



**DOMAIN NAME ALTERNATE DISPUTE RESOLUTION IN SOUTH AFRICA (.ZA)
PRESENTATION TO THE AFRICAN TOP LEVEL DOMAIN NAME (AFTLD) MEETING
JOHANNESBURG, SOUTH AFRICA – APRIL 2008.**

AUTHOR: NEIL DUNDAS (ADMINISTRATOR) SOUTH AFRICAN INSTITUTE OF INTELLECTUAL PROPERTY LAW (SAIPL)

BACKGROUND:

International Developments:

It is probably fair to say that South Africa had, up until November 2006, fallen a little behind other similar sized ccTLDs with regards to domain name Alternate Dispute Resolution (ADR). This was particularly true for the co.za (commercial) domain name space, where the Administrators (UniForum SA) were under increasing pressure from trade mark right holders to intervene in domain name disputes.

In the international domain name ADR arena, the UDRP had been implemented since 1999, the revised Nominet DRP since 2001 and the Auda DRP process since 2002 to name a few. In many regards the implementation of these ADR processes were both pre-emptive and reactionary. Reactionary in the sense that there was already a substantive demand (need) for an ADR process at the time and pre-emptive in the sense that the authorities concerned had recognised this demand at an early stage and had began moving towards a solution before the demand became unmanageable.

South African situation prior to 2007:

Although the die had already been cast for the South African ADR solution as early as 2002, with the promulgation of the Electronic Communications and Transactions (ECT) Act, it would take a further 5 years for the process to be implemented.

Prior to the implementation of the .ZA ADR process in 2007, an aggrieved party's legal recourse for a co.za domain name dispute was limited to the South African High Court, the Administrator electing not to intervene. Given the potentially catastrophic consequences of the Administrator becoming involved in a legal wrangle, the Administrator's policy of non-intervention was probably correct. To have intervened may have exposed the Administrator, and by implication the stability of the relevant namespace, to unnecessary legal risk and liability. The Administrator's policy of non-intervention, although potentially regarded as harsh and unsympathetic at the time, compelled aggrieved parties to refer their disputes to the courts where an assessment of merit and legal argument were better addressed.

The co.za Administrator did however appreciate that it had to play some role in the dispute resolution process and that it could not remove itself entirely from process. Consequently the co.za Administrator adopted a parallel policy whereby it would not oppose an application to the South African High court on the basis that no costs or damages were sought against them. At the same time the Administrator sought to provide general guidance and assistance to the litigants by providing them with clarity on the technical issues and assistance on formulating the requested relief.

Prior to 2007, the co.za Administrators had received over 15 High Court applications, some of which have been pending for over 18-months.

Although it may have appeared that the approach adopted by the co.za Administrators would be sufficient, it still did not address the fundamental issues associated with High Court litigation, namely the prohibitive costs and duration. By 2004, when seen in the context of international ADR developments and the growth of the co.za namespace, it became quite clear that a dispute resolution process, as an alternate to the courts, was required.

Some of the primary motivating factors for this were:

- Costs of referring matters to the High Court were prohibitive, costing many hundreds of thousands of rands and usually involving both attorneys and senior legal counsel.
- The legal arguments were sometimes fairly complex and technical in nature especially as trade mark law principles were being applied to the unique circumstances of domain name disputes. This initially required some degree of manipulation of existing legal principles to bring them to bear on the unique circumstances of the domain name environment. Although international legal precedent had already emerged, particular British Telecommunications plc vs One in a Million Ltd, this field of law still remained relatively uncharted in South Africa, with very few legal practitioners having the requisite technical and legal abilities to pursue any matter with confidence.
- Timing issues were also of critical importance as a High court process, particularly one that involved complex legal arguments, could extend over months if not years.

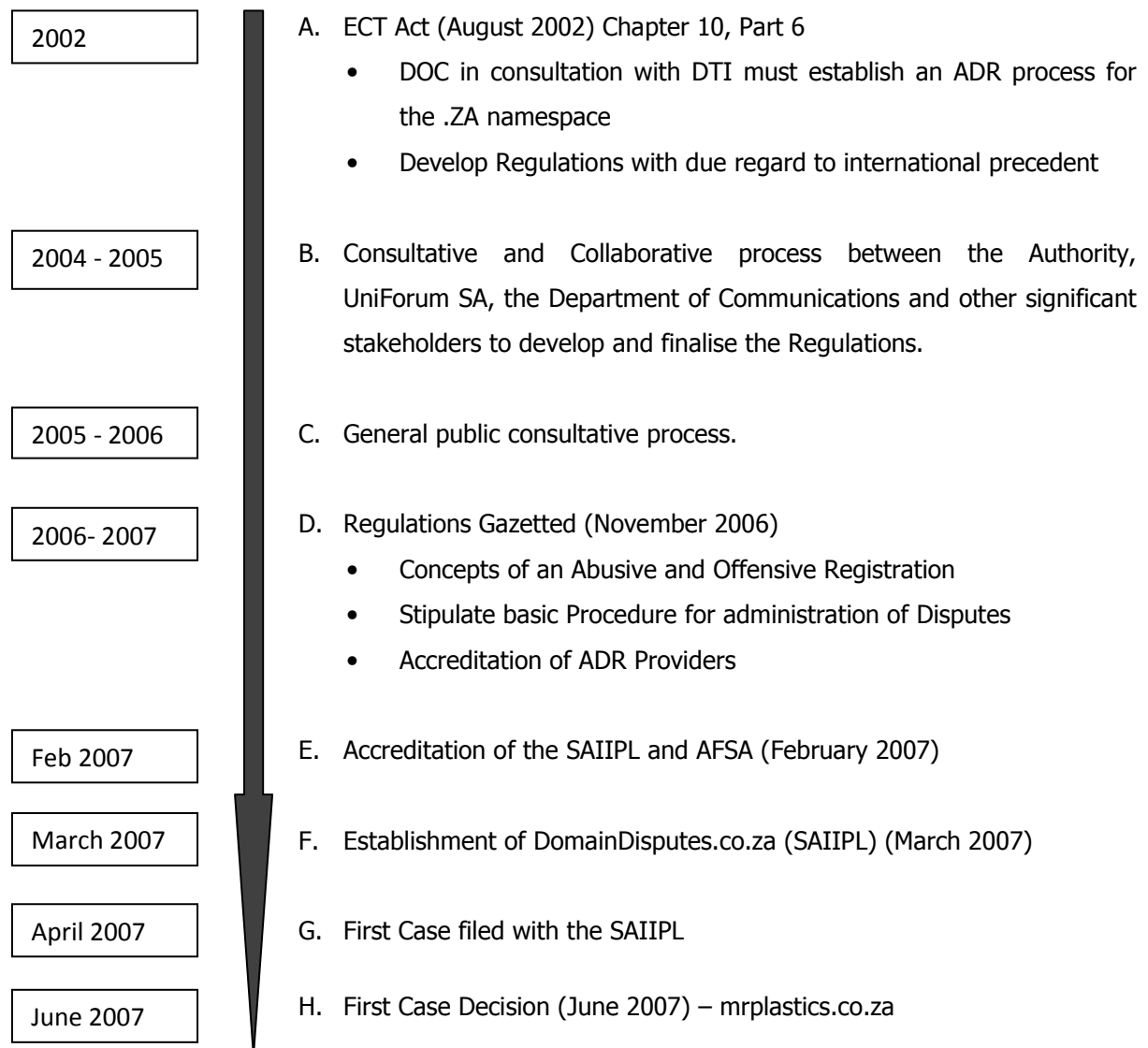
Taking these factors into account, it was clear that an Alternate Dispute Resolution (ADR) process was required to deal with the specific circumstances associated domain name disputes. It was also clear that the process would need to be more accessible to the general public.

The South African Implementation in 2007:

It is probably accurate to say that .za was ready for an ADR process as early as 2003 – 2004, and that we probably waited a little too long before implementing our ADR process in 2007. That said, it could also be argued that there were compelling reasons for the delay, particularly as the .za domain name space was undergoing fairly significant changes, especially with the legislative introduction of the .za Domain Name Authority, which took practical effect in 2004/2005 with the official re-delegation of the .za TLD (see: <http://www.zadna.org.za/delegation/>).

It took a combined effort from the .za Authority, UniForum SA and the Department of Communications to again revive the ADR issue for consideration and implementation. So began the long process of preparing and implementing national ADR Regulations.

The timeline for the implementation of the process and the adjudication of the first case is generally summarised as follows:



Regulations:

In November 2006 the .za ADR Regulations were gazetted by the Department of Communications and the local domain name ADR process could commence. The Regulations:

- introduced the concepts of an Abusive and Offensive Registrations;
- provided a basic procedure for administration of Disputes; and
- regulated the accreditation of ADR Providers.

In February 2007, the authority accredited 2 (two) Dispute Resolution Providers, namely the South African Institute of Intellectual Property Law (SAIIPL) and the Arbitration Foundation of South Africa (AFSA) to adjudicate over co.za domain name Disputes. After signing a 2 (two) year Service Level Agreement with the Authority, the newly accredited providers were expected to be ready to receive Disputes with 6 weeks. This also included the development and publishing of their own Supplementary Procedures.

The first co.za domain Dispute was lodged with the SAIPL in April 2007 and it coincidentally also resulted in the first refusal (the case was dismissed). It took a further 2 (two) cases before the first Complainant was successful in having a domain name transferred in accordance with the Regulations.

CONSIDERATIONS:

In developing the .za ADR Regulations we had to consider numerous issues, some of the most notable being:

- the subjugation of existing and future domain name Registrants to the process, given that the co.za zone alone had grown to nearly 400,000;
- the choice of a home grown ADR process or the adoption of an existing international precedent;
- whether the process should include mediation;
- how to make the process available to most South Africans, particularly those who could not afford it;
- how to ensure that adjudicators were broadly representative of the demographics of the country and had adequate levels of skills and experience to preside over disputes; and
- how to responsibly deal with potential political, social and racial naming sensitivities.

Subjugation:

In most TLDs a domain name registrant (or the domain name itself) is subjugated to an ADR process by means of the domain name contract. In other words a Registrant contractually agrees that it would be subservient to a dispute resolution process in the event that someone challenges its rights to a domain name.

In contrast to this, the fate of the domain name ADR process in South Africa was largely set in stone since 2002 with the promulgation of the ECT Act. This meant that from as early as 2002, it was clear that an ADR process for .za would be governed by legislation and not contract.

Although a legislated ADR process had its drawbacks, particularly relating to the timing issues, it also had its distinct advantages, one of the most useful being the legislative subjugation of Registrants to the process itself. It was therefore relatively simple to make the process binding on both existing and future domain name Registrants as opposed to the challenges one would face of implementing a retrospective contractual term in the domain name contract.

If one considers that by 2007 the co.za sub-domain had already established itself as a substantive zone with nearly 400,000 registrations, it would have been an interesting (not impossible) challenge to contractually implement the ADR process on those existing registrants. It would also have been likely that the primary opposers of such a decision would have been the very individuals to which the process was targeted, namely cybersquatters.

In hindsight it was therefore appropriate, based on the size and influence of the co.za name space (at the time) that a legislative implementation would divert any opposition directly to the lawmakers and not to the domain name administrators. In this regard, it is worth mentioning that several of the first ADR cases filed with the SAIPL raised the retrospective applicability of the Regulations to domain names registered prior to 2007. The adjudicators have, however, unanimously found in favour that the Regulations do indeed apply retrospectively.

A potentially sticky situation was therefore avoided.

Home-grown Process:

As you would have noted from some of the considerations listed above, there was an early realisation that South Africa had unique requirements when it came to a domain name ADR process. As a direct consequence of this realisation, it was decided to rather proceed with a home-grown process, with due regard to international precedent.

Great care was taken to learn from the experiences of foreign ADR processes, and to make use of any assistance and advice that foreign organisations were willing to provide. In this regard we received constructive feedback and advice from several foreign organisations, with special mention to Nominet UK.

The resultant Regulations, although similar to the UDRP and Nominet DRS in many regards, remains a truly South African solution, looking to cater for our unique circumstances.

Mediation:

Due mainly to the additional human resources it would require to implement and run a mediation service, it was decided that the initial implementation of the ADR process would not include mediation. Mediation certainly has its advantages and disadvantages and without commenting either way, the initial focus was rather implement an adjudication service as quickly as possible. The issue of including a mediation service in the future may again come up for consideration, although this would almost certainly require significant external subsidisation.

Outreach:

An important consideration in implementing the .za ADR process, was to make the process available to as many South Africans as possible. The challenge was therefore predominantly a financial one. Two contingencies were catered for to ensure that the process had the widest possible reach, namely:

- procedures would need to be simplified so as to make it accessible to the man in the street, and as a result legal representation was not an absolute requirement; and
- provision had to be made for an financial assistance fund to assist aggrieved parties who could not afford to pay the Dispute Fee of R10,000.00 (roughly US\$1,200.00).

The financial assistance fund, as prescribed by the Regulations, is administered by the Authority whose responsibility it is to also consider applications for financial assistance. Contributions to the financial assistance fund are facilitated by a 10% levy from each Dispute Fee paid to a Provider.

Skills Transfer & Representation:

Another important consideration was that the adjudication panels should be representative of the demographics of the country.

“Applicant must show that both the applicant and its panel of adjudicators are representative of women, disabled and historically disadvantaged individuals where representivity will also be assessed in terms of the Codes of Good Practice for Broad Based Black Economic Empowerment published by the Department of Trade and Industry, as such Codes may be amended or substituted from time to time.”

As skills and experience in this field of law are few and far between, the SAIPL proposed a unique solution to addressing this concern. From its core group of senior trade mark and academic legal experts it implemented a policy of on the job skills transfer. This is done by teaming senior

adjudicators with trainee adjudicators so that the latter could pick up experience and skills from their senior colleagues. Depending on the trainee's level of seniority a certain level of assistance credit would be awarded, which would in turn regulate the adjudicators advance to a more senior position.

This teaming solution is supplemented by regular training workshops, where both local and international ADR experts are brought together to discuss case developments and new ADR trends. The first workshop, which was held in September 2007, was attended by representatives from WIPO and Nominet UK, and we envisage a further workshop in September 2008.

Naming Sensitivities (Offensive Registrations):

A final important consideration was how to manage potential naming sensitivities, particularly in light of South Africa's multi-cultural, multi-ethnic and multi-racial makeup. For this purpose, and unique to South Africa, the concept of an Offensive Registration was introduced.

An Offensive Registration is defined as:

“means a domain name in which the complainant cannot necessarily establish rights but the registration of which is contrary to law, contra bonos mores or is likely to give offence to any class of persons”

As you will appreciate, the introduction of this concept is clearly meant to address the removal and suspension of domain names that are regarded as undesirable and/or offensive. Although no Offensive Registration cases have yet been filed, the intention of the Regulations is to provide a framework in which these names can be assessed by a neutral and qualified panel and if found to be offensive, to have these names removed and suspended from any future registration.

The concept of Offensive and Abusive Registrations is also aligned to the definition of rights as contained in the Regulations, namely: “rights include intellectual property rights, commercial, cultural, linguistic, religious and personal rights protected under South African law, but is not limited thereto”. From this we can reasonably infer that it is the lawmaker's intention to protect the widest possible scope of rights, including cultural, linguistic and religious rights.

OUR EXPERIENCE:

The implementation of the .za ADR process since June has had an immediate and positive reaction from the local and foreign IP and Internet communities. The first case was submitted within days after the process had been implemented. This was quickly followed by several other cases, the inflow having plateaued at about an average of 2 (two) Disputes per month.

DomainDisputes.co.za:

The SAI IPL's domain name ADR service is facilitated through the DomainDisputes.co.za website. This facility is continuously evolving and it currently provides both front end assistance to prospective users as well as limited backend case administration. The ADR service also makes use of a RealTime Ticket tracking system that tracks and records all correspondence for a particular case. The effect of this combination is that very little, to no, paperwork is required to facilitate the proper administration of the ADR services thus also addressing problems associated with providing the service over a vast geographical area. The ADR processing centre is therefore a virtual one, with much of the administration being conducted remotely.

To date the SAI IPL has received over 17 separate Disputes relating to 37 different co.za domain names. The following statistics apply:

17 Cases of which:

- 7 were successful
- 3 were refused, including 1 appeal that confirmed a refusal
- 3 were settled
- 4 are still pending Decision

The following statistics apply to cases filed with the SAI IPL since May last year. These statistics exclude cases pending as at 1 April 2008.

STATISTIC REPORTS

Number of Cases Filed (excl Pending cases)	13		
Number of Cases Settled	3	23%	of cases filed
Number of Cases Decided	10	77%	of cases filed

Number of Cases Opposed	7	70%	of cases decided
Number of Cases Unopposed	3	30%	of cases decided

Successful Disputes	7	70%	of cases decided
Unsuccessful Disputes	3	30%	of cases decided

OPPOSED CASES:

Opposed Cases that lead to a Refusal	3	43%	of opposed cases
Opposed Cases that lead to a Transfer	4	57%	of opposed cases

UNOPPOSED CASS:

Unopposed Cases that lead to a Refusal	0	0%	of unopposed cases
Unopposed Cases that lead to a Transfer	3	100%	of unopposed cases

LEGAL COUNSEL:

Cases with Legal Counsel for Complainant	11	85%	of cases filed
Cases with Legal Counsel for Regsitrant	5	38%	of cases filed

Although we do not yet have the depth of data that some of the more established international ADR providers may have, we believe that the above statistics are fairly accurate in terms of general trends, in particular the success rate relating to opposed Disputes. This is probably one of the more robust tests of how fair the ADR process is, balancing the rights and interests of trade mark holders against those rights of domain name holders.

It is our experience that the local Intellectual Property and Internet communities have generally embraced the .ZA ADR process as a fair, neutral and needed. One aspect that we believe requires some attention is that the Dispute fee may be prohibitive, especially to the small business owner who is increasingly embracing the Internet as part of his business arsenal. A review of these prices should probably be done within the next 6 – 12 months.

Adjudicators:

In terms of compiling and maintaining a list of willing and able Adjudicators, we have been inundated with interested parties. Our Adjudicator Panel currently comprises over 50 adjudicators with legal and/or academic backgrounds, ranging from Professors of Law, Senior Trade Mark Specialists and Senior Legal Counsel.

FUTURE:

In general we believe that it will still take some time for the ADR process to be fully imbedded in teh .za DNS, particularly amongst foreign IP right holders who may be looking towards South Africa as an

investment destination. As more foreign investment is focused on South Africa, particularly leading up to the 2010 FIFA World Cup, it is likely that the interests of opportunistic Domainers (see: <http://en.wikipedia.org/wiki/Domaining>) and trade mark proprietors will clash over .za domain names.

Looking forward, we would like to explore the possibility of expanding and localising our ADR services into the rest of Africa. This could be packaged as a turnkey solution involving:

- Development of an ADR Policy and Procedure to suit local needs
- Establishment of a local Adjudication Panel
- Involvement in local and regional ADR workshops and training
- Outsourced ADR Administration based on www.DomainDisputes.co.za concept

Thank You.