

Advisory Committee Panel
for The Internet Society of Israel
Decision

Victor H. Bouganim, Chairman

Danny Dolev, Member

Brian Negin, Member

Given: 28 January 2000

In the matter between
Disney Enterprises, Inc. (the Petitioner)
and
Mr. Arick Gross (“Muza”) (the Respondent)

Regarding allocation of the domain name: waltdisney.co.il

I. BACKGROUND

A. General

On June 14, 1999, the Internet Society of Israel allocated the domain name “waltdisney.co.il” to “Muza”, represented by Mr. Arick Gross. On August 18, 1999, Ms. Jane Gross, representing Disney Enterprises, Inc. (formerly called “The Walt Disney Company” and formerly called “Walt Disney Productions”- and hereinafter “Disney”) petitioned ISOC-IL to reconsider the above allocation, on the grounds that Disney is the owner of the trademark “Walt Disney”, which is registered in Israel in class 9, registration number 75.494.

ISOC-IL transferred the petition to this Advisory Committee Panel (ACP), to resolve the dispute under the current ISOC-IL “Rules for the Allocation of Domain Names under the .il (Israel) Top Level Domain (“Rules”)” (hereinafter: the Rules). The Rules are posted at <http://www.isoc.org.il/domains/il-domain-rules.htm>. The Rules came into force on January 1, 1999, and apply to the current dispute.

B. Petitioner's Claim

On September 25, 1999, the ACP asked the Petitioner for additional documentation, and a fuller statement of facts and legal argumentation. These were provided by Petitioner on October 22, 1999. Following is Disney's full claim.

Disney Enterprises, Inc., [formerly called The Walt Disney Company, and formerly called "Walt Disney Productions," a Delaware Corporation, hereafter "Disney"] is the owner of various registered trademarks, including the trademark registration No. 75494 in Israel in class 9 of "Walt Disney" since February, 1990 (copy enclosed). The DISNEY trademark is widely used in Israel and enjoys worldwide fame. Disney also operates a website accessed from Israel, "Disney.com."

Disney opposes the domain name "waltdisney.co.il" registered by the current holder :

Name: Arick Gross

Address: Muza

11/5 Hapsisga Street, Ariel

44837 Israel

Phone: +972 3 9068070; Fax-no: +972 3 9368090

On the following grounds:

Disney is the owner of the registration No 75.494 in Israel in class 9 for WALT DISNEY and considers the use of its trade mark WALT DISNEY in the Domain Name "waltdisney.co.il" without Disney's authorization as an infringement of the DISNEY trademark.

The names WALT DISNEY and DISNEY and the goodwill and fame associated with them are the business property of Disney. Persons who are not authorized or sponsored or licensed by Disney can not have business that is related to the name Disney. The present registrant has no such authorization or license and therefore has no business in connecting the domain name "WaltDisney" to himself, and certainly no right to take Disney's property and use it as a website, or sell the Walt Disney name to

another person for a website. Either way, the present registrant is misappropriating the property of Disney: Such registrant has no Disney activity and cannot be allowed to use a domain name as an instrument of deception for itself or for anyone else.

DISNEY is a famous trademark. Registration of a Domain Name "waltdisney.co.il." or use of such domain name by a party not authorized or sponsored by Disney is an act of deception and unfair competition that has the object of exploiting the fame and goodwill of the name of Disney and of its founder, Walt Disney. On the internet, it infringes "Disney.com." Such acts of public deception must not be tolerated. The fame and value of DISNEY as a trademark in Israel are attested to by the universal popularity of the Disney name. "Disney" and "Walt Disney" are household words, in Israel as around the world. Disney also has other trademarks registered for the name DISNEY and DISNEYLAND: Trademark 72842 DISNEYLAND, Trademark DISNEY Nos. 122712, 122713, 122714. Numerous other registrations are pending. Disney is advised, however, that it is entitled to the cessation of unauthorized use of the name WALT DISNEY in Israel, and to the ownership and control of the "waltdisney.co.il" domain name, even if WALT DISNEY were not a registered trademark.

C. Respondent's Reply

The above claim was sent to the Respondent on October 26, and his response, in Hebrew, was sent to the ACP on November 29. Following is a translation of the Response:

The undersigned denies the contentions in the claim submitted by Ms. Ann Gross, except for those facts stated in this reply.

The undersigned will argue that the domain name was purchased legally.

The undersigned will argue that he paid for the disputed domain name \$100 + VAT as required in Israel.

The undersigned will argue that he was never informed that it is forbidden for

him to register the disputed domain name.

The undersigned will argue that he has not advertised any of the Petitioner's goods.

The undersigned will argue that he has not advertised any other goods under the Petitioner's name.

The undersigned will argue, to allay all doubt, that there was not an existing Internet site using the disputed domain name.

The undersigned will argue that it is not forbidden under law to purchase the disputed domain name.

Alternatively, the undersigned will argue that the registration of the disputed domain name on his name was authorized by the authorized parties in the State of Israel.

The undersigned will argue that the Petitioner could have purchased the disputed domain name itself, and since it didn't do so, it has only itself to blame.

The undersigned will argue that no offense has been committed against the Trademark Ordinance [New Version] 1972.

The undersigned will argue that there is no law which prohibits him from establishing contact with companies that market the Petitioner's goods and establish commercial relationships with them.

The undersigned will argue and declare that the disputed domain name was not purchased in order to re-sell it.

The undersigned declares that he has no intention to do any act which is prohibited by the laws of the State of Israel.

The undersigned declares that he has no intention of doing any activity under the disputed domain name without the permission of the Petitioner.

The undersigned will argue that he has not committed any crime and that the Petitioner's arguments presented before the ACP do not establish a cause of action- and therefore the undersigned requests that the ACP summarily dismiss the Petition.

D. Findings Discovered by the ACP

On its own initiative, the ACP found that the Respondent runs a web site at <<http://www.muza.co.il>>. At <http://www.muza.co.il/hot_domain/hot_rigth.htm> the page states: "In Muza's ownership are a large number of attractive addresses, which are offered to the public at large for the purpose of setting up web sites. Likewise, it is possible to rent or purchase addresses."

Following this notice is a list of the following domain names:

www.241.co.il

www.shoppingcenter.co.il

www.medicalcenter.co.il

www.carcenter.co.il

www.jobscenter.co.il

www.touristcenter.co.il

www.hotelcenter.co.il

www.numberone.co.il

www.lovecenter.co.il

www.businesscenter.co.il

In addition to these domain names available for sale, use or rent from the Respondent, we found that the Respondent, using his business name Muza, has been allocated the following domain names in addition to [waltdisney.co.il](http://www.waltdisney.co.il):

Benjerry.co.il

Beit-halochem.co.il

Countdown.co.il

Hiltonhotels.co.il

Luachazahav.il

Luachyedioth.co.il

Numberone.co.il

The Respondent is in the business of obtaining domain names in order to sell, rent or offer them for use by others. The domain names offered on his web site, www.muza.co.il, appear to be generic, non-infringing names. The domain names not offered on the web site, but allocated to the Respondent by ISOC-IL, include at least one name that is a trademark that belongs to someone else- waltdisney.co.il. Two other names might be trademarks owned by others: benjerry.co.il, and hiltonhotels.co.il. We have no information indicating that the Respondent himself operates web sites under domain names that infringe someone else's trademarks.

The Respondent states in his response *“that the disputed domain name was not purchased in order to re-sell it.”* Yet the Respondent implies that the intent of obtaining the name was to make it available to someone who markets Disney goods: *“The undersigned will argue that there is no law which prohibits him from establishing contact with companies that market the Petitioner's goods and establish commercial relationships with them.”*

The Respondent can make no legal use of the disputed name himself. The only value it can possibly have to him is as a commodity to be sold or made available to the Petitioner, to one of Petitioner's licensees, or to a competitor of the Petitioner, for a price above that which the Respondent paid for the allocation of the names. From these circumstances, we conclude that the Respondent holds the second set of names with the intention to sell them or to make them otherwise available to the trademark owners, to their licensees or to their competitors, for a profit, a practice commonly referred to today as “cybersquatting.”

II. FINDING OF FACTS

In light of the above, we can summarize the facts of the case as we understand them.

1. The Petitioner is the owner in Israel of the registered trademark “Walt Disney”.
2. The Petitioner is the owner of the famous trademark “Walt Disney”.
3. The Respondent is not authorized by the Petitioner to use the trademark.
4. The domain name “waltdisney.co.il” was allocated to the Respondent by ISOC-IL on June 14, 1999, under the current ISOC-IL Rules.
5. The Respondent has not attempted to sell the domain name “waltdisney.co.il” to the Petitioner or to anyone else.
6. The Respondent has not used the domain name “waltdisney.co.il” in a web site.
7. The Respondent is in the business of obtaining domain names for their resale or use by others.
8. Circumstances indicate that the Respondent obtained the domain name waltdisney.co.il in order to sell it, or to make it otherwise available, to the Petitioner, to one of Petitioner’s licensees, or to one of Petitioner’s competitors, for a profit.

III. DECISION

A. Applicable Substantive Norms

Article 16 of the Rules establishes an Advisory Committee for the resolution of disputes regarding allocation of domain names under the Rules. According to Rule 19.3, the Advisory Committee Panel (ACP) may hear third party disputes regarding the allocation of a domain name under the Rules. The Rules do not state what substantive rules or laws shall govern the ACP’s adjudication. Prima facie, it is clear that an allocation made by ISOC-IL in violation of the Rules, can be invalidated by the ACP. In addition, it is our opinion that the ACP has broad authority to apply the substantive Israeli law to domain name disputes under the Rules. Following is our reasoning for the latter conclusion.

ISOC-IL began drafting the Rules in 1997. During this time, members of the international Internet community were looking for an alternative to the NSI monopoly over domain name allocations. A consortium of interested parties initiated an attempt

to establish a “Memorandum of Understanding on the Generic top Level Domain Name Space of the Internet Domain Name System (gTLD-MoU)”¹. Under this initiative, there would be an operational organization called the Council of Registrars (CORE), composed of authorized Registrars for managing allocations under the generic Top Level Domains (TLD). In addition, the gTLD-MoU established “Administrative Domain Name Challenge Panels” (ACPs) which would entertain challenges by third parties to the allocation of Second Level Domain names. To enable operation of the ACPs, two sets of rules were drafted. One was procedural (“WIPO rules for Administrative Challenge Panel Procedures Concerning Internet Domain Names” (“WIPO ACP Rules”)). The other was substantive and titled “Substantive Guidelines Concerning Administrative Domain Name Challenge Panels”.

Under Article IV C of the Substantive Guidelines, ACPs were to “*make their determinations based on a balancing of all circumstances of the case, including, in particular, the following considerations:*

- (a) First come First-Served Principle...*
- (b) The Intellectual Property Right of the Challenger....*
- (c) Rights and Interests of the Domain Name Holder ...*
- (d) Bad Faith, Including Trafficking*
 - (i) Trafficking*
 - (ii) Bad Faith Registration of the Domain Name*
 - (iii) Bad Faith Assertion of an Intellectual Property Right*
 - (iv) Multiple Challenges*
- (a) Similarity of the Second-Level Domain Name and the Alphanumeric String That is the Subject of the Intellectual Property Right*
- (b) Use Being Made of the Domain Name*
- (c) Potential Impact on the Domain Name Holder and the Challenger*
- (d) Third Party Rights*

The Substantive Rules went on in great detail to define the above factors, and the

¹ Documents relating to the gTLD-MoU can still be accessed at the gTLD-MoU site <<http://www.gtld-mou.org/docs/gtld-docs.html>>

document more or less codified the substantive norms of the time.

ISOC-IL was well aware of the gTLD-MoU at the time it was drafting the its new Rules. In fact, the gTLD-MoU served as a source of inspiration and guidance for ISOC-IL, especially as regards the concept of establishing ACPs, known as “Advisory Committee Panels” under the new ISOC-IL Rules.

However, ISOC-IL chose not to follow the gTLD-MoU in drafting its new Rules, and decided that its ACPs would not be bound by a body of written substantive rules. In other words, ISOC-IL chose to empower its own ACPs with general power to decide disputes according to the law of the land without tying them to substantive rules drafted by ISOC-IL.

The absence of substantive rules in the ISOC-IL dispute resolution regime, is therefore not an oversight or a lacuna. It is a positive statement of the broad authority vested in the ACP’s to resolve domain name disputes under the ccTLD “il”, using the applicable laws of the State of Israel. This is in addition to the ACP authority to determine whether or not a domain name was properly allocated according to the Rules themselves.

This ACP has examined the present dispute from both standpoints- that of the legality of the allocation under the Rules and that of the legality of the allocation under the general laws of the State of Israel. We have found that ISOC-IL allocated the name in accordance with the Rules. However, we have also found that the Respondent’s actions constitute a bad faith use of a legal right, and that accordingly, the allocation must be revoked. Following is our reasoning.

B. Rule 3.1

Rule 3.1 of the Rules, establishes “bars to allocation.” If the disputed domain name was allocated in violation of one of the bars to allocation, we would inform ISOC-IL that it must cancel the allocation or transfer it to the Petitioner.

Rule 3.1 states:

The following Domain Names will not be accepted for allocation:

(a) Prior Records

Domain Names already allocated or for which an application is pending.

(b) Non-Compliance

Domain Names which do not comply with the Rules in effect at the time the application is submitted, as posted on <http://www.isoc.org.il.domains>.

(c) Offensive

Obscene words and names incorporating foul language or names that otherwise do not comply with the Laws of Israel.

(d) Barred By Law

Names that are injurious to public order or to public sensitivities or otherwise do not comply with the Laws of Israel.

(e) Size

Domain Names shorter than 3 (three) .

(f) Additional Limitations

A third level Domain Name may not be identical to any existing Top Level Domain name in the global Internet (at the time of application), and may not be the string "www".

We have considered the possibility that Rule 3.1(d) to allocation might apply to this situation, insofar that the allocating of the disputed name might "otherwise ... not comply with the laws of Israel." However, we have reached the conclusion that it is not applicable to the current situation, as explained below.

The language of Rule 3.1(d) to allocation and its context indicate that it applies to the

allocation of names which, in and of themselves, do not comply with the laws of Israel. This must be distinguished from the use of domain names in a manner that does not comply with said laws. For example, the name “Walt Disney” is a perfectly legal name, which complies with the laws of Israel. However, the use of the name in commerce by non-authorized might constitute illegal behavior. The bars to allocation do not address the potential future use of the domain name by the holder. They look only to the present. It is therefore not possible to apply the bars to allocation to a situation in which future use by a holder might implicate him in trademark infringement or passing off or cybersquatting. We do not condone cybersquatting, but do not believe that recourse is to be found in the bars to allocation stipulated in the Rules.

In addition, we believe that the mere allocation of a domain name to someone other than the owner or licensee of the trademark embedded in the domain name, does not, in and of itself, constitute an act which does not comply with the Laws of Israel. Allocation of such a domain name is not forbidden by the Trademark Ordinance, by the Torts Ordinance or by any other law in Israel. This position is supported by case law in both the United States and in England.

In *Panavision International v. Toeppen* (The United States 9th Circuit Court of Appeals, Case No. 97-55467), the court stated (in section [25] of the decision) that registration of a trademark as a domain name, without more, is not a commercial use of the trademark and therefore cannot constitute trademark infringement or dilution.

In *Marks & Spencer PLC v. One in a Million Ltd and others* (Chancery Division [1998] FSR 265), the court stated that “*the mere registration of a deceptive company name or a deceptive Internet domain name is not passing off.*”²

While the mere registration of the domain name in the above circumstances would not

² On the other hand, the court did find that the circumstances surrounding the case indicated the existence of a real threat that illegal use would be made of the disputed domain names in the future, either by passing off or by infringing the trademarks in the name. Therefore, the court issued an injunction requiring transfer of the domain names to the plaintiffs.

constitute trademark infringement or passing off, the use of such a domain name by the holder might, in certain circumstances, constitute such. In such a case the holder could be held liable for his actions.

For example, in the Panavision case, the court found that the Toeppen's attempt to sell the domain name "panavision.com" to Panavision for a hefty profit, was prohibited commercial use. Teoppen was held liable towards Panavision for trademark dilution.

Israeli law is no different in this respect, requiring that some kind of use be made of a trademark before infringement or passing off can be found. Section 1 of the Trademark's Ordinance [New Version}, 1972, states that trademark infringement is "*use of a registered mark, or one similar to it, regarding merchandise for which a mark has been registered or for merchandise in the same class.*"

Passing off under Article 59 of the Torts Ordinance, also requires some kind of act of deception or attempted deception. Article 59 states that "*whoever causes, or attempts to cause, through imitating a name, a description, a mark, that merchandise shall be mistakenly thought to belong to another person, to the extent that a normal purchasers might assume that he is purchasing the merchandise of that other person, shall be liable in tort vis a vis that other person.*"

The unauthorized use of a trademark or a famous mark as a domain name in a functioning web site offering services similar to those offered by the mark owner can potentially constitute passing off. Such was established by the District Court of Tel-Aviv-Jaffa in Opening Motion 10909/99 Cellcom Israel Ltd. v. T. M. Aquanet et al (the case can be found, in Hebrew, at <<http://www.law.co.il/computer-law/cellcom1.htm>>). The Court determined that Aquanet, an ISP, was prima facie engaged in passing off when it used the domain name cellcom.net to provide various services over the Internet using two different web sites. The Court issued a temporary restraining order preventing Aquanet's continued operation of the web sites until final resolution of the case. This case clearly demonstrates the kind of deception that must be perpetrated on the consumer before passing occurs. Allocation of a domain name in and of itself does not rise to this standard.

In conclusion, for the purpose of Rule 3.1(d) to allocation, we must distinguish between allocation of a name that is, in and of itself, “illegal”, and the “illegal” use of a legal name. Under the current Rules, only the former situation constitutes a bar for allocation. The mere allocation of a domain name cannot constitute trademark infringement or passing off.

C. Rule 26

Rule 26 of the ISOC-IL Rules is titled “Holder’s Representations” and states:

26.1 Holder represents and warrants that the allocation or use of the Domain Name by the Holder does not infringe the legal rights of a third party.

Holder agrees that ISOC-IL is not responsible for the use of any Domain Name, and in particular for any conflict with trade marks, registered or unregistered, or with rights to names in other contexts.

26.2 Holder warrants that all information provided to the ISOC-IL is true and accurate, and that any misrepresentation is grounds for rejection of the application or removal of the allocation.”

The purpose of such representations, in the words of the Final Report of the WIPO Internet Domain Name Process <<http://wipo2.wipo.int>> (section 106), is "*to alert domain name applicants to the possibility of conflicting rights of intellectual property owners and to contribute to the reduction of tension between domain name registrations and intellectual property rights. The representations serve the ancillary purposes of protecting the Registration authority from liability for contributory infringement and, where furnished inaccurately and in deliberate bad faith with knowledge of their inaccuracy, of providing a basis for liability or breach of contract on the part of the domain name holder.*"

It appears that the Respondent, at the time of requesting allocation of the disputed domain name, was under the impression that the “use” he intended to make of the name, was legal. We cannot unequivocally determine that the Respondent deliberately

and in bad faith provided ISOC-IL with a false representation as to the intended use of the domain name. Therefore, we do not see Rule 26.2 as providing a means for revoking allocation of the domain name.

D. The Law of Israel

Trademark infringement and passing off

As stated above, use must be made of the trademark before infringement or passing off can be found. No use is currently being made of the disputed domain name, and therefore, there is no infringement or passing off. The potential for infringement or passing off does exist so long as Disney withholds its permission to make use of the domain name. However, if the intent of the Respondent is to sell the name to Disney for a profit, this activity would not constitute infringement or passing off- but it would constitute cybersquatting by international standards. In other words, the Respondent's holding on to the name does not necessarily indicate that he intends to engage in infringing behavior or passing off, though potential for such behavior does exist.

Unfair Competition

According to Article 3 of the Commercial Torts Law, 1999, it is a civil wrong to unreasonably prevent or make it difficult for a business to have access to customers. This law was published on the 29th of April, 1999, and came into force only six months later, on the 29th of October, 1999. As stated above, ISOC-IL allocated the disputed domain name on June 14, 1999, before this law came into force.

If the law had been in force at the relevant time, we believe that the Respondent's behavior would have constituted a violation of Article 3. From the nature of the Respondent's business, it appears that Respondent registered the disputed domain name in order to sell it or to make it available to someone else for a commercial profit. The only one who could possibly make legal use of such a domain name would be the trademark owner or a licensee. Withholding the name to those who are legally entitled to use it, and stipulating that a commercial payment above out of pocket expenses be tendered to acquire the name, is an unreasonable bar to the trademark

owner's or licensee's use of the name to have access to customers. We judge the unreasonableness of Respondents actions according to the objective international standards regarding cybersquatting, as described below.

Cybersquatting

Does Respondent's conduct constitute Cybersquatting? We believe so, according to the international norms regarding domain name use. Specifically, ICANN has recently implemented its "Uniform Domain Name Dispute Resolution Policy (available at the ICANN site <<http://www.icann.org>>) in which a domain name registration can be cancelled if the following three conditions are met: 1) the holders domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and 2) the holder has no rights or legitimate interests in respect of the domain name; and 3) the holder's domain name has been registered and is being used in bad faith.

The ICANN rules go on to define 4 situations that would constitute evidence of Use in Bad Faith: 1) circumstances indicating that the holder has registered or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of the holders documented out-of-pocket costs directly related to the domain name; or 2) the holder has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the holder has engaged in a pattern of such conduct; or 3) the holder has registered the domain name primarily for the purpose of disrupting the business of a competitor; or 4) by using the domain name, the holder has intentionally attempted to attract, for commercial gain, Internet users to the holders web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship affiliation, or endorsement of the holder's web site or location or of a product or service on holder's web site or location.

The Respondent's domain name, waltdisney.co.il, is identical to a trademark in which the Petitioner has rights. The Respondent has no rights or legitimate interests in

respect of the domain name.

In addition, the circumstances described above in Part I, Section D, of our opinion, indicate that the Respondent has registered or acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name to the Petitioner, who is the owner of the trademark, or to a competitor of the Petitioner, for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly related to the domain name. Such behavior, according to the ICANN Rules, constitutes bad faith registration and use.

While the ICANN Rules refer to bad faith registration and use, it must be pointed out that the definition of such bad faith registration and use in the ICANN Rules does not require that the holder actually make an offer to sell the name or to rent it etc. It is sufficient that circumstances indicate the intention of the holder to engage in such activity.

The United States of America has recently legislated the "Anticybersquatting Consumer Protection Act" (S..1948 of the 106th Congress: "Intellectual Property and Communications Omnibus Reform Act of 1999", as introduced on November 17, 1999, enacted into law as part of H.R. 3194 on November 29, 1999, Public Law No: 106-113). The new law establishes civil liability for anyone who in bad faith registers, traffics in, or uses a domain name which is registered to someone else or which is identical or confusingly similar to a famous or distinctive trademark belonging to someone else.

For the purpose of determining bad faith, the law establishes 9 factors that the court may consider. The list is not exhaustive. Following are the 9 factors:

- (I) *the trademark or other intellectual property rights of the person, if any, in the domain name;*
- (II) *the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;*
- (III) *the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;*
- (IV) *the persons bona fide noncommercial or fair use of the mark in a site*

accessible under the domain name;

- (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;*
- (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;*
- (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct.*
- (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and*
- (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 42.*

Since the Respondent has acquired multiple domain names that he apparently knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, it is possible that he would be found liable under the United States law.

E. Bad Faith Use of a Right

Israel has not implemented an anti-cybersquatting law, and ISOC-IL has not adopted the ICANN anti-cybersquatting rules. In addition, Israel does not have judicial precedents on the subject. However, the international norms "outlawing"

cybersquatting are based on the concept of “bad faith” behavior on the part of the domain name holder. Israel is perfectly suited to apply the international standards using Articles 39 and 61(b) of the Contracts Law (General Section), 1973. We believe it appropriate and fitting to use these international standards when judging behavior in Israel regarding the allocation and use of the “il” ccTLD, since such behavior has global implications, as indicated in the present case.

Article 39 states: “In carrying out an obligation pursuant to a contract, one must act in an acceptable manner and in good faith; such is also the case in using a right deriving from a contract.”

Article 61(b) states: “This law shall apply, insofar as circumstances are fitting and with relevant changes, on legal actions which are not in their nature contractual and on obligations which do not derive from a contract.”

Judicial and quasi-judicial bodies in Israel may cancel legal acts that performed in “bad faith,” based on Articles 39 and 61(b). Two recent examples can be found in: Request for Civil Appeal 5103/95 Deshet and others v. Eliahu and others, published in Dinim Va Od, Dinim Elyon, volume 56, 36; and Civil Appeal 2825/97 Abu Zeid v. Baruch, Dinim Va’Od, Dinim Elyon, volume 55, 603.

As stated above, it is our opinion that the Respondent has engaged in “bad faith” behavior by objective norms that have been adopted internationally. While The ICANN Rules and the U.S. Anticybersquatting law came into effect after ISOC-IL allocated the disputed name to the Respondent, said Rules and law primarily codified a normative consensus which existed at the time of their creation. This normative consensus developed as the result of court decisions such as Panavision and Marks & Spencer, as well as a result of the draft gTLD-MoU and the Final Report of the WIPO Internet Domain Name Process (Sections 170-177), all of which expressed the normative statement that cybersquatting constitutes bad faith behavior and should not be allowed. We therefore refer to the ICANN document and the U.S. law as succinct codifications of the normative regime that existed before their implementation. This normative regime existed at the time ISOC-IL allocated the disputed domain name to the Respondent.

In short, Respondent's behavior at the time of the allocation of the disputed domain name, constituted bad faith behavior according to objective international norms, and therefore, according to Articles 39 and 61(b) of the Contracts Law (General Section), 1973, we find the allocation to be voidable.

F. Conclusion

In light of the above, we hereby notify ISOC-IL that it must cancel the allocation to the Respondent and transfer it to the Petitioner. ISOC-IL shall do so only 30 days or more from the date of notifying the parties of this decision, in accordance with Rule 23 of the Rules, during which time the Respondent may seek court review of this decision.

According to Rule 24, the ACP has discretion whether or not to impose costs. We have decided not to impose costs in consideration of the fact that this is the first ACP decision on the merits regarding a domain name dispute under the Rules.