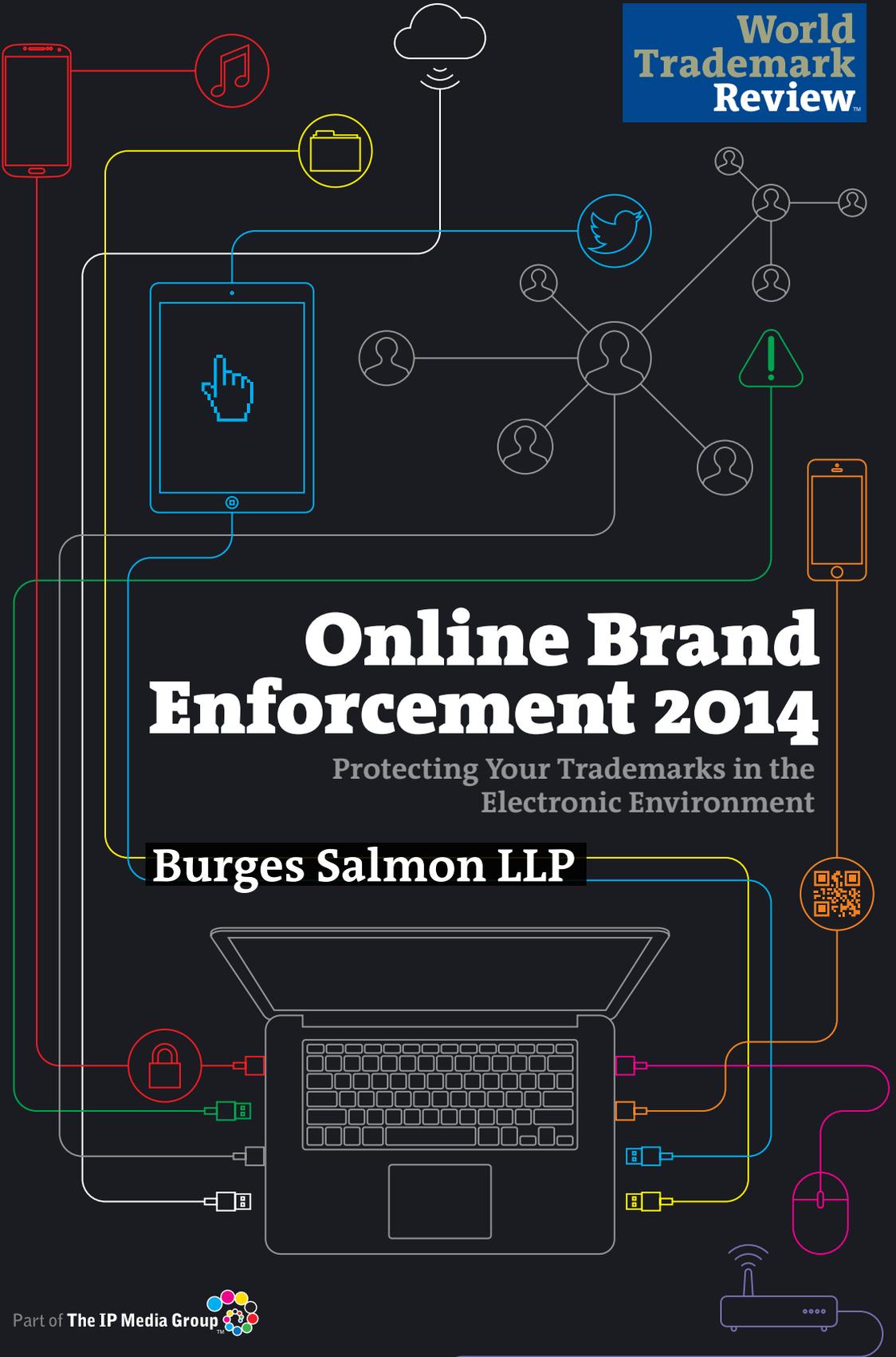


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Lessons from historical UDRP decisions

Authors

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In 1999 the World Intellectual Property Organisation (WIPO) recommended the adoption of the Uniform Domain Name Dispute Resolution Policy (UDRP) as a means of resolving domain name disputes in an efficient and cost-effective way.

The UDRP sets out a threefold test which requires a rights holder to demonstrate that:

- the domain name registered by the domain name registrant is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
- the domain name registrant has no rights or legitimate interests in the domain name in question; and
- the domain name has been registered and is being used in bad faith.

Since the introduction of the UDRP, the number of complaints has grown significantly as businesses increasingly recognise the importance of protecting their online presence – including domain names – with the same vigilance with which they protect their trademarks. According to WIPO statistics, its Arbitration and Mediation Centre has processed 26,638 cases since 1999, creating a vast body of case law. In 2011 disputes filed with WIPO involved parties from 110 countries, handled by 323 WIPO panellists from 49 different countries in 13 languages. In addition to those cases dealt with by WIPO, numerous UDRP complaints are

dealt with through other authorised bodies, such as the National Arbitration Forum.

More than a decade on from its implementation, there are many lessons to be learned from historical UDRP decisions. This article divides these lessons into two key categories: those relating to the unique UDRP procedure; and those establishing the requirements of the UDRP's threefold test.

Procedural lessons

Is the UDRP always the correct procedure to use?

The UDRP applies to generic top-level domains (gTLDs), such as '.com', and has been adopted by all Internet Corporation for Assigned Names and Numbers-accredited registrars, as well as some managers of country-code top-level domains.

An expert panel (comprised of one or three members) decides each UDRP complaint based on written submissions from the parties, without the need for a formal hearing. It is therefore a quick and cost-effective process. However, the only remedies available under the UDRP are the transfer or cancellation of the domain name, with each party bearing its own costs. This can sometimes mean that the UDRP is not the most appropriate route for resolving cases which involve wider IP issues or significant financial loss. That said, by pursuing a UDRP complaint, a complainant does not exhaust its other legal rights, so it can be a useful first port of call.

Are previous UDRP decisions binding?

The UDRP does not operate on a strict doctrine of precedent. Although panels will consider

prior panel decisions, they are not bound by them. It is within the panel's discretion to go against previous decisions without the need to distinguish cases. This can lead to divergence of opinion, sometimes reflecting differences in underlying national laws. For example, there are split views on whether the use of a domain name containing a trademark for a website that is critical of the trademark or its owner can amount to a legitimate interest, particularly where the domain name itself incorporates the use of a derogatory word and a trademark (eg, see *Sermo, Inc* (D2008-0647) 'sermosucks.com' and *Howard Jarvis Taxpayers Association* (D2004-0014)).

How does the process differ from conventional litigation?

The UDRP operates under its own unique procedural rules. Some of the key principles to bear in mind are as follows:

- Each party is given one opportunity to put forward all the material on which it wishes to rely, subject to a 5,000-word limit. It is therefore imperative to put forward all evidence and relevant facts at the outset. Only in exceptional circumstances will a panel accept a supplemental filing (see *Viz Communications Inc* (D2000-0905)). In addition, a panel will undertake factual research only in limited circumstances and any such research will be limited.
- There is no 'without prejudice' or equivalent rule which makes settlement discussions confidential. It is often the case that an offer to sell a domain name to a complainant will demonstrate bad faith on behalf of the respondent.
- If a respondent fails to reply to a complaint, the complainant does not automatically win. However, panels often draw an inference that the respondent does not deny the facts or conclusions that the complainant has asserted (see *Reuters Limited* (D2000-0441)).
- Panels will presume that the proceedings should be in the language of the domain name registration agreement, unless otherwise agreed. The complainant must specify its preferred language in its complaint, along with the reasons why. If a respondent has an objection, this must be made promptly. The panel will generally

find in favour of the complainant's chosen language if the respondent has been given a fair chance to object and has not done so.

Lessons relating to the threefold test

A complainant must establish all three limbs of the threefold test. However, in practice, demonstrating bad faith is often the biggest hurdle.

Does the complainant have rights?

If the complainant owns a relevant trademark, it will usually meet the threshold requirement for bringing a complaint.

Despite the stated need for a 'trademark', unregistered rights can also suffice to meet this requirement. However, the onus is on the complainant to show evidence that the name relied on is distinctive and is associated with it. Where a trade name includes descriptive or dictionary words, there is a greater burden on the complainant to present evidence regarding the meaning, relevant use and distinctiveness of the name.

Personal names that are registered as trademarks can also be protected (eg, *Julia Roberts* (D2000-0210)). However, where a personal name is not a registered trademark, the complainant must be able to establish unregistered trademark rights to the name through its use in trade or commerce.

Is the domain identical or confusingly similar?

The confusion test requires a comparison between the relevant trademark and the domain name.

When examining the domain name the gTLD suffix (eg, '.com') and geographical references (eg, 'china') are generally ignored (see *Cellular One Group* (D2000-0028) 'cellularonechina.com').

When examining the trademark, the style and design features of figurative trademarks relied on will be ignored, because a domain name is generally unable to show such design elements. However, this is a matter for consideration in each case based on the impression that the mark creates (see *Which? Limited* (D2008-1637) 'whichcar.com').

The fact that internet users are confronted with one or more disclaimers once they have been diverted to a website does not necessarily cure the initial and illegitimate diversion caused by confusion (see *Estée Lauder Inc* (D2000-0869), following *D2000-061* and *D2000-0181*).

Legitimate interests in dictionary words

A panel considering whether a respondent has a legitimate interest in a name that includes a word or phrase from the dictionary will usually consider:

- whether the domain name is used in connection with a purpose relating to its generic or descriptive meaning;
- whether the respondent has registered other domain names containing dictionary words or phrases; and
- the status and fame of the trademark (see *Porto Chico Stores Inc* (D2000-1270) ‘lovelygirls.com’).

Ordinary dictionary words can be used legitimately in connection with their natural meaning.

Resellers and distributors of legitimate goods

Regardless of whether they are authorised, resellers and distributors can sometimes be considered to be *bona fides* and entitled to use a trademark. *Oki Data Americas Inc* (D2001-0903) sets down some guiding principles which panels may consider:

- The respondent must actually be offering the goods or services at issue;
- The respondent must use the site to sell only the trademarked goods; otherwise, it could be using the trademark to bait internet users and then switch them to other goods (see *Nikon Inc* (D2000-1774) and *Kanao* (0109));
- The site must accurately disclose the registrant’s relationship with the trademark owner; and
- The respondent must not try to corner the market in all domain names; a single distributor is extremely unlikely to have a legitimate interest in precluding others from using numerous variants of a mark (see *Magnum Piering Inc* (D2000-1525)).

Bad faith

Paragraph 4(b) of the policy sets out what constitutes evidence of bad faith. The list is not exhaustive and includes things such as trying to sell domain names for valuable consideration, blocking registrations, registering a domain name with the aim of disrupting the business of a competitor and – probably most commonly

– attempting to attract, for commercial gain, internet users to a website by creating a likelihood of confusion.

The domain name must have been registered and used in bad faith.

Unless a complainant can point to sufficient earlier unregistered rights, a domain name registration is unlikely to have been made in bad faith if it pre-dates the complainant’s trademark registration. However, in some cases, bad faith may still be established if a respondent attempts to register a domain name shortly before a new product is launched (eg, the Apple iPhone5, D2012-0951, ‘iphone5.com’).

The renewal of a domain name does not amount to a new registration for the purposes of assessing bad faith; rather, bad faith is assessed from the time that the registrant in question took possession of or registered the domain name. For example, in *Nectar International Limited* (D2009-0883) the complaint failed because the complainant’s evidence addressed the only situation as it existed at the time of the complaint, and not at the time of registration of the domain name.

There is an argument that later use of a domain name in bad faith can amount to a breach of the warranties given at the time of registration by the registrant to the registrar under Paragraph 2 of the UDRP, in which the registrant confirms that it will not use the domain to infringe or violate another party’s rights (a so-called ‘retroactive bad-faith registration’, see *Octogen Pharmacal Company, Inc* (D2009-0786)). However, more recent decisions have steered away from this approach (see *Mile, Inc* (D2010-2011)).

The use of privacy or proxy registration services in order to hide a registrant’s true details is increasingly common. Use of such services is not in itself an indication of bad faith. There can be legitimate reasons for a registrant to use a privacy service (eg, to reduce spam emails). However, it can be a relevant factor. For example, using such a service in combination with providing incomplete information to the service itself may be evidence of bad faith (see *HSBC Finance Corporation* (D2007-0062)). Bad faith may also be found where a respondent fails to reply to repeated communications (see *Advance Magazine Publishers Inc d/b/a Condé Nast*

Publications (D2007-1743)).

Simply holding a domain name (without operating an active website at the domain) may be enough to establish bad faith (see *Telstra Corporation* (D2000-0003)).

Pay-per-click advertising links (also known as sponsored links) are also commonly used and allow money to be made from internet users clicking on links on a site, which will usually take the user to a legitimate website. Pay-per-click advertisements can take unfair advantage of a complainant's trademark. In *Villeroy & Boch AG* (D2007-1912) the panel held that the sponsored links and pop-up advertisements on the disputed website established that the domain name had aimed to attract internet users for commercial gain and had therefore been created in bad faith.

Further, registrants have been held responsible for the content appearing on websites even where they are not exercising direct control over the website. For example, domain name parking pages allow users to choose keywords to associate with the domain name. This aligns the sponsored links appearing on the page with the domain name so as to increase the likelihood of people clicking on the pay-per-click advertisements. Where a respondent does not disclose the manner in which the domain name parking page was set up, or what keywords were chosen, a finding of bad faith is likely, as panels can infer from the circumstances that the respondent has some influence on the selection process and thus the advertising (see *Owens Corning* (D2007-1143)).

If brand owners seek to use the UDRP tactically to try to deprive another party of its legitimate domain name, they could find themselves on the wrong end of a finding of bad faith for reverse domain name hijacking. Such a finding can potentially be damaging to a business which may need to use the UDRP at a future date in order to protect itself from legitimate harm, as panels can be made aware of such findings in future proceedings.

Conclusion

When considering the lessons to be learned, the most obvious flaw of the UDRP is the lack of a strict precedent system. However, as can be seen from the examples given in this article, guidance is available on commonly

encountered issues and other legal remedies remain available where the UDRP cannot assist.

Although the majority of decisions are given in favour of the complainant, the onus of establishing each of the three grounds rests with the complainant. Without establishing each limb with evidence to the panel's satisfaction, the complaint will fail – even in cases where no response is filed. Mere assertion will not suffice. Complainants must be careful to establish the relevant facts at the relevant date. [WTR](#)

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Mr Dickerson is a regular speaker and writer on IP issues, and is a guest lecturer on passing off at Oxford University. He is a member of most leading IP organisations.



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