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Only unsolicited offers to sell domain names may be of value to prove bad faith **Cybersquatting International - Hogan Lovells LLP**

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Italian company [Kiko srl](#) has recently filed an [unsuccessful complaint](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) with the [World Intellectual Property Organisation](#) concerning the domain name 'kiko.com'.

The complainant was the owner of the trademark KIKO in Classes 3 and 25 in various countries, including in the United States (registered in May 1994) and in Italy (registered in March 2000). It used the KIKO trademark to promote its cosmetic products.

The respondent was an IT company established in China in 2003, with its administrative headquarters in the United States. It owned a figurative Chinese trademark including the word 'kiko', registered in Class 42 (filed in July 2010 and registered in July 2011).

The domain name 'kiko.com' was first registered on an unspecified date that appeared to have been on or before October 13 1999. It was used in relation to various different kinds of websites, the most recent of which was a calendar website, run by a party that appeared to be unrelated to the respondent. In May 2010 the respondent bought the domain name for \$65,578. On May 19 2010, soon after the respondent had reached agreement with the then-owners to purchase the domain name and just prior to completion of the transfer, the respondent offered to sell the disputed domain name for the sum of \$300,000 in response to an approach to the respondent by an entity claiming to be "an Italian software house" that had "created a new software for a client, a coffee roasting company", stating that it "could be interested in" the domain name "to present a draft of new website on that domain name", and that it "would like to know if you are willing to transfer it to us".

From August 2010 onwards the respondent used the domain name for a social networking website. However, the website was a commercial failure and it was taken down at an unspecified date (apparently earlier than October 12 2013) and then the domain name started pointing to a parking page with automatically generated links. As of January 2014 the domain name pointed to a "visual navigation website" operated by the respondent.

In order to succeed under the UDRP, a complainant must satisfy all of the following three requirements of Paragraph 4(a):

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

With regard to the first requirement, the complainant asserted that the domain name was "irrefutably confusingly similar" to its registered trademark. The panel noted that the domain name incorporated the complainant's KIKO mark and, accordingly, found that the domain name was identical to the complainant's trademark.

Concerning the second requirement of the UDRP, a complainant must establish that a respondent does not have any rights or legitimate interests in the disputed domain name. In this regard, Paragraph 4(c) of the UDRP sets out a non-exhaustive list of circumstances which may suggest that a respondent has rights or legitimate interests in a domain name as follows:

1. before any notice to it of the dispute, the respondent's use of, or demonstrable preparations to use, the domain name in connection with a good-faith offering of goods or services; or
2. the respondent has been commonly known by the domain name, even if it has acquired no trademark rights; or
3. the respondent is making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark at issue.

The complainant argued that the respondent had registered the domain name with the sole purpose of selling it and that the domain name was not used in connection with a good-faith offering of goods and services. Finally, the complainant alleged that, to its knowledge, the respondent had never been commonly known by the domain name.

World Trademark Review Daily

The respondent claimed the contrary and explained that it had purchased the domain name from the proprietors of a calendar website in 2010 to use it for a social networking website, but had to change it into a visual navigation website because of the unpopularity of the initial website. The respondent claimed that it had used the domain name "legally, publicly and in good faith", and that it had no intention to "mislead consumers or prejudice the complainant's equity, especially considering that the disputed domain name had been well-known already as an online calendar site before its purchase by the respondent".

The panel noted that the respondent had purchased the domain name from the operators of an established, although ultimately commercially unsuccessful, calendar website for a substantial sum, and then had filed an application in China to register a trademark incorporating the word 'kiko'. The panel underlined the fact that the respondent had started to use the domain name in a field of business (social networking) that was unrelated to the complainant's field of business (cosmetics). On the balance of probabilities, the panel considered that the evidence provided by the respondent was sufficient regarding the respondent's good faith in the purchase of the domain name, and that the respondent was using the domain name initially in connection with a good-faith offering of a social networking service, and now in connection with a good-faith offering of another type of service.

Accordingly, the panel found that the complainant had not satisfied the second requirement of Paragraph 4 (a).

Concerning the third requirement of the UDRP, a complainant must demonstrate that the respondent registered and used the disputed domain name in bad faith. In this regard, Paragraph 4(b) of the UDRP sets out a list of non-exhaustive circumstances that may suggest registration and use of a domain name in bad faith, as follows:

1. the respondent registered or acquired the domain name primarily for the purpose of selling, renting or otherwise transferring it to the complainant or to a competitor, for valuable consideration in excess of documented out-of-pocket costs directly related to the domain name;
2. the respondent registered the domain name in order to prevent the owner of the trademark from reflecting the mark in a corresponding domain name, provided that the respondent has engaged in a pattern of such conduct;
3. the respondent registered the domain name primarily for the purpose of disrupting the business of a competitor; or
4. the respondent is intentionally using the domain name in an attempt to attract, for commercial gain, internet users to its website by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation or endorsement of the respondent's website.

The complainant claimed that the domain name had been registered and was being used in bad faith because the respondent had registered the domain name for the purpose of selling it at an excessive price of \$300,000, thus preventing the complainant, owner of the KIKO mark, from reflecting its registered trademark in a corresponding domain name. The complainant argued that the respondent had registered and then parked the domain name on the SEDO platform in order to sell it. According to the complainant, the respondent had "intentionally attempted to attract, for commercial gain, internet users to other on-line locations, by creating a likelihood of confusion with the complainant's trademark".

The respondent argued that the earliest registrant of the domain name was not the respondent itself and that it had to pay "over \$65,000" to purchase the domain name. The respondent claimed that it had not only legally used it publicly, but had also registered a matching trademark and had used the domain name in good faith providing services in a different business field from that of the complainant. The respondent underlined that it did not share the same geographical or business scope as the complainant. It explained that it purchased the domain name in order to develop a Chinese social network which differed from the complainant's cosmetic business, and that consequently the use of the domain name did not harm the complainant's goodwill and reputation. The respondent also pointed out that organisations in many different industries owned the trademark KIKO and used it in different commercial fields.

The respondent alleged that it had proposed the price of \$300,000 in response to the enquiry to "test the value and popularity" of the domain name. Furthermore, the respondent confirmed that the parking page at the domain name was no longer displayed. Finally, the respondent said that it did not attempt to confuse "the sources, sponsors, affiliations or endorsement of the complainant's trademark through utilisation" of the domain name.

The panel noted that the respondent did offer to sell the domain name for the sum of \$300,000, which "is substantially in excess of its out-of-pocket expenses in acquiring the disputed domain name". However, the offer was made in response to an enquiry from an entity claiming to be "an Italian software house" interested

World Trademark Review *Daily*

in the transfer of the domain name, and the respondent's terse reply only indicated the purchase price of \$300,000.

The panel considered, on the balance of probabilities, that the evidence provided by the respondent was sufficient to prove that it did not purchase the domain name primarily for the purpose of selling it to the complainant or a competitor of the complainant, or to prevent the complainant from reflecting its registered trademark in a corresponding domain name, but rather that the respondent purchased the domain name for the purpose of using it in connection with a good-faith offering of services. Furthermore, the panel was satisfied, on the balance of probabilities, that the respondent had not used the domain name to intentionally attempt to attract, for commercial gain, internet users to its website by creating confusion with the complainant's trademark, but rather that the respondent used the domain name in connection with a good-faith offering of services that did not seek to take advantage of the complainant's reputation in its registered trademark. Finally, the panel considered that the respondent's temporary use of the domain name as a parking page containing automatically-generated links to other websites did not constitute bad faith because, according to the evidence of that use provided by the complainant, none of the links appeared to be to websites related to the complainant's field of business.

Accordingly, the panel considered that domain name was neither registered nor was being used in bad faith. As a result, the panel denied the complaint.

The decision is interesting as it underlines the fact that eliciting an offer to sell a domain name from a registrant is not necessarily helpful for the purpose of proving bad faith under the UDRP, even when the domain name exactly matches a complainant's trademark. In this case, the complainant was more than likely behind the offer from the "Italian software house", as it used the respondent's offer to sell for \$300,000 as evidence of bad faith in its complaint. However, rather than serving as useful evidence, this only highlighted the complainant's possible unsuccessful attempt to purchase the domain name. In this regard, it should be noted that only unsolicited offers to sell domain names to brand owners are generally of value with regard to proof of bad faith for the purposes of the UDRP. Offers that are solicited via an enquiry, either by the complainant itself or by a third party, are generally of little evidentiary value.

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