

UDRP: evidence of bad faith should not be cryptic

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- The complainants, which owned registrations for KADDEX in numerous jurisdictions, sought the transfer of 'kaddex.com' under the UDRP
- The panel found that it was clear that the complainants did not exist and had not applied to register the KADDEX mark at the time the domain name was registered
- There was no convincing evidence in the record substantiating the complainants' claims to have used the KADDEX mark since 2019

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before WIPO, a panel has refused to transfer the disputed domain name 'kaddex.com'.

Background

The complainants were five entities within a group of related companies, namely Kaddex LLC (United States), Kaddex Pty Ltd (Australia), Kaddex OÜ (Estonia), Kaddex Ltd (United Kingdom) and KaddexDAO Association (Switzerland). The complainants, trading under the KADDEX mark, were involved in the cryptocurrency industry, specifically the operation of decentralised cryptocurrency exchanges ('DEX') and blockchain consulting. The complainants' primary domain name, which resolved to its primary website, was 'kaddex.xyz', which the complainants registered on 7 March 2022. The complainants owned trademark registrations for KADDEX in numerous jurisdictions, the earliest filed on 14 October 2021, including an EU trademark registered on 11 March 2022.

The respondent was Egnathia Golf Club Societa' dilettantistica ARL, Egnathia Golf Club (Italy). It operated in the decentralised finance ('DeFi') industry and had used the KADDEX mark, and the domain name 'kaddex.com' (registered on 14 April 2021), in relation to a DEX as early as June 2021.

At the time of the UDRP decision, the domain name resolved to a website for 'eckoDAO', ostensibly a community-led DeFi ecosystem hosted on the Kadena blockchain.

On 21 February 2023 the complainants initiated proceedings under the UDRP for a transfer of ownership of the domain name. To be successful under the UDRP, a complainant must satisfy the requirements of Paragraph 4(a) of the UDRP, namely that:

1. the disputed domain name 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 the disputed domain name; and
3. the disputed domain name was registered and is being used in bad faith.

Decision

Paragraph 4(a)(i)

The panel considered that the complainants had registered trademark rights identical to the domain name. As such, irrespective of whether such rights accrued after registration of the domain name, the panel concluded that Paragraph 4(a)(i) was met.

Paragraph 4(a)(ii)

The respondent argued that it had used the domain name for a legitimate and widely used DEX ever since it registered the domain name. However, the panel did not find it necessary to address the question of the respondent's rights and legitimate interests because it concluded that the complaint had not succeeded in proving bad faith under Paragraph 4(a)(iii).

Paragraph 4(a)(iii)

The complainants indicated that they had used the KADDEX mark in the cryptocurrency industry since 2019 via a predecessor organisation. In a supplemental filing, the complainants stated that their founder and beneficial owner had been using the name Kaddex as a sole trader since 2019.

The complainants further claimed that, in January 2021, their founder had discussed his plans to launch a DEX built on the Kadena blockchain publicly in his Telegram channel and privately over Telegram messages with an employee of the Kadena blockchain. In March 2021 the employee had publicly announced that an independent team had approached Kadena asking to launch a DEX on Kadena by forking the existing code and calling it KADDEX, which Kadena had consented to. The complainants added that subsequent investigations by third-party journalists had revealed that the same employee was behind the "independent team" mentioned in his public announcement. The complainants asserted that the employee, via an Italian golf club connected with his family (the respondent), had registered the domain name and used it together with the complainants' logo, designs and business ideas to start a DEX business that competed directly with the complainants under an identical trademark (KADDEX), thus piggybacking off the complainants' goodwill and ideas and thereby evidencing bad-faith registration and use of the domain name.

The complainants concluded that:

- the fact that the respondent was a golf club, with no apparent connections to the cryptocurrency industry, was a further indication of bad faith; and
- the respondent had engaged in a campaign of trademark "trolling", by applying to register the KADDEX trademark in the United States, registering the complainants' logo in the European Union, and filing extensions of time to oppose the complainants' US trademark application, thereby delaying its registration.

The respondent argued that:

- the complainants had not presented any evidence substantiating their claim to have used the KADDEX mark since 2019;
- the complainants' companies did not actually exist at the time of registration of the domain name; and
- the domain name had been registered six months before the complainants filed their first trademark application.

The respondent added that the complainants' domain name, 'kaddex.xyz', was registered long after registration of the domain name.

The respondent also asserted that it had registered the domain name for and on behalf of KADDEX US Holdings Inc to be used and operated for the Kaddex DEX business immediately following the registration of the domain name. The respondent presented evidence of an assignment of the domain name, dated March 2023, but effective from the registration date of the domain name, to "KADDEXDAO", the operator of the respondent's DEX. The respondent added that, in February 2023, it applied to register figurative trademarks comprising its logos in the European Union, and that the complainants had reproduced

such logos identically, without the respondent's consent, on their website at the domain name 'kaddex.xyz'. The respondent justified its rebranding to eckoDAO by the fact that its Kaddex business had outgrown the name Kaddex and had evolved into a comprehensive DeFi ecosystem, not just a DEX.

Finally, the respondent declared that the complainants were not active or known in the field they claimed to be active in, and that the content accessible at the website associated with 'kaddex.xyz' was a clone website of the respondent's previous website under the domain name and reproduced a logo designed by the respondent (which was the subject of the respondent's trademark applications).

The panel noted that the domain name was registered six months before the complainants had applied to register their first trademark and registered their earliest company, Kaddex LLC, and almost a year before the complainants registered their own domain name, 'kaddex.xyz'. The panel thus found that it was clear that the complainants did not exist and had not applied to register the KADDEX trademark at the time that the domain name was registered.

As regards the complainants' predecessor organisation referred to in the complaint, the panel noted that such organisation had not been identified by the complainants and that the only evidence provided in support of the claim to have used the mark since 2019 was the specimens of use filed with the US Patent and Trademarks Office in support of the complainants' claimed first use in commerce date (15 May 2019) for their US trademark application. These specimens consisted of brochures and marketing material for a KADDEX DEX, as well as a single quotation dated 1 July 2019, purportedly issued by "Kaddex LLC, d/b/a Kaddex", for blockchain and cryptocurrency consulting services to be rendered to a party whose name had been redacted. The panel noted that the brochures and marketing materials were undated and the quotation was issued by a company that was only registered over two years later, according to the complainants' own evidence. Therefore, the panel found that neither supported the complainants' claim to have used the mark since 2019.

With respect to the complainants' supplemental statement that their founder had been using the name Kaddex as a sole trader since 2019, the panel held that such a statement contradicted both the complainants' initial statement that a predecessor organisation, as opposed to an individual, had used the mark since 2019, and the quotation tendered as evidence of use since 2019, which was issued in the name of a company and not an individual.

The panel added that, even if the single quotation had been taken as evidencing at least some use by the complainants of the mark in 2019, no evidence was provided as to how the private use of the mark for consulting services could have come to the respondent's attention. The Google search independently conducted by the panel for all results featuring the word 'kaddex' from 1 January 2019 until 14 April 2021 (the registration date of the domain name) showed no convincing results indicating that the KADDEX mark was in use, at least publicly on the Internet over that period. The panel thus concluded that there was no convincing evidence in the record substantiating the complainants' claims to have used the KADDEX mark since 2019.

With regard to the complainants' allegation that their founder had divulged his plans to the respondent via an employee of the Kadena blockchain, the panel stated that it had found no evidence substantiating this claim, or indeed any public disclosure. The panel considered that, if the complainants had indeed used the KADDEX mark since 2019, given how central that claim was to the bad-faith element and the complainants' case as a whole, one would have expected the complainants to tender far more actual evidence than a single quotation (which was in any event problematic).

While the panel found that the complainants' statements were unsubstantiated, it found that there was unrefuted internet archive evidence showing that the respondent had used the domain name from June 2021 in relation to a DEX under the KADDEX mark, predating any proven use by the complainants of the KADDEX mark. As a consequence, the panel found that the claim had failed on the third element and the complaint was denied.

RDNH

The respondent requested a finding of reverse domain name hijacking (RDNH), claiming that the complainants knew that they could not succeed given their clear knowledge of the respondent's rights and legitimate interests and the absence of bad faith on the part of the respondent, as well the complainants' unsubstantiated claims, including use of the KADDEX mark since 2019.

However, the panel declined to find RDNH, pointing out that the complainants were not represented and consequently were held to a lower standard than represented complainants. The panel also noted that the complainants did own numerous trademarks and company registrations for the KADDEX mark around the world, and that the complainants appeared to have used the KADDEX mark for an actual cryptocurrency offering. The panel concluded that, on balance of probabilities, the complainants had failed to fully understand the bad-faith requirements of the UDRP, rather than deliberately set out to act in bad faith in filing the complaint.

Targeting

Finally, the panel indicated that the evidence seemed to establish some targeting between the parties, but it was unclear who the targeting party was. In the absence of evidence of bad faith available in documentary form (the complainants themselves admitted that "this proceeding comes down to a he-said-she-said"), the panel concluded that the dispute between the parties

would appear better suited to resolution by a trial court of competent jurisdiction, with the benefit of discovery and cross-examination.

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