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Trading in domain names is not *per se* bad faith

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- The panel concluded that the complainant had not demonstrated that the respondent had ever used the domain name 'ilko.com' to target the complainant
- English was the appropriate language for the proceedings, given that it was the language of the registration agreement
- Although there were sufficient grounds for a finding of RDNH, the panel used its discretion and instead only issued a warning to the complainant's counsel

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before WIPO, a three-member panel has refused to order the transfer of a domain name because the complainant failed to demonstrate that it was registered or used in bad faith.

Background

The complainant was Virutex Ilko SA, company based in Chile manufacturing and selling kitchen products and household cleaning products. The respondent was Michael Bilde from the United States, an individual operating a naming consultancy and offering domain names for sale.

The domain name 'ilko.com' was registered in 2016. It redirected to a website displaying other domain names available for purchase and also indicating that the domain name was no longer for sale.

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

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

Decision

Language of the proceeding

Before proceeding with the assessment of the three limbs of the UDRP, the panel focused on the language issue. In the present case, the complaint had been initially submitted in Spanish. However, the panel found English to be the appropriate language for the proceedings, given that that was the language of the registration agreement. In addition, the complainant spontaneously submitted an English version of the complaint and did not provide any evidence of the respondent's ability to communicate in Spanish.

Substantive issues

The complainant contended that it had trademark rights in ILKO registered in many countries in the world, including Chile, Mexico, Peru and Canada, some of which dated from as early as 1988. The complainant argued that the domain name was identical to its trademark, and that it had operated its main website using 'cocinailko.cl' since 2019. The respondent did not argue with these points and did not deny the existence of the complainant's rights and the similarity between such rights and the domain name.

The panel noted that the requirements of the UDRP were conjunctive and so the failure to prove any one of them would result in a denial. As such, in view of its findings under the third limb of the UDRP, the panel did not feel the need to comment on the first and second elements of the policy in the present case.

The complainant claimed that the respondent did not own any rights in ILKO and intended to profit from the sale of the domain name, having offered it for sale for a high price of \$21,595. The respondent submitted that, in Eastern Europe, 'Ilko' corresponded to a common first name and second name, and various businesses and enterprises were often named or abbreviated using this term. Therefore, it had inherent market value for the respondent, who was in the business of domain name trading. The respondent added that he had registered the domain name upon its abandonment by a person named Ilko in 2016. The respondent indicated that he was unaware of the complainant's existence prior to the proceeding, and underlined that he never intended to target the complainant.

The panel found that the complainant had failed to provide evidence that the domain name was registered “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” in accordance with Paragraph 4(b)(i) of the UDRP. Furthermore, the panel concluded that the complainant had not demonstrated that the respondent had ever used the domain name to target the complainant. Finally, the panel considered that there was no reason why the respondent would have been aware of the complainant’s trademark.

In light of the above, the panel made a finding that the complainant had failed to demonstrate the requirements prescribed by the third limb of the policy, and so refused the transfer of the domain name.

Reverse domain name hijacking

The panel also considered whether a finding of reverse domain name hijacking (RDNH) was appropriate. RDNH is defined in Paragraph 1 of the UDRP Rules as “using the policy in bad faith to attempt to deprive a registered domain name holder of a domain name”. First, the panel noted that the question of abuse of the proceedings could be addressed by the panel even if the respondent had not requested such a finding. In this case, the panel considered that the complainant should have understood that trafficking in domain names was not *per se* in bad faith and, therefore, the panel found that there were sufficient grounds for a finding of RDNH. However, the panel decided to use its discretion not to make such finding, and instead only issued a warning to the complainant’s counsel.

Comment

This decision highlights once again the intrinsic value that short domain names may have, such value being determined not by a UDRP panel, but by supply and demand in the marketplace. In fact, the sale of three or four-letter domain names is legitimate in the absence of any evidence of cybersquatting.

This decision also serves as a reminder that UDRP proceedings are usually conducted in the language of the registration agreement in accordance with paragraph 11(a) of the UDRP Rules, which reads as follows:

Unless otherwise agreed by the parties, or specified otherwise in the registration agreement, the language of the administrative proceeding shall be the language of the registration agreement, subject to the authority of the panel to determine otherwise, having regard to the circumstances of the administrative proceeding.

In reality, panels frequently use their discretion to allow complaints to be submitted in a different language to that of the registration agreement, depending on factors such as the nationality of the parties, the language previously used by the parties to communicate with each other, the nature of the domain name, the pointing of the domain name or previous proceedings involving the same respondent.

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