

Have cybersquatters met their match in .nz?

Cybersquatting has been an issue since traders began to utilise the benefits of online trade via the internet.

Like all top-level domain name registries, the .nz space has not been immune to cybersquatters. In fact, because .nz domain names are registered on a first-come, first-served basis, disputes frequently arise as to who is the registrant for a domain name, particularly when a registrant has registered a domain name that features a third party's trade mark.

Until recently, trade mark owners who fell victim to cybersquatting in the .nz space had limited means to stop cybersquatters or to obtain transfer of a disputed domain name(s). In order to take action, trade mark owners were forced to use the jurisdiction of the High Court of New Zealand, which was often a timely and costly exercise and did not guarantee a favourable outcome.

Due to the time, cost and uncertainty, trade mark owners were often reluctant to take legal action and in some cases forced to negotiate transfer of domain names directly with cybersquatters for a high price. Ironically, trade mark owners who negotiated the transfer of domain names in this way inadvertently encouraged cybersquatters to continue their activities.

Dispute resolution

The Domain Name Commission (Commission), which is responsible for the .nz space, responded to the cybersquatter issue by establishing an impartial dispute service called the Dispute Resolution Service (DRS). Based on the Nominet dispute system, the DRS allows anyone to make a complaint via the Commission if it is the complainant's view that registration of a .nz domain name is unfair.

To be successful, a complainant must prove on the balance of probabilities that:

- It has rights to a name or trade mark which is identical or similar to the .nz domain name in dispute
- The registration of the .nz domain name in the hands of the current registrant is unfair.

Since the launch of the DRS on 1 June 2006 around 400 complaints have been filed. From an analysis of the DRS decisions issued to date, it is clear that the DRS is a trade mark owner friendly mechanism, which provides for the resolution of domain name disputes in a timely and cost effective manner.

Key factors in successful complaints

The DRS decisions issued show that a number of key factors contribute to the success or otherwise of a complaint:

- Complainants that prove they have registered and/or unregistered trade mark rights in New Zealand that pre-date registration of a domain name in dispute were almost always successful
- Complainants that could not prove prior use and/or registration of trade marks were usually unsuccessful

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- Complaints to domain names that feature generic or descriptive word(s) were almost always unsuccessful
- Complainants that had legal representation were far more successful than those that were not
- Complaints were often dismissed because the complainant was not the correct complainant
- Complaints were dismissed simply due to insufficient information provided in the complaint.

Legal representation shown to be effective

These DRS trends clearly demonstrate that almost without exception a trade mark owner is successful when legally represented and a DRS complaint is filed with corroborating evidence, including evidence of prior trade mark use and/or registration.

The DRS has therefore been very successful at countering the cybersquatter problem and now provides far more certainty to trade mark owners. As a result, the value and potential returns for a cybersquatter in the .nz space has been greatly reduced and cybersquatters can expect trade mark owners to take swift and decisive action against them via the DRS.

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