DRP
vs.
Injunction & Public Auction

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JPRS
What happened (1/2)

• A recent case for a .JP domain name
• 2 coincidental proceedings on a domain name
  ➢ DRP
  ➢ **Injunction** over domain name made by Tax Agency of Japan
    ➢ Injunction means government agency’s order prohibiting transfer of domain name

• **Subject domain name:** MOOMIN.JP

• **Registrant**
  ➢ Japanese company selling pillows and bedclothes under its brand “夢眠工房”
    ➢ “夢眠” is read as “MOOMIN” in Japanese and means “dreaming and sleeping”
    ➢ “工房” means “factory”
  ➢ Registrant holds trademarks “夢眠” and “夢眠工房” in Japan
What Happened (2/2)

- MOOMIN.JP was subject to DRP Proceeding and Injunction at the same time

- DRP Proceeding on MOOMIN.JP
  - Complainant: Trademark holder of “MOOMIN” in Helsinki, Finland
  - Online sales of official “MOOMIN” goods
  - Filed a DRP case requesting transfer of MOOMIN.JP

- Injunction over MOOMIN.JP
  - Registrant failed to pay national tax
  - Tax Agency made injunction over MOOMIN.JP
  - Tax Agency planned to sell MOOMIN.JP by Public Auction via Internet
About JP-DRP

- JP-DRP is basically the same as UDRP
- JP-DRP is maintained by an independent party (JPNIC)
- JP-DRP stipulates obligations of Registry (JPRS), not Registrars
- Under .JP Registration Rules
  - Registrant agrees with transfer or cancellation of domain name in accordance with JP-DRP in case of dispute regarding registration and use
  - Lawsuit commenced by the losing registrant may defer the transfer or cancellation that DRP panel concluded
- When DRP Proceeding initiates…
  - JPRS shall not make change on status of domain name such as transfer and cancellation
About Tax Act

● Under Japanese National Tax Collection Act
  ➢ Tax Agency has power to make injunction over taxpayer’s property in case of failure of tax payment
  ➢ When subject property is intangible property (such as intellectual property rights), Tax Agency may carry out Public Auction
  ➢ “Right to use domain name” falls under intangible property rights
    → Injunction is possible

● Public Auction
  ➢ Highest-price bidder is entitled to obtain subject property by paying the bid price
  ➢ Ownership of subject property is legally transferred upon payment of the bid price
  ➢ This transfer is made by operation of law, therefore, consent of taxpayer is not necessary
During DRP Proceeding, Tax Agency made injunction over MOOMIN.JP and planned Public Auction.

JP-DRP has no provision about Injunction:
- DRP Proceeding is NOT suspended even in case of Tax Agency’s Injunction.
- If complainant wins, JPRS must transfer MOOMIN.JP in accordance with JP-DRP even if MOOMIN.JP is under auction proceeding.

On the other hand, if Public Auction is successfully carried out, right to use MOOMIN.JP is transferred to the successful bidder by operation of law.
Problem Experienced (2/3)

- DRP panel’s decision was scheduled to be made before completion of Public Auction
- Therefore, JPRS was faced with the problem “Is JPRS allowed to implement transfer of MOOMIN.JP BEFORE Public Auction is finished?”
- JP-DRP only says: JPRS MAY implement transfer in accordance with Registration Rules and other requirements by laws
- No other TIPs in JP-DRP or Registration Rules…
According to JPRS’s understanding:

- Injunction does NOT change nature of subject property.
- Nature of right to use .JP domain name is determined by Registration Rules and JP-DRP.
- This means right to use domain name is subject to limitation stipulated in Registration Rules and JP-DRP.

Therefore, JPRS expressed its stance to Tax Agency:

- Even if Injunction has been made, JPRS has obligations to implement transfer of MOOMIN.JP in accordance with JP-DRP.
- This is because nature of right to use .JP domain name is determined by Registration Rules and JP-DRP, and Injunction does NOT change this nature.
Finally

- DRP Panel decided NOT to transfer MOOMIN.JP (fortunately:-)
- Based on our advice, Tax Agency publicized cautions to potential bidders of the Public Auction:
  - Third party claimed that “MOOMIN.JP had been registered and used in bad faith”
  - DRP Panel made “no-transfer” decision as the Registrant held trademark “夢眠” read as “MOOMIN”
  - Bidder shall comply with Registration Rules and DRP in and after transferring MOOMIN.JP
- Internet Auction was held
  - Highest-price bidder determined
  - Successful bidder paid the money
  - Tax Agency reported to us “who would be the transferee”
  - JPRS transferred MOOMIN.JP to the said transferee
Way forward

Registry (JPRS) and JP-DRP maintainer (JPNIC) have started investigation on how to handle the relations between DRP Proceeding, Lawsuit, Injunction, and Public sales

- Registration Rules and JP-DRP have no provision regarding Injunction and Public Auction
  - JPRS has to examine how to deal with and implement transfer in case of Injunction and Public Auction
  - JPRS should consider to make provisions in Registration Rules
  - JPNIC, who maintains JP-DRP, should consider provisions in JP-DRP

- Relations among DRP Proceeding, Lawsuit, Injunction, and Public sales have various patterns (timing-wise, result-wise) that have to be handled carefully
How do you handle such cases?

In your Registration Rules, DRP, or contracts with Registrants,

- Is there any provision regarding Injunction?
  - YES or NO
- Does the provision stipulate relation between DRP Proceeding and Injunction?
  - YES or NO

Let’s share experiences and practices!