

WIPO panel: no retroactive bad-faith registration under the UDRP International - Hogan Lovells LLP

Cybersquatting

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In a [recent decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before the [World Intellectual Property Organisation](#) (WIPO), a panel from the WIPO Arbitration and Mediation Centre has denied the transfer of a domain name identical to a subsequently registered trademark because there was no evidence that such domain name had been registered in bad faith with regard to the state of mind of the registrant at the time of registration.

The complainant was Groupe BMTC Inc, a Canadian company also known as Brault & Martineau, which sold items such as furniture, beds, appliances and electronic goods. It owned a number of trademarks for ECONOMAX, including a Canadian word and design mark, registered on October 23 2015, and a Canadian word mark, registered on September 22 2014. The complainant had also owned the domain name 'economax.biz' since February 28 2012.

The respondent was Star Access Inc, a US company that invested in saleable domain names, including expired domain names, as a business.

The disputed domain name was 'economax.com'. It appeared to have been created on April 7 2003, although the date on which it was acquired by the respondent was in contention. The domain name was resolving to a website providing pay-per-click links to competitors of the complainant.

The respondent was listed initially as Domain Admin Whois Privacy Corp in the United States, and the complainant filed the complaint against this entity. However, the underlying respondent identified itself as Star Access Inc, and so the panel allowed the complainant to file a supplemental filing as it was not aware of the true identity of the respondent and had therefore directed its complaint against a privacy service. The respondent was then invited by the panel to submit a supplemental filing in the interests of natural justice.

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

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

With regard to the first requirement, the panel found that the complainant had rights in the trademark ECONOMAX and that the disputed domain name was identical to this trademark. Thus, the complainant satisfied the first element set out in Paragraph 4(a) of the UDRP.

As to the second limb and a respondent's rights or legitimate interests (or lack of them), a complainant must prove that the respondent had no rights or legitimate interests in respect of the domain name in question. A complainant is normally required to make out a *prima facie* case and it is 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 stated a *prima facie* case to the effect that the respondent had no rights or legitimate interests in respect of the domain name because the respondent had not been authorised to use the complainant's trademark nor to register a domain name containing the trademark. The panel noted that the domain name may be developed in the future by the respondent, that it was available for sale and that it had been used for the purpose of pay-per-click advertising (although this had been suspended in reaction to the complaint). The respondent claimed that its acquisition of the domain name was legitimate at a time when it was not in conflict with the complainant's trademark and that its current use was in good faith. However, given the panel's findings in relation to bad-faith registration and use, the panel deemed that it was not necessary to make a finding on the issue of the respondent's possible rights or legitimate interests.

With regard to the third limb of the UDRP, a complainant is usually required to demonstrate that the domain name has both been registered and is being used in bad faith. As is stated in the [WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition](#) (WIPO Overview 2.0) at Paragraph 3.1:

"When a domain name is registered by the respondent before the complainant's relied-upon trademark right is shown to have been first established (whether on a registered or unregistered basis), the registration of the domain name would not have been in bad faith because the registrant could not have contemplated the complainant's then non-existent right."

In the present case, the earliest filing of the complainant's trademark was on January 31 2012 and the earliest date of its registration was September 22 2014. The complainant contended that the domain name was acquired by the respondent in 2015, well after its trademark was registered and in use in Canada, given that a change of privacy service occurred around February 2015 and a transfer of name server in June 2015. The respondent argued that it had acquired the domain name on May 19 2008, over three years before the date on which the complainant had acquired trademark rights. Thus, the panel had to examine the effective registration date of the domain name by the respondent, as this was crucial to assess whether or not there had been bad-faith registration.

Under Paragraph 3.7 of the WIPO Overview 2.0, whether or not a transfer of a domain name amounts to a new registration depends upon whether there has been an unbroken chain of underlying ownership by a single entity or within a genuine conglomerate.

The respondent claimed that it had continuously owned the domain name since May 19 2008, having acquired it at auction. In evidence it produced a WHOIS record in respect of the domain name dated June 2 2008 in the name of Domain Kingdom and proof that Domain Kingdom and the respondent shared the same physical address. The complainant challenged this connection, but, having examined the chronology of the evidence, the panel found that there had been an unbroken chain of underlying ownership of the domain name since May 19 2008, and that it had been under the ultimate control of the same person at all times. It found no evidence that the changes in the WHOIS information were linked to an attempt to frustrate the proceedings by the respondent. As a result the panel found that registration of the domain name took place before the complainant's trademark and thus could not have been in bad faith.

However, the complainant also argued that, even if registration had initially been in good faith, this could be construed retroactively in bad faith following a subsequent use in bad faith. In this regard, the complainant relied on previous decisions, notably [Octogen Pharmacal company Inc v Domains By Proxy Inc](#) (WIPO Case D2009-0786) (commonly referred to as *Octogen*) and [City Views Limited v Moniker Privacy Services](#) (WIPO Case D2009-0643) (commonly referred to as *Mummygold*). The panels in *Octogen* and *Mummygold* assessed bad-faith registration and use as a unitary concept supporting the approach of retroactive bad-faith registration.

However, the panel decided not to adopt the reasoning of these two decisions. Although it acknowledged that the facts surrounding the subsequent use of a domain name may give an indication of a registrant's intentions at the time of the registration, the panel was of the view that registration in good faith at the time cannot be reversed with retroactive effect by future unanticipated events. The panel considered that "the conjunctive requirement under Paragraph 4(a)(iii) of the Policy, that the disputed domain name 'has been registered and is being used in bad faith', is clear and the panel has no authority to change the impact of the Policy from 'and' to 'or'". The panel agreed with the panel in [Eastman Sporto Group LLC v Jim and Kenny](#) (WIPO Case D2009-1688), which ruled that the approach of retroactive bad-faith registration could substantially modify a complainant's burden of proof. In that case the panel found that:

"if fully extended (assuming a complainant had proven the other elements of the Policy) it might result in transfer of a domain name without any action by its owner, simply because someone subsequently acquired or registered a trademark".

As there was no evidence that the domain name had been registered in bad faith, the panel decided that there was no need to address bad-faith use and denied the complaint.

The present decision highlights the fact that, although consensus has not yet been completely achieved in this area of UDRP jurisprudence, it would be quite unwise for a complainant to rely on the doctrine of retrospective bad-faith registration and argue that good-faith registration may be retroactively viewed as having been in bad faith as a result of subsequent events, or even a subsequent renewal. The panel in this case took the opportunity to reaffirm the literal interpretation of bad-faith registration and bad-faith use, which seems to reflect the current views of most panels, who do not wish to reverse a long-established doctrine and support the retroactive bad-faith approach. Thus it is highly likely that any complainant who attempts to argue this position will not succeed. Whilst this is clearly disappointing for some, overall it is a positive development for UDRP parties as it leads to consistency and predictability, and thus a greater degree of certainty when it comes to the outcome of decisions. The UDRP is certainly not a lottery.

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