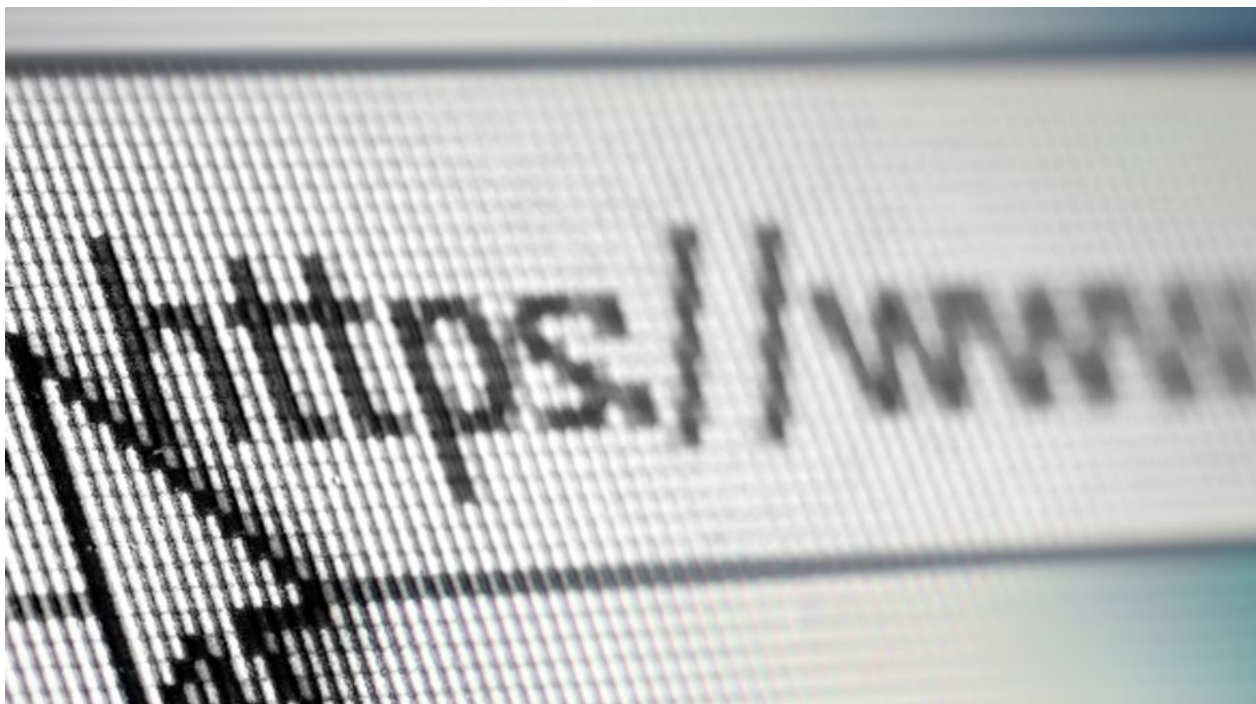


## Sale of domain names can be valid enterprise

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13 June 2023



### INTERNATIONAL

Legal updates: case law analysis and intelligence

- The owner of various GAGGLE marks sought the transfer of 'gaggle.com' under the UDRP
- The panel found that the respondent had acquired the domain name for its value as a dictionary word
- Offering a domain name for sale for a high price may be legitimate, provided that the respondent was not targeting the complainant

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before WIPO, a three-member panel has denied the transfer of a domain name because the complainant had failed to demonstrate not only that the respondent lacked rights or legitimate interests in the domain name, but also that it was registered and used in bad faith.

## Background

The complainant was Foundations Worldwide Inc, a company established in the United States, offering children's products. It was the owner of several trademarks, including a US trademark in GAGGLE registered in 2013.

The respondent was afterthought Inc, also based in the United States, a company in the business of buying and selling domain names.

The disputed domain name was 'gaggle.com', first registered by a third party in 2001 and acquired by the respondent on 19 September 2019. According to evidence submitted in support of the complaint, the domain name resolved to a parking page containing a link to inquire about the purchase of the domain name in conjunction with hyperlinks displaying pay-per-click (PPC) links. The respondent did not appear to have used the domain name in connection with an active website and did not have any business related to children's products.

To be successful in a complaint under the UDRP, a complainant must satisfy the following three requirements set out at Paragraph 4(a):

1. the domain name registered by the respondent is identical, or confusingly similar, to a trademark or service mark in which the complainant has rights;
2. the respondent has no rights or legitimate interests in respect of the domain name; and
3. the domain name has been registered and is being used in bad faith.

## Decision

### **First limb**

The panel was satisfied that the complainant had rights in the trademark GAGGLE and that the domain name incorporated the complainant's trademark in its entirety without any adornment. The panel therefore found that the domain name was identical to the complainant's trademark. Thus, the complainant satisfied the first element set out in Paragraph 4(a) of the UDRP.

### **Second limb**

According to Section 2.1 of the [WIPO Overview 3.0](#), a complainant must demonstrate that a respondent has no rights or legitimate interests in respect of the domain name in question. In this regard, a complainant is normally required to make out a *prima facie* case, and it is then for the respondent to demonstrate otherwise. If the respondent fails to do so, then the complainant is deemed to satisfy Paragraph 4(a)(ii) of the UDRP.

In the present case, the complainant put forward a *prima facie* case to the effect that the respondent had no rights or legitimate interests in respect of the domain name as he had never made any use of the domain name, nor registered any trademarks directly or indirectly related to the domain name. The complainant further claimed that the respondent's main interest in the domain name was to sell it for commercial gain.

The respondent argued that it was not aware of the complainant and its rights. The panel found in favour of the respondent, citing *Montane Ltd v Orion Global Assets* ([WIPO Case No D2017-0309](#)). It considered that the respondent had acquired the domain name for its value as a dictionary word and that there was no evidence on file that the respondent had targeted the complainant or its GAGGLE trademark rights.

The panel further noted that the sale of a domain name consisting of a common or dictionary term could be a valid enterprise. As stated in WIPO Overview 3.0, Section 2.1:

“

*[...] panels have accepted that aggregating and holding domain names (usually for resale) consisting of acronyms, dictionary words or common phrases can be bona fide and is not per se illegitimate under the UDRP.*

”

For the panel, offering a domain name for sale for a high price could be legitimate, provided that, as was the case here, the respondent was not targeting the complainant.

Therefore, the panel concluded that the complainant had not established the requirements of Paragraph 4(a)(ii) of the UDRP. Given this finding, the panel did not need to address the third limb, but nevertheless proceeded to do so.

### **Third limb**

The complainant alleged that the respondent's only interest in the domain name was to sell it to the complainant at the highest possible price and so the domain name had therefore been registered and used in bad faith.

Under the circumstances, the panel found that the fact that the respondent had offered the domain name for sale could not in itself be deemed to indicate that the domain name was registered, or was being used, in bad faith. In the panel's opinion, the respondent had not registered or used the domain name in bad faith because the respondent had legitimately purchased the domain name as a dictionary term. The evidence submitted did not show that the respondent was targeting the complainant or its GAGGLE trademark rights. The panel was therefore convinced that the respondent did not have knowledge of the complainant or its GAGGLE trademark when the respondent acquired the domain name.

The panel found in favour of the respondent, considering that the respondent had registered the domain name in good faith because the respondent had credibly argued that he was not aware of the complainant's trademark rights. The fact that the respondent was seeking a price for the disputed domain name in negotiations that was more than the complainant was prepared to pay was equally not an indication of bad faith. The complaint was therefore denied.

## Comment

This decision highlights the fact that trademark holders will not necessarily be able to succeed in obtaining transfer of a domain name under the UDRP, even if it is identical to their trademark rights. Evidence of targeting is crucial, and this is particularly important when such trademarks are also dictionary terms.

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