

# World Trademark Review Daily

UDRP decision shows that concept of 'bad faith' is open  
International - Hogan Lovells International LLP

Cybersquatting

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In a [decision](#) issued by the [National Arbitration Forum](#) (NAF) on July 3 2012, the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) has been successfully used to recuperate a fraudulently transferred domain name.

The case related to the domain name 'ezq.com', owned by respondent Baorui, who was resident in China. The complainant was EZQuest Inc, a website design service company based in the United States. The complainant had been using the EZQ mark online since its registration of the domain name on December 24 1996. On or about May 1 2012, the respondent successfully hacked into the complainant's [GoDaddy](#) account and transferred the domain name to itself. Given that the registrar of the domain name was apparently not able to rectify the situation, on May 24 2012 the complainant decided to submit a complaint with NAF to seek transfer of the domain name.

To be successful in a complaint under the 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.

The panel found that the first requirement was satisfied, as the complainant successfully substantiated that it held common law rights in the EZQ mark, through:

- online use since 1996;
- recognition by a number of high-tech magazines, such as *PC Magazine*;
- substantial advertising expenditures associated with the EZQ mark; and
- significant revenue generated as a result thereof.

As far as the second requirement was concerned, in relation to the respondent's rights and legitimate interests, the panel pointed out that, under the UDRP, the complainant was merely required to make out a *prima facie* case showing that the respondent lacked rights or legitimate interests. The complainant contended that the respondent was not commonly known by the domain name and that it had stolen and fraudulently registered the domain name for its own commercial gain. Given the respondent's failure to submit a response and the evidence produced in support of the complaint, the panel concluded that the respondent had no rights or legitimate interest in the domain name.

To establish the third requirement of the UDRP, the complainant argued that it had prior ownership of the domain name and that its registration account had been hacked by the respondent in order to fraudulently transfer the domain name to itself. In light of this, the panel found that the complainant had successfully shown that the domain name was registered and was being used in bad faith. The third requirement of the UDRP was thus satisfied and transfer of the domain name was ordered.

The decision is interesting in that it provides a good illustration of the fact that the list of bad-faith examples set out in Paragraph 4(b) of the policy is not exhaustive. The evidence of bad faith presented in this case clearly fell outside the precise circumstances of bad faith listed in Paragraph 4(b). Paragraph 4(b) lists the following factual scenarios as evidence of bad faith for the purpose of Paragraph 4(a)(iii):

*"(i) circumstances indicating that you have registered or you have acquired the domain name 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, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or*

*(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or*

*(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or*

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*(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, internet users to your website or other online location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation or endorsement of your website, or location or of a product or service on your website or location."*

This decision shows that the concept of 'bad faith' is open and pragmatic and that the UDRP is flexible enough to capture situations which are not expressly addressed therein. In the present case, where transfer of the domain name was obtained in a fraudulent manner, the panel based its decision not only on the letter of the UDRP but also on its spirit. As the panel put it: "circumstances falling outside the explicit parameters of that provision of the policy can provide persuasive evidence for a finding of bad-faith registration and use".

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