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CAC decision shows that UDRP can be lottery regarding certain issues
International - Hogan Lovells International LLP

Cybersquatting

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The new '.xxx' sponsored top-level domain, set up specifically for the global adult entertainment industry, was launched on September 7 2011. In a [decision](#) dated May 15 2012, the ADR Centre of the Czech Arbitration Court (CAC) decided not to transfer the domain name 'comparethemarket.xxx' to complainant BGL Group Limited.

In this case, the complainant, a company incorporated in England and Wales since 1991, owned several trademarks, including COMPARETHEMARKET. The complainant originally operated as an insurance underwriter and has been operating as an intermediary for UK personal lines insurance since 1997. The trademark rights of the complainant consisted of six UK trademarks filed between 2007 and 2009. The complainant, via a wholly-owned subsidiary, had also held the domain names 'comparethemarket.com' and 'comparethemarket.co.uk' since 2004, and the domain name 'comparethemarket.com' since 2007.

The complainant started using the brand Compare the Market in 2005 and operated a price-comparison website for personal lines insurance products available at 'www.comparethemarket.com'.

The complainant re-launched its Compare the Market brand in 2009, by means of a character created for the complainant, Aleksander the Meerkat, who appeared on popular UK television advertisements and became well known for his catchphrase "Simples!". The domain name 'comparethemarket.xxx' was registered on December 7 2011.

To be successful in a complaint under the Uniform Domain Name Dispute Resolution Policy (UDRP), a complainant must evidence that:

- the domain name 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.

Regarding the first prong, the complainant argued that the domain name was confusingly similar to its domain names and trademarks. It also claimed that its brand Compare the Market was so well known that the registration of the domain name was a clear attempt to take unfair advantage of the reputation it had developed.

Turning to the second element, the complainant asserted that the respondent had no rights or legitimate interest in 'comparethemarket.xxx', as the domain name, being inactive, was not being used to host any legitimate website. The complainant also noted that the respondent had hidden behind a privacy service and concluded that the sole purpose of the registration of the domain name was to take unfair advantage of the complainant's well-founded reputation.

Finally, according to the complainant, the domain name was registered in bad faith because:

- the respondent sought only to take unfair advantage of the Compare the Market brand;
- no legitimate interest was pursued through the domain name; and
- the sole motivation of the respondent was to benefit from the complainant's established brand.

The respondent did not submit any response.

The panel was satisfied that the complainant had established the first requirement, given that it was undisputed that the complainant held prior registered trademarks incorporating its mark COMPARETHEMARKET, at least in the United Kingdom where the respondent appeared to be residing. The mere addition of the extension '.xxx' did not eliminate the likelihood of confusion with the distinctive portion of the domain name, which was identical to the complainant's registered marks.

In relation to the second requirement of the UDRP, in general, whilst the overall burden of proof rests with complainants, panels have recognised that this may result in the often impossible task of proving a negative, requiring information that is often primarily only within the knowledge of the respondent. Therefore, complainants are simply required to make out a *prima facie* case that respondents lack rights or legitimate interests. Once such *prima facie* case is made out, it is the respondent who carries the burden of

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demonstrating rights or legitimate interests in the domain name. Whilst the panel agreed that the respondent offered no countervailing argument to show legitimate interest, it noted the inherent descriptive/generic nature of the phrase "compare the market" and was of the opinion that it could "legitimately have myriad uses".

Turning to the bad-faith element, the panel noted that the complainant attempted to make out its case by asserting that the respondent had never used the domain name. The panel was not convinced by the complainant's argument that the domain name was "completely inactive" and decided that the complainant had failed to prove that the respondent had registered and used the domain name in bad faith. According to the panel, the complainant did not provide evidence of any of the non-exhaustive circumstances provided by the UDRP, namely that the respondent:

- had tried to sell the domain name to the complainant;
- had registered other infringing domain names;
- had tried to profit from the domain name or cause any harm to the complainant; or
- was shown to have had prior UDRP cases in which he had been an unsuccessful defendant.

The panel repeated that "compare the market" could relate to "myriad different types of markets and myriad different comparisons within each one". The panel further explained that there must be something more to indicate bad faith, not just inactive non-use, to give rise to transfer of generic or descriptive domain names. The panel thus denied the complaint.

It is interesting to compare this decision with another earlier decision from 2011 relating to the domain name 'comperthemarket.com', which was also issued by the CAC and also involved the complainant, although the respondent and the panel were different. The facts in the two cases were almost identical, the only differences being that the domain name 'comperthemarket.com' was a misspelling of the complainant's trademark, whilst 'comparethemarket.xxx' reproduced the complainant's trademark in its entirety, and the respondent in that case had also used privacy services to register the domain name.

However, the panel in the 'comperthemarket.com' case ordered the transfer of the domain name to the complainant. The panel in this case did not make any reference to the potential descriptive/generic nature of the phrase "compare the market" and, more importantly, stated that, in the absence of a response by the respondent, it could be inferred that the respondent had the complainant's COMPARETHEMARKET marks in mind when registering the domain name, which was therefore registered and was being (passively) used in bad faith, in order to take advantage of a slight misspelling of the complainant's trademarks.

In accordance with the well-known UDRP decision *Telstra Corporation Limited v Nuclear Marshmallows* (Case D2000-0003), inactive use, by itself, is not sufficient for a finding of bad-faith use but, combined with the relevant circumstances of a case, may nevertheless lead to a finding of bad-faith use. In the 'comperthemarket.com' case, the panel decided that the passive use of the domain name, combined with the respondent's failure to respond to the complaint, was sufficient for a finding of bad-faith registration and use, while in the 'comparethemarket.xxx' case, passive use of the domain name combined with the respondent's failure to respond to the complaint, as well as the respondent's use of privacy services to register the domain name, was not considered sufficient.

The comparison of the outcome of these two cases illustrates that it is very important for the parties to include detailed arguments, even if such arguments appear readily apparent. It is perhaps significant that the panel in the 'comparethemarket.xxx' case was resident in the United States and thus would perhaps not have been aware of the fame of the complainant's brands in the United Kingdom; in order to prevail, it may have been useful to adduce more evidence that the phrase "compare the market" could no longer be said to be generic in the United Kingdom because it had acquired distinctiveness.

These decisions also demonstrate that the UDRP can be risky in that, in all except the most straightforward of cases, there is an element of uncertainty whereby a panel may not take what could be said to be the majority view and chose to interpret the facts in a particular way. This is of course the price paid in return for speed and relative cost efficiency. Unlike court proceedings where there is time for the evidence to be properly examined, heavy procedural mechanisms and an appeal procedure to ensure as far as possible that the right outcome is ultimately reached, the UDRP can be rather a lottery when it comes to certain issues, but in return it does usually deal efficiently with obvious cybersquatting cases.

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