>. In another case, the search resulted in a transfer to the corporate web site of the unsuccessful party<sup>48</sup>. In these cases the original owner of the domain name entered into a settlement agreement with the challenger, altered its expectation of the worth of the domain name or simply abandoned the name as a result of some business decision. Finally, in the four cases in which the challenger had no success, the domain names were still in use by the successful party<sup>49</sup>.

Because most of the cases have not progressed to trial, any analysis based on procedural outcome would be, at best, tentative. However, it could be argued that going to trial, and even the court system itself, might not necessarily be the best avenue to address domain name disputes. The court system with its propensity to resort to procedure to resolve disputes has been time consuming and costly. Taking years to resolve a dispute that relates to an address in the Internet has been wasteful for two reasons. Technological changes have not waited for time consuming court challenges. New top-level domains have been created for registration of new domain names that might not be technically identical to ones already challenged. Second, prolonged disputes have resulted in economic waste. Legal costs and foregone use have created business opportunity costs that users have been reluctant to absorb.

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*International v. Manegre and Itravel 2000.com v. Itravel2000.com Inc. v. Fagan, supra* note 31.

46. *Easthaven, Ltd. v. Nutrisystem.com Inc. supra* note 35.

47. The last search was conducted on November 1, 2002. Cases in which the challenger had no success but domain names are not in use were, *Weight Watchers International v. Vale Printing Ltd., PEINET Inc. v. O'Brien, Airline Seat Co. v. 1396804 Ontario Inc.* and *British Columbia Automobile Association v. O.P.E.I.U.*

48. *Molson Breweries v. Kuettner, supra* note 14.

49. Challenged domain names still in use were, *ITV Technologies Inc. v. WIC Television Inc., Toronto.com v. Sinclair, Canada Post v. Epost Innovations Inc., Bell Expressvu Limited Partnership v. Tedmonds & Co.*

## The New Approach

Another venue for the resolution of domain name disputes had been in the works even as the Canadian judiciary dealt with the above-noted cases. Network Solution, Inc. (NSI), which registered top-level domain names in «.com», «.net» and «.org», had a simple, but unworkable dispute policy in place by mid 1995. Because NSI administered its dispute policy, it too often found itself involved in expensive litigation. Also, the dispute policy met criticism from several quarters that NSI was merely protecting its own self interest and had not taken into account the interests of the Internet community as a whole<sup>50</sup>. In a parallel development, the Internet Society formed the International Ad Hoc Committee («IAHC») at the request of the Internet Assigned Numbers Authority to enhance the general class of the generic top-level domains. IAHC's report, published in 1997, included recommendations and provisions to deal with domain name disputes<sup>51</sup>.

Before long the Internet Corporation for Assigned Names and Numbers («ICANN») adopted the Uniform Dispute Resolution Policy («UDRP») and rules which set up administrative proceedings independent from NSI for the resolution of domain name disputes<sup>52</sup>. This system was not intended to replace recourse to the courts, but to provide an expeditious forum for the resolution of a domain name dispute. Under the rules, a dispute could be processed and decided by a panel within three months<sup>53</sup>. The UDRP and rules have been in place since October 1999 and panels have heard thousands of cases<sup>54</sup>.

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50. Natheson, *Showdown at the Domain Name Corral : Property Rights and Personal Jurisdiction over Squatters, Poachers and Other Parasites* (1997), 58 U. Pitt. L. Rev. 911 and G. P. Albert, *Right on the Mark : Defining the Nexus Between Trademarks and Internet Domain Names* (1997), 15 J. Marshall J. Computer & Info. L. 277.

51. See Final Report of International Ad Hoc Committee : Recommendations for Administration and Management of gTDLs «<http://www.iahc.org/draftt-iahc-recommend-00.html>». See also, Memorandum of Understanding for the Internet Council of Registrars «<http://www.gtld-mou.org/docs/core-mou.htm>».

52. ICANN is a non-profit corporation that was formed to assume responsibility for managing the domain name system. This function was previously performed under U.S. Government contract by IANA. See, «<http://www.ican.org/urdp/urdp-schedule.htm>».

53. See policy at, «<http://www.icann.org/udrp/udrp-policy-24oct99.htm>». For rules, see, «<http://www.icann.org/udrp/udrp-rules-240ct99.htm>».

54. For a listing of all cases, see, «<http://www.arbiter.wipo.int/domains/cases/all/html>».

During the 1990s, the Internet was growing at an explosive rate in Canada as well. Discussions in the 1997 Canadian Internet Conference led to the formation of the Canadian Domain Names Consultative Committee to address reform of the .ca domain to a more commercial type of operation. The Committee recommended that a private sector non-profit corporation be set up to take over the administration of the .ca from the University of British Columbia<sup>55</sup>. In late 1998, the Canadian Internet Registration Authority (CIRA) was incorporated to assume this function. In early 1999, the federal government formally recognized CIRA as the new administrator of the .ca and by December 2000, IANA had re-delegated the .ca top-level domain to CIRA<sup>56</sup>.

In November 2001, CIRA had developed and published its own *Domain Name Dispute Resolution Policy* («policy») and *Domain Name Dispute Resolution Policy Rules* («rules»)<sup>57</sup>. The policy and rules became contractually incorporated into every .ca domain registration agreement<sup>58</sup>. Although the policy and rules were based on those developed by ICANN, several modifications in terminology have been introduced<sup>59</sup>. One important change has been the requirement that the complainant satisfy the Canadian Presence Requirements for Registrants<sup>60</sup>.

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55. See, <[http://www.cira.ca/en/about\\_docs.html](http://www.cira.ca/en/about_docs.html)>.

56. For formal recognition, see, <<http://www.iana.org/reports/industry-canada-letter-10oct00.htm>>. For re-delegation, see, <<http://www.iana.org/reports/ca-report-01dec00.htm>>.

57. For the policy, see, <[http://www.cira.ca/en/cat\\_dpr\\_policy.html](http://www.cira.ca/en/cat_dpr_policy.html)>. For the rules, see, <[http://www.cira.ca/en/cat\\_dpr\\_rules.html](http://www.cira.ca/en/cat_dpr_rules.html)>.

58. See, <[http://www.cira.ca/en/doc\\_Registration.html](http://www.cira.ca/en/doc_Registration.html)>.

59. For example, legitimate interests and bad faith in paragraph 3 of the CIRA policy have had their meanings altered slightly in order to address challenges with the WIPO definitions in paragraph 4.

60. CIRA had determined that the .ca domain space should be developed as a key public resource for the social and economic development of all Canadians. Thus, after November 8, 2000, all registrants must meet Canadian Presence Requirements. Only the following individuals or entities will be permitted to register, hold and maintain a domain name : a citizen, permanent resident, legal representative of them, corporation, trust, partnership or association, trade union, political party, educational institution, library, archive, museum, hospital, Indian band, aboriginal people, government or owners or trademarks or official marks. The Guidelines have spelled out in detail the level of Canadian presence to meet the requirement. See, <[http://www.cira.ca/official-doc/47.RPPG\\_00006EN.txt](http://www.cira.ca/official-doc/47.RPPG_00006EN.txt)>.

The purpose of the CIRA policy is to provide a forum in which cases of bad faith registration of .ca domain names can be dealt with relatively inexpensively and quickly<sup>61</sup>. The policy and rules have set forth terms and conditions for the resolution by arbitration of a domain name dispute. The dispute resolution process is called a «Proceeding». The «Complainant», the person initiating the proceeding, submits a complaint to a «Service Provider», the body that administers the dispute resolution process. The «Registrant» is the person who has obtained the registration of a domain name that is in dispute. To accomplish the stated purpose of the policy, the rights of the complainant and registrant and the obligations of the panel and provider have been finely balanced in the rules. Further, each step of the process is procedurally controlled by the rules.

### **The Complaint**

A proceeding is commenced when a complainant submits a complaint to a service provider<sup>62</sup>. The complaint must be submitted in English or French, and be in hard copy as well as electronic form. The contents of the complaint are laid out in the rules. The complainant must specify the basis upon which CIRA's Canadian Presence Requirements are satisfied. The complaint must also state how and to whom any communication for the complainant must be transmitted. The name of the registrant and its registration information known by the complainant must be provided. Every registration that is the subject of the complaint and the identity of the registrars of each registration must be specified.

The substantive contents of the complaint are laid out in the rules<sup>63</sup>. The particulars for the basis of the complaint must be drafted in no more than 5000 words and be in accordance with the policy. Three key elements must be

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61. *Supra* note 57, the policy para. 1.

62. *Ibid.* See the policy, para. 2 and the rules, para. 3. After the complaint has been submitted, the proceeding may not be terminated except by written consent of the parties and notice by them to the provider. See, para. 8 of the rules. Further, upon receipt of the complaint from the provider, CIRA will not allow the registration of the domain name that is the subject of the complaint to be cancelled or transferred. See, para. 2.4 of the policy.

63. *Ibid.*, the Policy, para. 3.2.

shown. First, why the registrant's domain name is confusingly similar to a mark in which the complainant had rights prior to the date of registration must be shown<sup>64</sup>. Second, why the registrant has no legitimate interest in the domain name must be proven. Third, why the registrant is considered as having registered the domain name in bad faith must be stated<sup>65</sup>. A summary of relevant Canadian law together with references to prior dispute resolution proceedings must be provided. In addition, trade-marks upon which the complaint is based must be specified as well as a description of goods, services or business activities for which the trade-mark has been used.

There are several other details as to the form of the complaint that must also be complied with. Up to 5 candidates from the service provider's list shall be nominated by the complainant to serve as panelists. The remedy must be specified. There must be a request that the complaint be submitted for a decision in accordance with the policy and rules. The complaint and any annexed schedules must be submitted to the service provider in 5 hard copies. Finally a certificate that obliges the complainant to agree to be bound by the policy and the rules must be included<sup>66</sup>.

## **The Response**

The response must be filed with the provider within 20 days of the actual or deemed receipt of the complaint<sup>67</sup>. Five hard copies of the response together with any schedules must be submitted in either English or French to the service provider<sup>68</sup>.

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64. *Ibid.* For the meanings of «Mark», «Rights» and «Confusingly Similar», see the Policy, para. 3.2, 3.3 and 3.4.

65. *Ibid.* For the meanings «Use», «Legitimate Interests» and «Registration in bad faith», see the Policy, para. 3.5, 3.6 and 3.7.

66. *Ibid.* Appendix «A» of the policy is the Complainant's Certificate. The complainant agrees to be bound by CIRA's policy and rules. The complainant also agrees to release CIRA, the provider, registrar and panel from any liability. The complainant also agrees to submit to the jurisdiction of the Registrant should the panel decision be appealed to superior court in Canada.

67. *Ibid.* The response is governed by para. 5 of the rules.

68. *Ibid.*, the rules, para. 2. Communication of the complaint from the provider to the registrant must be in both English and French. The language of the response is determined by the registrant.

As in the case of the complaint, the form of the response is clearly set out in the rules<sup>69</sup>. The name of the registrant together with its address, or its authorized representative and how communication is to be conducted must be provided. Up to 5 panelists from the service provider's list who can function in the language of the proceeding must be nominated. The evidence and arguments in the complaint must be responded to in not more than 5000 words. Why the domain name should be maintained as is and why the registrant has a legitimate interest in it must also be included within this limit. A summary of relevant Canadian law that includes any prior decisions of CIRA proceedings shall be provided.

If the registrant can prove on the balance of probabilities that the complaint has been commenced in bad faith, then up to \$5,000 for costs may be claimed<sup>70</sup>. In no more than 1000 words the registrant must show that the complaint has been commenced unfairly and in a wrongful attempt to cancel or obtain a transfer of the domain name. The costs claimed must be related to those incurred by the registrant in responding to the proceeding.

The registrant may seek an extension of time by making a written request to the provider before the response is due. The provider might, in exceptional circumstances, extend the filing period for up to 20 days. The period for filing the response may be consented to in writing by the parties provided the provider has also approved this agreement. However, the provider has the discretion to determine whether exceptional circumstances warrant an extension and the length of the extension.

The response must conclude with a certification by the registrant that the information in the response is complete and accurate. Further, any assertions in the response must be warranted by the policy, the rules or the law as it exists or as it may be extended by argument in good faith<sup>71</sup>. The registrant must also agree that any challenge to the decision of the proceeding be submitted to a

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69. *Ibid.*, para. 5.2 of the rules.

70. *Ibid.*, para. 5.2(h) of the rules. Under Appendix «A» of the rules, the complainant has agreed to pay these costs if ordered by the panel to do so. The amount is to be paid to the provider in trust.

71. *Ibid.*, Appendix «B» of the rules.

superior court of any province or territory in Canada that has jurisdiction over the registrant<sup>72</sup>.

## **The Panel**

The rules not only empower the panel to conduct the proceeding, but also oblige each panelist to make a declaration of impartiality and independence<sup>73</sup>. Before accepting an appointment, each panelist must disclose to the provider any circumstances that could bring impartiality or independence into question. Even if such circumstances do not arise until after a proceeding commences, a panelist must make prompt disclosure to the service provider who has the discretion to appoint a substitute panelist. If discretion is exercised to appoint a new panelist, the service provider must appoint a replacement as soon as possible.

The proceeding must be conducted in a manner the panel considers appropriate in accordance with the policy and the rules<sup>74</sup>. The parties must be treated with equality and each party must be given a fair opportunity to present its case. The panel is empowered to determine the admissibility, relevance, materiality and weight of the evidence. The complaint and response constitute the complete record to be considered by the panel. Neither party has the right to submit further evidence or argument unless requested by the panel to do so<sup>75</sup>. Normally, the proceeding does not include an in-person hearing of any kind<sup>76</sup>.

The panel must ensure that the proceeding has taken place in a timely manner, but in exceptional cases, time limits set down in the rules may be

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72. *Ibid.*, If no court has jurisdiction over the registrant, then there is agreement to submit to the court that has jurisdiction over the provider, or if none, to the jurisdiction of the superior court in the city of Ottawa. Appendix «B» para. 2.

73. *Ibid.*, para. 7 of the rules.

74. *Ibid.*, para. 9 of the rules. The proceeding and all documents must be in English or French or a combination of the two languages. See, para. 10 of the rules.

75. *Ibid.*, para. 11.1 of the rules.

76. *Ibid.*, para. 11.3 of the rules. This also excludes any hearing by teleconference, videoconference and web conference.



extended<sup>77</sup>. This extension may be at the request of a party or upon the panel's own motion. Any written request by a party must be decided in accordance with the policy and the rules. In the absence of exceptional circumstances, failure to comply with a time period established by the rules will force the panel to proceed to a decision. The panel is empowered to draw such inferences from such default, as it considers appropriate<sup>78</sup>.

The panel must produce a written decision on the basis of the evidence and argument submitted and in accordance with the policy and the rules and any laws and principles of the relevant provincial or territorial jurisdiction<sup>79</sup>. The standard of proof is based upon the balance of probabilities<sup>80</sup>. The decision must be forwarded to the service provider within 21 days of the appointment of the panel. The decision is made by a majority of the panelists and any dissenting opinion must accompany the majority decision. The decision must be communicated within 3 days to the parties, the relevant registrar and CIRA. The decision is then published on CIRA's web site and the web site of the service provider<sup>81</sup>.

The panel may decide in favour of the registrant and deny the request to cancel or transfer a domain name. If the panel has decided in favour of the complainant, the panel will then determine whether the registration of the domain name is to be cancelled or transferred to the complainant<sup>82</sup>. But, if the registrant has been successful and has proven that the complaint was commenced in bad faith, then the panel might order the complainant to pay costs incurred by

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77. *Ibid.*, para. 9.1 of the rules. If a party does not comply with a time frame, the panel, in the absence of exceptional circumstances, must proceed to a decision of the complaint. Para. 11.4 of the rules.

78. *Ibid.*, para. 11.5 of the rules.

79. *Ibid.*, para. 12.1 of the rules.

80. *Ibid.*, para. 4.1 of the policy.

81. CIRA will implement a decision to cancel or transfer a domain name as soon as practicable, but no sooner than 60 days after notification by the service provider. If a domain name is to be transferred to the complainant, then the transfer will be effected after the complainant enters into a registration agreement with CIRA. See, para. 4.5 of the policy.

82. *Ibid.*, para. 4.3 of the policy.

the registrant in responding to the proceeding. An amount of up to \$5,000 may be ordered<sup>83</sup>.

### **The Service Provider**

Ostensibly the service provider administers all proceedings<sup>84</sup>. However, in reality, the service provider ensures that the proceedings comply with the rules and policy to the greatest extent possible. The service provider receives all communications from the parties and ensures that they are dealt with in compliance with stated time frames<sup>85</sup>. The service provider receives the complaint from the complainant and has three days to ensure that the complainant is eligible and that no deficiencies exist<sup>86</sup>. If the service provider is not satisfied, then notice of all non-compliance must be given to the complainant within 10 days following the latest receipt of both electronic and hard copy versions. The complainant has 10 days to correct all deficiencies to the satisfaction of the service provider, otherwise, the proceeding will be deemed to have been withdrawn.

In cases when the service provider is satisfied that there has been administrative compliance, the complaint in both English and French is promptly sent to the registrant by whatever means available<sup>87</sup>. The registrant's response is received and reviewed by the service provider to ensure administrative compliance<sup>88</sup>. Both the registrant and complainant must be given notice of the nature of all deficiencies. Any deficiencies must be corrected within 10 days by the registrant to the satisfaction of the service provider, otherwise, the panel must decide the proceeding on the basis of the complaint. The service provider must approve any request for an extension of time. The service provider has the discretion to determine whether exceptional circumstances exist to warrant an extension, and if so, the length of the

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83. *Ibid.*, para. 12.6 of the rules and 4.6 of the policy. This amount is paid to the service provider in trust for the registrant.
84. *Ibid.*, para. 1.6 of the policy.
85. *Ibid.*, para. 4.1, 4.2, 5.4, 5.6, 6.4, 6.5, and 7.3 of the rules and para. 4.4 of the policy.
86. *Ibid.*, para. 1.4 of the policy and para. 4.2(b) of the rules.
87. *Ibid.*, para. 2.1 of the rules.
88. *Ibid.*, para. 5.5 of the rules.

extension<sup>89</sup>. As soon as the response is in administrative compliance, the service provider must promptly send it to the complainant.

The service provider is also instrumental in the selection of the panelists and their appointment<sup>90</sup>. The service provider must maintain on its web site a list of qualified candidates who may serve as panelists. If the language of the complaint and response is not the same, the service provider must take steps to ensure that the parties have selected suitable candidates. In such circumstances, the provider must give the complainant an opportunity to re-nominate candidates who can function in both languages from the list of the service provider. The service provider must appoint three panelists nominated in common by both parties, or if only two names are the same, then those two together with one selected by the service provider. If only one panelist is nominated in common by both parties, then the service provider selects two others. If no panelists are nominated in common by the parties, then the service provider must select all three panelists. The service provider has an obligation to select panelists at random from its list<sup>91</sup>. The panel must be appointed within 5 days after receipt of the response.

If the registrant does not submit a response, then the service provider must notify the complainant of its opportunity to convert the 3-member panel into a single member panel<sup>92</sup>. If the complainant wishes to exercise this option within 5 days, written notice of agreement to the conversion must be given to the service provider. The service provider must then select a member who was not on the list nominated by the complainant. If the complainant fails to request the conversion, then the service provider must select one from the complainant's list of nominees.

The service provider appoints the panel. Notice must be given to the parties of the appointed panelists and of the date by which a decision is to be forwarded to the service provider<sup>93</sup>. The service provider must select the chair

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89. *Ibid.*, para. 5.4 of the rules.

90. *Ibid.*, para. 6.1 and 6.4 of the rules.

91. *Ibid.*, para. 6.7 of the rules.

92. *Ibid.*, para. 6.5 of the rules.

93. *Ibid.*, para. 6.8 of the rules.

of a 3-member panel, but shall favour any panelist whom the parties have in writing agreed to chair the panel. Any disclosure concerning circumstances of impartiality or independence of panelists must be made to the service provider. For disclosures before appointment or even during a proceeding, the service provider has the discretion to appoint a substitute panelist<sup>94</sup>.

The panel's decision is communicated to the service provider, who must within 3 days of receipt, communicate the full text of the decision to each party, the relevant registrar and CIRA<sup>95</sup>. The service provider must publish the full decision on its Web site. If the panel has ordered the complainant to pay any amount to defray the registrant's costs, the money is transferred to the service provider to be held in trust for the registrant. Finally, if a party initiates any legal proceeding or arbitration during a proceeding in respect of the domain name dispute, the service provider must be notified. The service provider must exercise its discretion to decide whether to stay or to terminate the proceeding or to proceed to a decision<sup>96</sup>.

### **Court Intervention**

A proceeding to resolve a domain name dispute under the CIRA policy and rules is not a substitute to resolution by the courts, but rather an alternative. Neither the policy nor the rules declares that a decision of a panel is final and binding. Nor do they mandate the proceeding as a compulsory first step in resolving a dispute. In fact, the policy explicitly states that the availability of a proceeding pursuant to the policy does not prevent the registrant or the complainant from submitting the dispute to a judicial or other administrative forum<sup>97</sup>. The only obligation upon a complainant or registrant during the course of a proceeding is to give notice to the panel and service provider that it has become party to a legal action<sup>98</sup>.

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94. *Ibid.*, para. 7.1 of the rules.

95. *Ibid.*, para. 12.7 of the rules.

96. *Ibid.*, para. 13.2 of the rules. Or, if the panel has been appointed at the time of the disclosure, then the panel has the discretion to make this decision.

97. *Ibid.*, para. 1.7 of the policy. However, the proceeding will be governed by the rules and policy of CIRA unless otherwise agreed to by the complainant, registrant and the service provider.

98. *Ibid.*, para. 13.1 of the policy.

Despite this open invitation, few domain name disputes have been resolved in the courts since the adoption of the ICANN and CIRA alternate forums of dispute resolution. The speed with which a dispute may be dealt with has resulted in the resolution of thousands of cases in many countries<sup>99</sup>. The streamlined and managed procedure of this non-court forum, with less attention to motions and delays, has been an attractive alternative.

However, the courts have a broader role than just the resolution of disputes between parties. The courts provide a supervisory role by way of judicial review of orders to check the excesses of government. For example, appeals of panel decisions under the policy can be heard by way of equitable actions for declarations. The courts also provide a superintending role whereby the validity of another court's order or the order of an administrative body may be challenged by collateral attack in some situations. These applications are few in terms of the number of domain name disputes. The first Canadian decision dealing with a panel decision is that of the Ontario Superior Court of Justice in *Black v. Molson Canada*<sup>100</sup>.

Douglas Black had registered the domain name «www.canadian.biz». He had secured the name through an online auction that was open to the general public. Mr. Black who had participated in the Canadian E-Business Opportunities Roundtable was familiar with the potential of e-commerce and had planned to use his domain name for a profit-seeking venture. Molson Canada demanded that he transfer the domain name to it because Molson's had a well-known beer called «Canadian» that was subject to a Canadian trade-mark. Mr. Black responded by stating that he had no intention of using this generic domain name in connection with beer or other Molson products. Molson

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99. WIPO has heard over 1500 cases, see «<http://arbitrator.wipo.int/cgi-bin/domains/search/SearchCaseCat?lang=eng>» and National Arbitration Forum has heard close to 3000 domain name cases, see «[http://www.arbitration-forum.com/domains/casereults\\_test.asp?FullText=&SearchType=EXACT&CaseNo=&CaseName=&Domains=&CommenceDate=&DecisionDate=&Complainant=&Respondent=&Status=&RulesetID=&Sort=CaseNo](http://www.arbitration-forum.com/domains/casereults_test.asp?FullText=&SearchType=EXACT&CaseNo=&CaseName=&Domains=&CommenceDate=&DecisionDate=&Complainant=&Respondent=&Status=&RulesetID=&Sort=CaseNo)». To date CIRA has had only 5 cases (last checked, April 9, 2003).

100. (2002), 60 O.R. (3d) 457; 115 A.C.W.S. (3d) 311 (O.S.C.J., Wright J.).

admitted that the sole reason for claiming the domain name was its concern that the name might be used inappropriately in the future.

Molson Canada commenced a complaint against Mr. Black on April 26, 2002 in the National Arbitration Forum, which is a dispute resolution service provider accredited by ICANN<sup>101</sup>. A single panelist was appointed on May 30, 2002 and the panel's decision of June 11, 2002 directed that the domain name be transferred to Molson Canada. The panel noted that the domain name was identical to the mark in which the complainant had rights. The panel also was of the opinion that the assertions made by Mr. Black in relation to his planned use of the domain name could «be characterized only as an unsupported, self-serving allegation» that was insufficient to establish any rights or legitimate interests<sup>102</sup>. In addition, Mr. Black's registration of the domain name 4 years after Molson Canada's registration of its trade-mark, and 50 years after its first use constituted bad faith<sup>103</sup>.

Mr. Black applied to the Ontario Superior court of Justice for a declaration that he was the owner of «www.canadian.biz». The Court reviewed the criteria used by the panel in arriving at its decision. These criteria were the elements required by the Uniform Dispute Resolution Policy of ICANN to obtain an order that the domain name be transferred. The Court was of the opinion that a domain name identical to a registered trade-mark in which a complainant had rights should not be the end of the inquiry because the registered trade-mark did not give Molson Canada exclusive use of the word

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101. This dispute was heard under the «Start-up Trademark Opposition Policy» (STOP) which is a Dispute Resolution Policy adopted by ICANN on May 11, 2001. See, «[http://www.neulevel.biz/stop\\_overview/index.htm](http://www.neulevel.biz/stop_overview/index.htm)». It is to be used in trade-mark based domain name disputes. Although the process is very similar to the Uniform Dispute Resolution Policy, STOP carries a lower burden of proof. Unlike the Uniform Dispute Resolution Policy where a claimant must demonstrate that a domain name registrant both registered and used a domain name in bad faith, STOP allows a claimant to prevail where he or she demonstrates that a domain name was either registered or used in bad faith. See, «[http://www.neulevel.biz/stop\\_overview/stop\\_overview.htm](http://www.neulevel.biz/stop_overview/stop_overview.htm)». The Policy adopted by CIRA simply requires that the registrant registered the domain name in bad faith. *Supra* note 57, para. 3.1(c).

102. *Molson Canada v. %2d%2d* Claim No. FA0204000223451 at 4 (Robert R. Merhige, Jr., Panelist).

103. *Ibid.* at 5.

«Canadian». The trade-mark did protect the use only with respect to beer<sup>104</sup>. The Court applied a subsequent American arbitration case that had refused to order a transfer of the domain name «www.american.biz» because the word «American» was geographically descriptive and therefore not capable of protection by the trade-mark owner<sup>105</sup>. The Court concluded that there was no evidence of infringement of the use of the trade-mark name in this case and that Mr. Black should be able to continue to use the domain name.

The Court did not agree with the panel that Mr. Black had not established that he intended to use the domain name primarily for bona fide business purposes. The Court noted that one restriction of registering a «.biz» domain name was that there must have been an existing use or intention to use it for business purposes. Further, due to the manner in which the domain name had been auctioned off, it was unreasonable to expect that hopeful registrants had spent a great deal of time developing business plans. The Court also disagreed with the finding of bad faith by the panel. The Court noted that if the panel was correct, then the only person who could have registered «www.canadian.biz» without bad faith was Molson Canada.

Therefore, the Court declared that Mr. Black was the rightful registrant of the domain name and that Molson Canada had no valid rights, title or interest in «www.canadian.biz».

The decision was brief and straightforward in its disagreement with the panel's conclusions. However, the Court did not say why it exercised its discretion to grant the declaration. Mr. Black did not apply for judicial review of the decision of the panel. Could the order of declaration be considered a collateral attack on the panel's decision? If not, then would issue estoppel be applicable in these circumstances? Further, would Mr. Black have been successful had he applied for judicial review of the panel's decision?

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104. The trade-mark registration details stated that the applicant disclaimed the right to exclusive use of the word «Canadian» in all wares except alcoholic beverages, namely beer. *Supra* note 100 at 315.

105. *American Airlines v. WebWide Internet Communication GmbH*. Claim Number : FA0204000112518.

## Attack or Review by the Courts?

Decisions of panels under the Uniform Dispute Resolution Policy adopted by ICANN or the policy of CIRA do not originate from any statutory source. However, both the complainant and registrant have agreed to be bound to the terms and conditions set out in the policy and the rules for the resolution of a domain name dispute. The complainant voluntarily accepts this alternate process at the time the complaint is launched<sup>106</sup>. The registrant agrees to submit to any dispute relating to its domain name by a third party in the contract with the registrar<sup>107</sup>. This occurs at the time the domain name is registered. Thus, the panel would be regarded as a consensual tribunal in administrative law.

Is the decision of a consensual panel amenable to review by the courts? In the traditional common law, decisions of consensual tribunals were not amenable to the prerogative remedies<sup>108</sup>. These decisions were of a «domestic» nature and not scrutinized as to their correctness by the courts. On the other hand, there is case law that has allowed the prerogative remedies to issue against consensual bodies<sup>109</sup>. Procedural reforms have made the statutory versus non-statutory distinction less important in certain jurisdictions<sup>110</sup>. Moreover, private law remedies such as the declaration are not restricted to statutory proceedings and now application for judicial review in certain jurisdictions can be used to obtain traditional private law as well as prerogative remedies<sup>111</sup>. In appropriate

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106. *Supra* note 57. See, the rules, Appendix «A».

107. Registration agreement Articles 3.1(a)(iv) and 10, «<http://www.cira.ca/official-doc/registrant-agreement-11-01.txt>». See also the rules, *supra* note 57, Appendix «B».

108. *Skoreyko v. Belleville* (1991), 115 A.R. 61 (Alta. C.A.).

109. For example, see, *Senez v. Montreal Real Estate Board*, [1980] 1 S.C.R. 555. In *Telecommunication Workers Union v. British Columbia Telephone Co.*, [1988] 2 S.C.R. 564, the majority of the Supreme Court of Canada upheld a consensual arbitrator's award, but proceeded on the assumption that it could be subject to judicial review if there had been a jurisdictional error.

110. See, *Judicial Review Procedure Act*, R.S.O. 1990, c. J.1; and the *Federal Court Act*, R.S.C. c. F-7 ss. 18 and 28.

111. See, Jones and de Villars, *Principles of Administrative Law* (Toronto : Carswell, 1999) at 510. However, in Ontario, a declaration in a non-statutory context may be available under the Rules of Court : Rule 14.05(3)(g) : see D. Mullan, *Administrative Law* (Toronto : Irwin Law, 2000), 3d ed., 550.



proceedings, then, panel decisions under the CIRA and ICANN policies should normally be amenable to review by the courts.

Mr. Black sought a declaration that he was the rightful registrant of the domain name and that Molson Canada had no rights to the domain name to prevent his registration of it. As Mr. Black did not ask for a judicial review of the panel's decision, the declaration was in essence a collateral attack on the panel's decision. Unfortunately, the Court gave no reasons for exercising its equitable jurisdiction the way it did.

### **Collateral Attack**

Normally an order made by a court having jurisdiction to make it stands and is binding unless it has been set aside on appeal or lawfully quashed<sup>112</sup>. Nor can such an order be attacked in proceedings other than those, whose specific purpose has been to reverse, vary or nullify the order<sup>113</sup>. The Supreme Court of Canada has articulated factors to be considered when determining whether an administrative order can be subject to a collateral attack<sup>114</sup>. These factors include the wording of the statute from which the power to issue the order is derived, the purpose of the legislation, the availability of an appeal, the nature of the collateral attack in relation to the expertise or purpose of the tribunal, the penalty for failing to comply with the order and most importantly, the legislature's intention as to the appropriate forum<sup>115</sup>.

Responses to several of these factors can be found in the policy of the alternate dispute resolution process. The purpose of a proceeding under the policy is to provide a forum to deal inexpensively and expeditiously with a bad faith registration of a domain name. The policy articulates the considerations to be taken into account to determine the basis of the complaint and the powers

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112. *Wilson v. The Queen* (1983), 4 D.L.R. (4<sup>th</sup>) 577 (S.C.C.).

113. *Ibid.* at 599.

114. *R. v. Consolidated Maybrun Mines Ltd.*, [1998] 1 S.C.R. 706.

115. *Ibid.* at 729.

of the panel to issue specific orders<sup>116</sup>. Definitions of key words for consideration by the panel are stated and how evidence is to be weighted, on the balance of probabilities, is also stated<sup>117</sup>. However, no process of appeal, or review, of the panel's decision is provided in the policy. While the lack of a right to appeal a decision within the policy itself is an important factor in considering a collateral attack, it should not be decisive.

The question as to whether the court can determine the validity of the panel's decision on a collateral basis depends on whether the policy intended the court as opposed to the panel to be the appropriate forum for making a final decision. The policy does state that the availability of a proceeding pursuant to the policy does not prevent either the registrant or the complainant from submitting the dispute between them to a judicial proceeding at any time for independent resolution<sup>118</sup>. However, the rules restrict the service provider's discretion to stay or terminate a Proceeding under the policy to when legal proceedings have been commenced prior to or during a Proceeding. The policy does permit recourse to the courts when circumstances have mushroomed into issues broader than bad faith registration under the policy. Further, the submissions of the parties may bring to light issues not covered by the policy, thus recourse to the courts is not blocked by the existence of the policy itself.

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116. The policy, para. 3.1 and 4.3. The panel has power only to deny the complaint, or if the panel decides in favour of the complainant, whether the registration should be cancelled or transferred to the complainant.

117. The policy, para. 3.2 to 3.5 and 4.1.

118. The policy, para. 1.7. states, «The availability of a Proceeding pursuant to the Policy will not prevent either the Registrant or the Complainant from submitting a dispute between them to a judicial or administrative proceeding, arbitration, mediation or any other procedure at any time for independent resolution.» The rules, para. 13.2 States, « In the event that any legal proceeding or other arbitration is initiated prior to or during a Proceeding in respect of a domain name Registration dispute that is subject to the Proceeding, the Panel, or if no Panel has been appointed, the Provider, shall have the discretion to decide whether to stay or terminate the Proceeding or to proceed to a decision.» One could argue that «at any time» is not the same as «at any time before or during the Proceeding», and even if it were, the reason the service provider has power to suspend or terminate a Proceeding only during its existence is to conserve resources pending an adverse court decision. Also, after the Proceeding, an adverse court decision could undue the effect of the panel decision without any need for administrative termination. If this be true, why had the applicant to the court not have availed himself/herself of this prior to the final decision?

There are other factors that must be considered to determine whether the Court could use its equitable discretion to attack the panel's decision. The parties had agreed to have their dispute resolved by the alternate resolution process. They had the option, as provided by the policy, to either commence judicial proceedings to resolve their dispute or transfer it to the courts during the dispute resolution Proceeding. Neither party did so until after the panel's decision. It would be contrary to the purpose of the policy to allow an attack on the panel's decision by a losing party. Additional costs and extended time of court action after a decision of the panel would undermine the policy. The credibility of the alternate dispute resolution process would be brought into question despite the carefully drafted policy and finely balanced procedural protections within the rules.

Further, the conclusions that were attacked in the Court decision were the very ones that the policy had mandated the panel to decide. This is not a case of the panel taking into account any extraneous or foreign considerations in making its decision. The Court did not question the validity of the policy requirements that formed the basis of the complaint, but rather disagreed with the panel's conclusion based on the evidence. The panel in *Black v. Molson* did not consider any matter that would cause the panel to lose its jurisdiction. Nor did the Court state what would cause the panel to lose its jurisdiction through the consideration of factors other than those specifically mandated by the policy. The panel merely exercised the powers conferred upon it by the policy to which the parties had agreed.

Finally, there are other reasons that should curtail any collateral attack on the validity of the panel's decision. The policy does not purport to regulate a certain sector of our society's economy, such as regulations covering media, health or the environment. The policy resolves a relatively narrow band of disputes relating to bad faith domain name registrations. *Black v. Molson* is neither a case of a concerned citizen who has brought the excesses of government to the courts nor who has demonstrated any unlawfulness of state action. This case involves the determination of an economic right between two parties, not the determination of a public interest right that carries a penal sanction for contravention. As such, one would question the efficiency of expending judicial resources to allow the collateral attack and to undermine the

administrative integrity of a private administrative tribunal in these circumstances.

### **Application of Issue Estoppel**

Closely related to the issue of collateral attack is the doctrine of issue estoppel. Issue estoppel provides that where there has been a final judicial decision on an issue by an adjudicator of competent jurisdiction, the same parties cannot re-litigate that issue<sup>119</sup>. The purpose of the doctrine is to ensure finality, to minimize wasteful litigation and to protect successful parties from undue harassment from the losers<sup>120</sup>. Judicial decisions should be conclusive of issues decided unless and until reversed on appeal<sup>121</sup>. In the administrative context, issue estoppel helps protect tribunal advantages of speed, expertise and informality against erosion by formal proceedings in ordinary courts<sup>122</sup>.

There are three preconditions that must be met before issue estoppel may be applied. The question to be decided must be the same, the prior judicial decision must have been final and the parties to the judicial decision must be the same<sup>123</sup>. A common element of these preconditions is that the decision of the prior proceedings must have been judicial. If these preconditions have been successfully established, then the court must still determine whether, as a matter of discretion, issue estoppel ought to be applied.

According to the criteria used by the Supreme Court in this context<sup>124</sup>, the decision by a panel under the policy of the alternate dispute resolution proceedings would likely be considered a judicial decision. Under the policy, the panel has been appointed to consider the evidence submitted by the parties and to render a decision that is implemented by the service provider and the top

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119. *Danyluk v. Ainsworth Technologies Inc.*, [2001] 2 S.C.R. 460.

120. See D. W. Elliott, *Roundabout Justice : A Comment on Danyluk v. Ainsworth Technologies* (2002), *Alberta Law Review* 977 at 978.

121. *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119.

122. Elliott, *supra* note 120 at 979. Professor Elliott articulates the relation between collateral attack and issue estoppel, at 984 – 993.

123. *Angle v. Minister of National Revenue*, [1975] 2 S.C.R. 248.

124. *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119.

level domain authority<sup>125</sup>. The policy directs the panel as to what considerations must be taken into account and how to weigh them. The service provider ensures that the provisions of the policy and rules have been complied with. Specifically, the service provider ensures that both the complainant's and registrant's submissions have been in compliance with the rules and policy. Any deficiencies must be brought to the attention of the complainant or registrant within stated time frameworks to ensure compliance. The panel is empowered under the policy to make a decision that will determine who has right to the domain name in question. Thus the panel has an adjudicative function, not an investigative one.

Have the three preconditions been met in *Black v. Molson*? Mr. Black sought a declaration that was based on the same facts and issues considered by the panel<sup>126</sup>. The same bases were used to prove Mr. Black was the rightful registrant of the domain name as against Molson Canada. Even though either party to the proceeding under the policy had a right to transfer the dispute to the courts either before or during the Proceeding, the panel's decision was final under the policy<sup>127</sup>. Finally, the parties are the same in the Superior Court of Justice as the Proceeding under the policy. Thus, the preconditions have been met and therefore, the decision of the panel could give rise to issue estoppel.

Should the Court have exercised its discretion to apply issue estoppel in these circumstances? The doctrine of issue estoppel is designed as an implement of justice, and as a protection against an injustice. The exercise of the discretion is case specific and depends upon the circumstances. The discretion must respond to the realities of each case and the application of the

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125. The policy, para. 4.2.

126. *Poucher v. Wilkins* (1915), 33 O.L.R. 125 (C.A.). The Court of Appeal stated that a cause of action has traditionally been defined as comprising every fact which it would be necessary for the plaintiff to prove, if disputed, in order to support his or her right to judgment of the court.

127. It should be noted that in *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119, that the Appellant did not avail herself of the potential of review of the employment standards officer's decision. Further, s. 6(1) of the *Employment Standards Act*, S.O. 1996, c. 23, s. 19(1), states that no civil remedy of an employee against his or her employer is suspended or affected by this Act. The decision of the employment standards officer was considered to be the final in the Supreme Court of Canada.

doctrine must not result in an injustice<sup>128</sup>. The discretion for issue estoppel is as wide as under the rule against collateral attack.

In the circumstances of *Black v. Molson Canada*, it would have been appropriate for the Superior Court of Justice to exercise its discretion in favour of applying issue estoppel. This is not a case wherein the panel's decision had been reached contrary to the principles of natural justice<sup>129</sup>. Each party was guided by the Service Provider to ensure compliance with the policy and rules. This is not a case of any alleged error in carrying out the policy's mandate. Further, neither party exercised the right to transfer this dispute to the courts in circumstances permitted by the policy. Nor is this a case wherein one party would suffer an injustice due to some «stubborn fact» if the court had exercised its discretion to apply issue estoppel<sup>130</sup>.

What has occurred is an attack on the alternate dispute resolution process itself and the undermining of a policy meant to be a relatively quick and inexpensive means of resolving domain name disputes. The parties had agreed to the alternative dispute process and all its consequences. The service provider had ensured compliance with the governing documents. The panel was not comprised of lay persons but a legally trained retired judge who had experience in the field<sup>131</sup>. Further, Mr. Black, knowledgeable in the Internet and a self-employed research consultant had not invested a great deal of time or money in the contested domain name. He had agreed to the dispute resolution process at the time of registration of the domain name. Further, there was no unusual fact in existence to create a potential injustice in the circumstances.

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128. *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119 at 492. At page 494, the Court noted seven factors for consideration to determine whether to exercise discretion : the wording of the statute from which the power to issue the administrative order derives, the purpose of the legislation, the availability of an appeal, the safeguards available to the parties in the administrative process, the expertise of the administrative decision maker, the circumstances giving rise to the prior administrative proceedings and potential injustice.

129. As was *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119.

130. *Ibid.* at 499. Mrs. Danyluk had a claim to commissions worth \$300,000 that never had been properly considered.

131. *Infra* note 155.

Generally, no basis was stated by the Ontario Superior Court of Justice as to the exercise of its discretion to grant the declaration. It is an error in principle not to address the factors for and against the exercise of discretion that the court clearly possesses<sup>132</sup>. This default should be sufficient grounds for an appellate court to intervene.

## **Judicial Review**

Mr. Black did not ask the court for a judicial review of the panel decision. Would he have been successful in such an application? Upon what grounds can a court review the decision of a consensual tribunal? Because the jurisdiction of a domestic tribunal is founded in contract, the terms of the contract must be properly interpreted<sup>133</sup>. Also, any discretion must be exercised properly and the rules of natural justice must be observed<sup>134</sup>. Therefore, the courts may review errors made of consensual tribunals within their respective jurisdictions as set out in the contract between the parties. On the other hand, the courts will not interfere with a specific question of law that the parties have agreed to have the consensual tribunal determine. In short, the judicial review of these decisions is comparable to the grounds of review of a decision by a statutory body<sup>135</sup>.

## **Standard of Review**

What standard of review should be applied to decisions made by consensual tribunals if the test is the same as the review of a statutory tribunal<sup>136</sup>? The underlying principle is that the parties have chosen to have their dispute determined in a forum other than the courts<sup>137</sup>. The challenge, then, is

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132. *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119 at 493.

133. *Lee v. Showmen's Guild of Great Britain*, [1952] 1 All E.R. 1175.

134. *Lakeside Colony of Hutterian Brethern v. Hofer*, [1992] 3 S.C.R. 165.

135. *Jones and de Villars*, *supra* note 111 at 511.

136. *Ibid.* at 513.

137. *International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.), Local 720 v. Volvo Canada Ltd.*, [1980] 1 S.C.R. 178. With respect to deference, Laskin C.J.C. at 184 stated, «The underlying principle in that respect has been that the parties, having chosen to have their dispute determined without recourse to the Courts, indeed, having contracted on that basis and being entitled to do so and to have their

to distinguish matters that the parties intended to confer solely on the consensual tribunal from matters that relate to jurisdiction. As in statutory tribunals, the Courts are reluctant to interfere with matters that the legislature intended to be dealt with by the statutory delegate. In consensual tribunals, the only difference is that the source of the authority creating the decision-maker stems from contract, not statute.

What is the standard of review applicable to statutory bodies? In recent years the Supreme Court of Canada has had considerable opportunity to discuss this issue in several cases<sup>138</sup>. Over time the Supreme Court has shifted the application of the «nominate defects» test to the «pragmatic and functional» approach for the purpose of judicial review<sup>139</sup>. The former test includes the traditional categories of bad faith, improper purpose, failing to consider relevant factors or considering no evidence, to review either factual or discretionary aspects of a decision. However, this approach resulted in excessive judicial interventionism, and as a result of calls for restraint, the Supreme Court has shifted to the «pragmatic and functional» approach for substantive judicial review<sup>140</sup>.

The approach that the Supreme Court of Canada now adopts is to weigh the relevant functional factors to determine the appropriate standard of review

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agreement carried out, there should be a minimum interference by the Courts with the ultimate award.»

138. *Suresh v. Canada (Minister of Citizenship and Immigration)*, [2002] SCC 1; *Baker v. Canada (Minister of Citizenship and Immigration)*, [1999] 2 S.C.R. 817; *Pushpanathan v. Canada (Minister of Citizenship and Immigration)*, [1998] 1 S.C.R. 982; *Pasiechnyk v. Saskatchewan (Workers' Compensation Board)*, [1997] 2 S.C.R. 890; *Canada (Director of Investigation and Research) v. Southam Inc.*, [1997] 1 S.C.R. 748; *Ross v. New Brunswick School District No. 15*, [1996] 1 S.C.R. 825; *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557; *Canada (Attorney General) v. Ward*, [1993] 2 S.C.R. 689; *University of British Columbia v. Berg*, [1993] 2 S.C.R. 353; *United Brotherhood of Carpenters and Joiners of America, Local 579 v. Bradco Construction Ltd.*, [1993] 2 S.C.R. 316; *Canada (Attorney General) v. Mossop*, [1993] 1 S.C.R. 554; *National Grain Growers Association v. Canada (Import Tribunal)*, [1990] 2 S.C.R. 1324; *Union des employes de service, Local 298 v. Bibeault*, [1988] 2 S.C.R. 1048.
139. For a comprehensive review of the relationship between the traditional grounds and the pragmatic functional approach, see, D.W. Elliott, *Suresh and the Common Borders of Administrative Law : Time for the Tailor?* (2002), 65 Saskatchewan Law Review 469.
140. *Ibid.* at 480.



in specific circumstances. Central to this inquiry is the legislative intent of the statute creating the tribunal<sup>141</sup>. Courts are to identify factors such as the presence of any privative clause, the relative expertise of members of the tribunal, the purpose and wording of the relevant statute and the nature of the tribunal's decision<sup>142</sup>. No factor, by itself, will be dispositive, but will be an indication of a level of deference to be shown to the decision in question. The Courts are to weigh these factors to decide if review should occur at a minimal level of patent unreasonableness, at a moderate level of reasonableness, or at a high level of correctness.

### **Application of Standard to Domain Name Decisions**

The purpose of the policy of CIRA is to provide a forum to resolve disputes of .ca domain names that have been registered in bad faith<sup>143</sup>. The goal is to deal with disputes in an inexpensive but expeditious manner. The policy has been developed by experts in intellectual property and sets forth the terms and conditions for resolution by arbitration. The rules under which this process is to be governed have finely balanced the procedural rights of the complainant and registrant. The service provider administers the proceedings and ensures that the rules are complied with in terms of content and procedure. Both complainant and registrant have agreed to be bound by the policy and rules. Therefore, the intent of the policy and the rules is to provide a forum separate from the courts to resolve domain name disputes that fall within the scope of the policy<sup>144</sup>.

Under the policy the panel must determine whether the domain name in question is confusingly similar to a mark in which the complainant had rights, whether the registrant has a legitimate interest in the domain name and whether the registrant has registered the domain name in bad faith. This decision determines the rights of the parties and is not a question of balancing entitlements between different constituencies nor of managing any policy

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141. See, *Pushpanathan*, *supra* note 138.

142. See, *Bibeault*, *supra* note 138 and *Pushpanathan*, *supra* note 138.

143. *Supra* note 57, the policy, para. 1.

144. *Supra* note 57, the policy, para. 3. In 3.1(a), the policy defines the limits of the dispute and clearly defines what constitutes the basis for the complaint.

development<sup>145</sup>. The policy tests are not vague, open-textured nor do they involve any «multi-factored balancing test» that would favour a lower standard of review<sup>146</sup>. However, the policy specifies the tests to be considered and defines precisely their constituent elements and states how they are to be weighed<sup>147</sup>.

Is the panel's decision one of fact or law? The courts are less deferential of decisions that are determinations of law, but the line to be drawn between questions of law and questions of fact is difficult to determine<sup>148</sup>. The policy and the rules leave little discretion to the panel. The service provider ensures that the complaint and the response are in compliance with the policy and the rules. There is no in-person hearing nor contact with the parties by the panel. The only remedies available, denial of the complaint or cancellation or transfer of the domain name, must be applied after evidence and argument found in the written submissions by the parties have been made. The decision must be made in accordance with the policy and rules. The law to be considered is clearly articulated in the policy and the panel is instructed as to what weight should be given to the different tests<sup>149</sup>. The decision of the panel is a tightly controlled and considers a very narrow application of the law.

There is no privative clause in the policy. Recourse to the dispute resolution process under the policy does not prevent either party from submitting

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145. *National Corn Growers*, *supra* note 138.

146. *Southam*, *supra* note 138.

147. *Supra* note 57. Para. 3 of the policy states precisely what the meaning of «Mark», «Rights», and «Confusingly Similar» mean with respect to the basis for the complaint. Further, para. 4 of the policy states that even if the complainant has proven the confusingly similar requirement as well as bad faith registration, the registrant will still succeed if the registrant proves, on the balance of probabilities, that the registrant had a legitimate interest in the domain name. The detailed meaning of «legitimate interest» and «bad faith registration» are stated in para. 3.6 and 3.7 of the policy.

148. *Southam*, *supra* note 138. In *Mossop*, *supra* note 138 at 559, L'Heureux-Dube J. stated, «In general, deference is given on questions of fact because of the “signal advantage” enjoyed by the primary finder of fact. Less deference is warranted on questions of law, in part because the finder of fact may not have developed any particular familiarity with issues of law. While there is merit in the distinction between fact and law, the distinction is not always so clear. Specialized boards are often called upon to make difficult findings of both fact and law. In some circumstances, the two are inextricably linked».

149. *Supra* note 57.

the dispute to a judicial or other administrative proceeding, arbitration, mediation or other proceeding for independent resolution<sup>150</sup>. The presence of a privative clause is normally compelling evidence that the court ought to show deference to a tribunal's decision, but the absence of a privative clause does not necessarily imply a high standard of scrutiny<sup>151</sup>. Other factors that may indicate the contrary have to be considered. In terms of the policy, the fact that alternate proceedings are so openly available to either party, should not undermine the true intention of policy and parties themselves, namely, to have a conclusive determination of a dispute expeditiously and inexpensively. Otherwise, an aggrieved party with substantial resources could always have recourse to the courts after a decision of the panel. This would result in greater expenditure of resources, extension of time before final resolution and militate against the purpose the policy and original intention of the parties. Thus the absence of a privative clause should not be weighted heavily in determining the standard of review.

The most important factor in settling the standard of review is expertise. As Bastarache J. stated in *Pushpanathan v. Canada (Minister of Citizenship and Immigration)*, «If a tribunal has been constituted with a particular expertise with respect to achieving the aims of an Act, whether because of the specialized knowledge of its decision-makers, special procedure, or non-judicial means of implementing the Act, then a greater degree of deference will be accorded»<sup>152</sup>. Further, expertise is to be considered a relative concept, not an absolute one. The evaluation of relative expertise has three dimensions<sup>153</sup>. First, the court must have regard to the expertise of the tribunal in question. Second, the court must consider its own expertise relative to the tribunal and finally, the nature of the specific issue before the administrative decision-maker relative to this expertise. A decision that involves application of a highly specialized expertise should result in a lower standard of review and will favour a higher degree of deference.

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150. *Supra* note 57. The policy, para. 1.7.

151. *Pushpanathan*, *supra* note 138.

152. *Supra* note 138 at 1007.

153. *Ibid.* at 1008.

With respect to the alternate dispute resolution process set up originally up under WIPO supervision and then CIRA, relative expertise takes on new meaning at three levels. First, the policy and rules were promulgated only after serious consideration by experts in the areas of intellectual property and trademarks. The policy sets out in detail the disputes to which it applies as well as the requirements of proof. The tests to determine whether the domain name in question infringes a registered trade-mark are spelled out and key words have expansive definitions. These tests represent years of case law development and international consensus. The rules carefully articulate a balanced procedure to preserve the rights between the complainant and respondent and the relation of them to the service provider and the panel.

The service providers who must be accredited by CIRA are central to the administration of the proceeding for .ca domain name disputes. The service providers are also experts in the administration of trade-marks and intellectual property. Their responsibilities extend beyond mere process administration. Under the rules, service providers must ensure that the complaint and response are in compliance with the policy and rules. Even though the service provider has no authority to decide matters of a substantive nature, any deficiencies in the complaint or response must be brought into compliance to the service provider's satisfaction. The service provider also sets the standards for appointment of panelists to the service provider's list. The service provider also has the discretion to appoint a new panelist in the event the issue of impartiality or independence arises and who to appoint to a panel in the event that neither party can agree.

The persons on the list of panelists of the two providers in Canada are not lay persons, but all experts in the area of intellectual property and trademarks. All are lawyers, law professors or retired judges<sup>154</sup>. To be placed on the list, panel members must have the confidence of the provider as to integrity and

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154. For Resolution Canada Inc., one of the CIRA service providers, see [«http://www2.resolutioncanada.ca/content/list-adjudicators.php»](http://www2.resolutioncanada.ca/content/list-adjudicators.php) and for the other service provider, British Columbia International Commercial Arbitration Centre, see [«http://www.bcicac.ca/cfm/index.cfm?L=70&P=126»](http://www.bcicac.ca/cfm/index.cfm?L=70&P=126). For the National Arbitration Forum, see [«http://www.arbitration-forum.com/about/questions.asp#18»](http://www.arbitration-forum.com/about/questions.asp#18), wherein mostly retired judges are selected.

ability and have demonstrated skills and competence as arbitrators<sup>155</sup>. A profile of each member on the list is available on the provider's web-site. The panelists apply a highly specialized expertise and as a result, a high degree of deference should be accorded to the decision of the panel.

When all these factors are weighed together, what should the appropriate standard of review be for a panel's decision? The expertise employed to arrive at a decision is high and should be a major factor in favour of a low standard of review. The articulation of legal tests in the policy together with the mandated weighing of these tests should also favour deference because the question to be addressed by the panel is not one of law, but whether the submissions of the parties have met the tests of the policy. Also the intention of the parties to have a domain name dispute conducted outside the realm of the court by a highly sophisticated procedure should also be a consideration that militates against a high standard of review. On the other hand, the lack of a privative clause could be a factor that would prompt judicial review.

### ***Black v. Molson Revisited***

It could be argued that the domain name dispute resolution policy under UDRP or CIRA was never intended to replace litigation, but was intended to ensure that the parties could seek independent judicial resolution of a dispute, regardless of whether its proceeding reached a conclusion<sup>156</sup>. Recourse to the

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155. For general guideline for selection of panelists for BCICAC, see, [«http://www.bcicac.ca/cfm/index.cfm?L=1&P=70»](http://www.bcicac.ca/cfm/index.cfm?L=1&P=70) and for the National Arbitration Forum, see, [«http://www.arbitration-forum.com/about/questions.asp#18»](http://www.arbitration-forum.com/about/questions.asp#18).

156. See WIPO, *The Management of Internet Names and Addresses : Intellectual Property Issues : Final Reporter of the WIPO Internet Domain Name Process* 139, 150(iv), at [«http://wipo2.wipo.int/process1/report/finalreport.html»](http://wipo2.wipo.int/process1/report/finalreport.html) (April 30, 1999).

American cases wherein the courts have not felt bound by the outcome of administrative proceedings include *Weber-Stephen Products Co. v. Armitage Hardware and Building Supply, Inc.* (2000), 54 U.S.P.2D(BNA) 1766, *Referee Enterprises, Inc. v. Planet Ref, Inc.*, 2001 U.S. Dist. LEXIS 9303, *Dan Parisi v. Netlearning, Inc.* 2001 139 F. Supp. 2d 745, *Registral.com, LLC v. Fisher Controls International, Inc.* 2001 U.S. Dist. LEXIS 10002, *Strick Corporation v. James B. Strickland* 2001 162 F. Supp. 2d 372, *Lawrence Storey v. Cello Holdings, LLC.* 2002 182 F. Supp. 2d 355, *Eurotech, Inc. v. Cosmos European Travels Aktiengesellschaft* 2002 189 F. Supp. 2d 385, *Barcelona.com v. Excelentissimo Ayuntamiento De Barcelona* 2002 189 F. Supp. 2d 367. See also, D. E. Sorkin *Judicial*

courts would serve as an integral quality control mechanism in the system and protect it against faulty decisions. Further, because the dispute would not necessarily be settled by the proceedings under the policy, no deference to a panel decision need be given in judicial review<sup>157</sup>.

On the other hand, judicial review could also be viewed as a mechanism of controlling and supervising decisions of administrative bodies, with or without the existence of a privative clause<sup>158</sup>. Canadian Courts have taken an approach wherein several considerations are weighed, with no one factor necessarily being conclusive when determining what level of deference ought to be given to the decision of an administrative body<sup>159</sup>. Nor have the Courts allowed administrative law doctrines to preclude review of a decision that has resulted in an injustice<sup>160</sup>.

Reform of the domain name dispute resolution policy as a system has become a factor, not necessarily for judicial review, but for the legitimacy of the process itself. Language in the policy that gives trade-mark owners an advantage over domain name owners<sup>161</sup>, the lack of an internal appellate process and the inability to deal with multiple legitimate claimants to a single domain name have been suggested areas of reform<sup>162</sup>. Other suggestions for procedural reform relate to bias in the complainant's rate of success that has resulted in

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*Review of ICANN Domain Name Dispute Decisions*, (2001), 18 Computer & High Tech. L.J. 35.

157. *Dluhos v. Strasberg* 2003 321 F. 3d 365. The U.S. Court of Appeals for the Third Circuit held that a decision of a domain name panel did not qualify as an «arbitration» under the American *Federal Arbitration Act* 9 U.S.C.S. 10(a)(2)-10(a)(3). As a result, the dispute resolution panel decision was not entitled to an «extremely deferential» review in the federal courts.
158. See, *Canada (Attorney General) v. Mossop*, *supra* note 138 and *Douglas Aircraft Company of Canada Ltd. v. McConnell*, [1980] 1 S.C.R. 245.
159. *Pushpanathan*, *supra* note 138.
160. *Danyluk v. Ainsworth Technologies Inc.*, *supra* note 119.
161. P.D. Kelly, *Emerging Patterns in Arbitration Under the Uniform Domain Name Dispute Resolution Policy* (2002), 17 Berkley Tech. L.J. 181.
162. J.J. McMurray *Policy Considerations From a Practitioner's Perspective : The UDRP v. Traditional Litigation : May the Best Process Win* (2001), 20 St. Louis Pub. L. Rev. 379.

forum shopping<sup>163</sup>. A Review Board that could identify cases to be identified as creating binding precedents has also been suggested<sup>164</sup>. The Review Board would provide greater predictability, help in eliminating bias and strengthen the legitimacy of the process itself.

In light of the above, was *Black v. Molson* correctly decided? The answer to this question will have to be decided by an appeal court in the future. The Court simply disagreed with the conclusions of the panel with regard to the tests set down in the policy and was of the opinion that there had to be evidence that the domain name infringed the use of the trade-mark name. However, the tests set down in the policy are not meant to determine infringement but rather whether a particular domain name should be either cancelled or transferred, after the tests, individually and collectively, have been applied to the submissions<sup>165</sup>.

A collateral attack on the decision of the panel is hard to support according to the tests laid down by the Supreme Court of Canada. In principle, the application of issue estoppel would have been a more appropriate exercise of the Court's discretion. Further, the Court failed to consider the factors for and against its intervention. This omission, by itself, should be grounds of appeal.

## Conclusion

Resort to the courts for the resolution of domain name disputes has virtually ceased since the adoption of the alternate forum of ICANN and CIRA. Since their adoption literally thousands of cases have been heard and decided<sup>166</sup>.

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163. M. Mueller *Rough Justice : An Analysis of ICANN's Uniform Dispute Resolution Policy* (November 3, 2000), at <<http://www.digital-convergence.org>> and M. Geist *Fair.com? : An Examination of Allegations of Systematic Unfairness in the ICANN UDRP* (August 18, 2001), at <<http://aix1.uottawa.ca/~diff/geist/geistudrp.pdf>>. Professor Mueller has recommended random selection of panelists as well as the creation of an appeal process. Professor Geist has recommended three member panelists, caseload minimums and maximums of panelists as well as new quality controls to review panelists' performance. See *supra* note 57, para. 5 of the CIRA rules.

164. D. Armon *Is This as Good as It Gets? An Appraisal of ICANN's Uniform Domain Name Dispute Resolution Policy Three Years After Implementation* (2003), 22 Rev. Litig. 99.

165. Or the complaint could be denied.

166. See *supra* note 99.

Expeditious resolution provides an advantage not found in the courts. In addition, the tightly controlled rules of case management and simplicity of remedial action provide a comfort level for litigants not found with resolution in the courts. Delays by way of procedural motion or demands for further particulars are not available in the alternate dispute resolution process. Finally, recourse to the expedited process should be more cost effective.

However, the application of the policy is limited to complaints within its relatively narrow scope, namely, claims involving abusive registrations made with the intent to profit commercially from another's trade-mark<sup>167</sup>. Fortunately, the requirements for basing a complaint are clearly articulated and key words have expansive definitions within the policy itself. Anything outside this scope must be resolved through the courts. This would include actions that involve claims involving contract law, fraud, privacy, personality rights, free speech, copyright, fiduciary duties as well as claims involving trade-mark rights beyond the scope of the policy<sup>168</sup>.

*De novo* judicial review may be consistent with the intent of the policy because the policy itself contemplates that the parties may initiate parallel legal proceedings. No doubt the quick streamlining of cases through the procedure sacrifices some degree of reliability and validity. Thus this trade-off may be defeated if the courts were to defer to the decisions of panels. Also, panel decisions based on default cases and decided by sole panelists may set bad precedent thus debasing the value of consistency and predictability. The courts by way of *de novo* review may be able to address the perceived bias of panelists or service providers to maintain public confidence<sup>169</sup>. Finally, any imbalance in

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167. The policy was originally intended to catch only «abusive registrations» made with the bad faith intent to profit commercially from others' trade-marks. All other disputes must be resolved in the courts. See., ICANN, Second Staff Report on Implementing Documents for the Uniform Dispute Resolution Policy (Oct. 25, 1999), at «<http://www.icann.org/udrp/udrp-second-staff-report-24oct99.htm>».

168. D. E. Sorkin, *Judicial Review of ICANN Domain Name Dispute Decisions*, 18 *Computer & High Tech. L.J.* 35 at 47.

169. For potential bias of selection of service providers and appointment of panelists, see M. Geist at «<http://aix1.uottawa.ca/~geist/frameset.htm>».



the rules between the rights of the trade-mark owner and the registrant can only be resolved by a *de novo* review of a panel's decision<sup>170</sup>.

On the other hand, absent any of the above concerns, the court ought to discuss the basis of the collateral attack, the reasons for exercising discretion for applying issue estoppel and – in the event of judicial review - the standard of review of a panel's decision. These are relevant factors dictated by the Supreme Court of Canada. In *Black v. Molson* the court simply reviewed the panel's decision and disagreed with the result. Reasons were not stated to justify the exercise of discretion nor was there any discussion as to a possible level of deference to the panel's decision. The balance among deference, discretion and the standard of review might well be difficult to assess for domain name decisions under the alternate dispute resolution process and might well vary from case to case, but it is an exercise that ought to be articulated.

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170. For example, a losing trade-mark owner can seek a legal remedy at leisure, whereas the losing domain name registrant has only 60 days to prepare and file a court challenge to prevent the immediate loss of the domain name (Policy, para. 4.5). This legal challenge may possibly be in a foreign jurisdiction.