



Criticism website sets off domain name fireworks

Jane Seager and Lanlan Bian

Hogan Lovells

31 March 2022



INTERNATIONAL

Legal updates: case law analysis and intelligence

- Phantom Fireworks Showrooms LLC/Phantom IP LLC sought the transfer of 'phantomfireworksscams.com' under the UDRP
- The panel found that the respondent's website was clearly critical of the complainant and not designed to misleadingly emulate the complainant's website
- The finding of legitimate interests logically impelled a conclusion that the respondent was not acting in bad faith

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before WIPO, a panel has denied the transfer of the domain name 'phantomfireworksscams.com' because the complainant failed to prove the absence of rights and legitimate interests on the respondent's part.

Background

The complainant was Phantom Fireworks Showrooms LLC/Phantom IP LLC, two US limited liability companies. Phantom Fireworks Showrooms LLC mainly operated in the sale of fireworks under the trademark PHANTOM FIREWORKS in the United States. It owned the domain name 'phantomfireworks.com', redirecting to its website 'www.fireworks.com' which traced a history over 40 years. Phantom IP LLC owned two US trademarks incorporating the terms 'phantom fireworks', both registered in 2007. It licensed the trademarks to Phantom Fireworks Showrooms LLC for use in its business.

The respondent was Frank Elliott, an individual based in the United States, and his company Seasonal Sales Inc, a US corporation which operated a website advertising fireworks sales at 'www.jurassicfireworks.com'.

The disputed domain name was 'phantomfireworksscams.com', registered by Mr Elliott on 8 October 2020. It was being used to point to a criticism site headed "Phantom Fireworks Scams", followed by the tagline "Free Should Mean Free". The website included recordings of conversations between Mr Elliott and sales personnel at the complainant's retail outlets, detailed

instances of alleged deceptive advertising in the complainant's promotions, and encouraged site visitors to sign a petition and contact a consumer protection agency.

The complainant initiated proceedings under the UDRP for a transfer of ownership of the domain name. The respondent submitted a response requesting the panel to enter a finding of reverse domain name hijacking (RDNH).

To be successful in a complaint under the UDRP, a complainant must satisfy the requirements of Paragraph 4(a), namely that:

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 disputed domain name has been registered and is being used in bad faith.

Decision

Identity or confusing similarity

The complainant contended that the domain name was confusingly similar to its registered PHANTOM FIREWORKS trademark. Given that the first limb under the UDRP functions primarily as a standing requirement, the panel accepted the complainant's contention and found that the complainant had established rights in the PHANTOM FIREWORKS trademark and that the domain name incorporated the trademark in its entirety. It was under the second and third limbs that the panel took into account the respondent's defence with respect to the use of the domain name for criticism purposes.

Rights or legitimate interests

With regard to the second limb, the complainant asserted that the respondent had no permission to use the PHANTOM FIREWORKS trademark and had no rights or legitimate interests in the domain name. According to the complainant, the respondent was a competitor that sought to tarnish the complainant's reputation, disrupt its business and divert sales to the respondent for commercial gain. The complainant further indicated that the respondent's website promoted misstatements about the complainant's pricing, including unauthorised recordings of telephone conversations with the complainant's employees, and encouraged visitors of the website to file Consumer Protection Agency complaints against the complainant. Moreover, the respondent promoted the domain name by shouting and speaking through blowhorns while in close proximity to both the complainant's customers and showroom. As such, the complainant claimed that the respondent's use of the domain name served no purpose other than to harass the complainant.

In response, the respondent stated that he had 'fair use' rights to criticise and comment on the complainant's deceptive practices, as indicated by the word 'scams' in the domain name. He argued that the domain name was registered and used in good faith for this purpose and had not been used to divert consumers for commercial gain. He countered that he was allowed to record conversations under Wyoming law, where the conversations that he posted on the website took place. The respondent further explained that he offered to take down the website "if Phantom Fireworks would change their marketing to be in line with the industry standard and stop the use of gimmicks, trick marketing and scandalous advertisement".

In order to assess the respondent's rights or legitimate interests in the domain name, the panel noted that, under Paragraph 4(c) (iii) of the UDRP, the issue was whether the respondent's use of the domain name to refer to the complainant and criticise its advertising practices constituted a genuine and non-commercial fair use, or was merely a pretext for gaining commercial advantage. The panel found that the respondent's website did not disclose the website operator or include a link to the Jurassic Fireworks website. There was no advertising on the respondent's website for goods or services offered by the respondent or any third party. The complainant made mere conclusory statements to the effect that the respondent's allegations were "lies and misstatements", but failed to dispute the authenticity of the advertisements, prices and voice recordings published on the respondent's website. Therefore, the panel found that the respondent's website was clearly critical of the complainant and not designed to misleadingly emulate the complainant's website.

For the sake of completeness, the panel additionally assessed whether the respondent's website tarnished the complainant's mark. The panel found that, in the present case, all parties were located in the United States, where the concept of tarnishment would not apply to legitimate critical fair and non-commercial use of a trademark. Further, the panel noted that fair-use criticism, even if libellous, would not constitute tarnishment and was not prohibited by the UDRP, the primary concern of which was cybersquatting. The panel also found that nothing suggested that the respondent, a competitor, had attempted to pass itself off as the complainant or misleadingly divert internet users of the complainant. The respondent's substantive criticisms were detailed on the website associated with the domain name, with supporting evidence in various forms. Although those claims may be disputed in an appropriate forum, the panel pointed out that the UDRP proceeding would not lend itself to an adjudication of underlying libel, fraud or consumer protection controversies. Finally, the panel noted that the core issue was whether the respondent was engaged in cybersquatting activity, and the panel found on this record that it was not.

In view of the above, the panel concluded that the respondent had successfully demonstrated that he had rights and legitimate interests in the domain name. The second limb was therefore not satisfied.

Bad faith

Given the analysis under the second limb above, the panel concluded that, although the respondent arguably played both sides of the competition and criticism coin, the finding of legitimate interests logically impelled a conclusion that the respondent was not acting in bad faith. In the panel's view, such conclusion was supported by the respondent's registration and use of the domain name exclusively for a genuine non-commercial criticism site which did not contain links to the respondent's competing site. The panel therefore found that the respondent's registration was not in bad faith and dismissed the complaint.

RDNH

The panel concluded by declining to enter a finding of RDNH, underlining that the mere lack of success of a complaint was not itself sufficient for such a finding.

Comment

This decision is a good example of how the UDRP seeks to balance the interests of trademark owners and domain name registrants whose names are similar to the trademarks in question. Under the UDRP, the use of a domain name exclusively for a genuine non-commercial criticism purpose may create legitimate interests in such domain name. It is worth pointing out that the panel was aware that the parties in this case were competitors and had physical locations near each other and, therefore, a commercial impact was clearly desired from the respondent's perspective. The fact that there were no commercial links to the respondent's website at the domain name was key to the panel's decision.

Jane Seager

Author | Partner

jane.seager@hoganlovells.com

Hogan Lovells

Lanlan Bian

Author

Hogan Lovells