

ADMINISTRATIVE PANEL DECISION

Xbridge Limited v. Marchex Sales, Inc.

Case No. D2010-2069

1. The Parties

The Complainant is Xbridge Limited of London, United Kingdom of Great Britain and Northern Ireland, represented by Waterfront Solicitors LLP, United Kingdom of Great Britain and Northern Ireland.

The Respondent is Marchex Sales, Inc. of Las Vegas, Nevada, United States of America, represented by John Berryhill, United States of America.

2. The Domain Name and Registrar

The disputed domain name <simplybusiness.com> is registered with eNom, Inc.

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on December 1, 2010. On December 1, 2010, the Center transmitted by email to eNom, Inc. a request for registrar verification in connection with the disputed domain name. On December 1, 2010, eNom, Inc. transmitted by email to the Center its verification response confirming that the Respondent is listed as the registrant and providing the contact details.

The Center verified that the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the “Policy” or “UDRP”), the Rules for Uniform Domain Name Dispute Resolution Policy (the “Rules”), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the “Supplemental Rules”).

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified the Respondent of the Complaint, and the proceedings commenced on December 6, 2010. In accordance with the Rules, paragraph 5(a), the due date for Response was December 26, 2010. The Response was filed with the Center on December 26, 2010.

The Center appointed John Swinson, Andrew F. Christie and Frederick M. Abbott as panelists in this matter on January 20, 2011. The Panel finds that it was properly constituted. Each member of the Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7. The Panel has also found (pursuant to paragraph

10(c) of the UDRP Rules) occasion to extend the relevant date for its decision in this matter to the date indicated under paragraph 7 below.

4. Factual Background

The Complainant is Xbridge Limited, a company incorporated under the laws of England and Wales. The Complainant has been in business since 2005 and is in the business of providing insurance related services under the names "Simply Business" and "Simplybusiness.co.uk". The Complainant has offered its services through a website operating from the domain name <simplybusiness.co.uk> since 2005. The website allows businesses to compare multiple insurance quotes. The Complainant's turnover in 2008 was approximately 9 million pounds, and in 2009 was approximately 12.5 million pounds. The Complainant operates a twitter feed from "http://twitter.com/simplybusiness" and has over 12,000 followers.

The Complainant is the owner of two European Community trademarks, for the text SIMPLY BUSINESS registered on September 10, 2008, and a stylized form of these words registered on August 31, 2007. On April 17, 2007, the Complainant also filed an application for a United States registered trademark in respect of SIMPLY BUSINESS. The application has been approved by the examining attorney for publication for opposition. This application includes the following notation: "no claim is made to the exclusive right to use "business" apart from the mark as shown."

The Respondent is Marchex Sales, Inc. is a wholly owned subsidiary of Marchex Inc. which is a publicly traded corporation listed on NASDAQ.

The disputed domain name <simplybusiness.com> was first registered in 2000, and later transferred to MDNH Inc.

Both parties agree that "[t]he Respondent forms part of the Marchex group and is under the day to day control of the same individuals as when it [the disputed domain name] was registered in the name of MDNH [Inc]."

5. Parties' Contentions

A. Complainant

The Complainant makes the following submissions:

MDNH Inc. is a company that has been involved in numerous proceedings under the UDRP. It is clear from these cases that MDNH Inc. is in the business of domain name trading with a portfolio of a large number of domain names. It seeks to generate revenue from its portfolio of domain names by the use of pay-per-click ("PPC") advertising.

At all times up to late September 2010, the disputed domain name was used as a PPC website. The links appearing on that website sought to take advantage of the reputation of the Complainant's SIMPLY BUSINESS trademarks.

The Complainant has been extremely successful in developing a reputation in the United Kingdom and elsewhere under the names "Simply Business" and "Simplybusiness.co.uk". Therefore, by reason of its activities, it is owner of unregistered trademark rights in the United Kingdom in SIMPLY BUSINESS and SIMPLYBUSINESS.CO.UK. The Complainant is also the owner of two registered European Community trademarks, for SIMPLY BUSINESS and a stylized form of these words. The Complainant also filed an application for a United States trademark on April 17, 2007, in respect of SIMPLY BUSINESS. The application has been approved by the examining attorney for publication for opposition.

When the “.com” suffix is discounted from the disputed domain name, it is identical to the Complainant’s unregistered SIMPLY BUSINESS trademark, the registered trademark relating to the words SIMPLY BUSINESS and the textual elements of the stylized SIMPLY BUSINESS registered trademark. The disputed domain name is also confusingly similar to the unregistered SIMPLYBUSINESS.CO.UK trademark.

Prior to notice of the dispute, the disputed domain name was used exclusively as a PPC website. The website contained links to other websites (“Sponsored Listings”) and “Related Searches” which when clicked upon by the Internet user produce further Sponsored Listings. The website contains insurance related links and searches with one minor exception. The term “Simply Business” has no generic meaning or association as far as insurance related services are concerned. The display of these links is only explicable by an intention to take advantage of the trademark associations of that term in respect of those services. Therefore, the Respondent has no right or legitimate interest in the disputed domain name (see *Asian World of Martial Arts Inc. v. Texas International Property Associates*, WIPO Case No. D2007-1415).

It does not appear that the Respondent owns any registered trademark rights in the term “Simply Business” or any variations. The Respondent does not otherwise trade under the name “Simply Business”. Further, the Complainant has not authorized, licensed or otherwise consented to the use of the term “Simply Business”. Therefore, the Respondent does not have any rights or legitimate interests in the disputed domain name.

The Respondent has sought to take unfair advantage of the similarity between the disputed domain name and the Complainant’s marks in order to attract Internet users to its PPC website operating from the disputed domain name in order to generate revenue. The links operating from the disputed domain name are predominantly insurance related in nature and therefore it can be assumed that the term “insurance” has been deliberately chosen as a key word by the Respondent in order to generate the links so as to maximize revenue (see *Owens Corning v. NA*, WIPO Case No. D2007-1143).

The Respondent has at all times known of the Complainant’s marks but nevertheless deliberately sought to profit from the similarity between the disputed domain name and the Complainant’s marks. In any event, it is irrelevant if the Respondent did not have knowledge of the Complainant’s marks. A domain name registrant is not able to close its eyes to the manner in which its own domain name is being used and is nevertheless responsible for the acts of those such as PPC site operates (see *e.g., Grundfos A/S v. Texas International Property Associates*, WIPO Case No. D2007-1448).

On a proper reading of the Policy, all the Complainant need show is that the disputed domain name has been used in bad faith and there is no need to demonstrate registration of the disputed domain name in bad faith (see *e.g., City Views Limited v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, WIPO Case No. D2009-0643).

Further, the disputed domain name was registered in bad faith as registration occurred at the time the disputed domain name was transferred into the name of the Respondent in October 2010. The deemed registration at this time was in bad faith as the Respondent clearly intended to take advantage of the Complainant’s trademarks. In any event, a registrant is responsible for and deemed to have knowledge of the use of its domain name and by adopting and continuing the bad faith PPC use of MDNH Inc., the Respondent has registered the disputed domain name in bad faith (see *Aubert International SAS and Aubert France SA v. Tucows.com Co.*, WIPO Case No. D2008-1986).

Further and alternatively, even if the transfer is not deemed registration and merely a change of name, the registration of the disputed domain name in the name of MDNH Inc., occurred in or about September 2008 and by that time the Complainant was the owner of several trademarks for the term “SIMPLY BUSINESS”, amongst others, in respect of insurance related services. To have operated a PPC service from the disputed domain name at that time which took advantage of the non-generic trademark use of that term by the Complainant and is tantamount to bad faith registration. If MDNH Inc. is not treated as a separate legal entity, these actions and other evidence of bad faith such as failing to respond to the Complainant’s correspondence, should be imputed to the Respondent.

Finally, the Respondent has also used robots.txt so as to disguise the content of the website and to block archive access to the disputed domain name which is suggestive of bad faith (see *e.g.*, *Semoutus, Inc. v. Brendhan Hight and Mdnh Inc*, NAF Claim No. FA1313556).

Therefore, the Complainant requests that in accordance with paragraph 4(i) of the Policy, the disputed domain name be transferred to the Complainant.

B. Respondent

The Respondent makes the following submissions:

The two registered European Community trademarks owned by the Complainant post-date the Respondent's registration and use of the disputed domain name and insufficient information has been provided as to the Complainant's business activities dating back to 2005. The phrase "Simply Business" is not globally distinctive or exclusive to the Complainant, even in the insurance industry. The Complainant's claim of rights has been expressly refused by the relevant authority in the United States and abandoned by the Complainant. Prior to its abandonment three potential opposers filed a notice with the International Bureau of the USPTO because the term "Simply Business" is used by a variety of other entities both in the United States and abroad. This is evidence of the fact that "Simply Business" is a common phrase in a variety of business endeavors. Therefore, the Complainant has shown no evidence of a trade or service mark right predating the Respondent's registration and use of the disputed domain name.

Marchex has registered many descriptive words and common phrases. In UDRP cases that have involved the Respondent, its well-established practice has repeatedly been found as legitimate or otherwise *bona fide*. In cases dealing with large domain registrants, the relevant consideration is whether the term at issue is non-distinctive and/or descriptive, and legitimately used for its descriptive character as a domain name. It is clear that the Respondent registered and used the disputed domain name prior to the Complainant's existence and is one of a myriad of users of the term "Simply Business" to advertise business related services. Further, the Respondent is using the disputed domain name for business orientated services and it is perfectly legitimate for the Respondent to lawfully utilize the disputed domain name in any manner it chooses in the jurisdiction in which the domain name registration contract was and is made.

The disputed domain name was transferred to MDNH Inc., which has recently been renamed Marchex Sales, Inc. among general restructuring activities of Marchex Inc., when it was acquired with the Ultimate Search assets in a USD 165 million purchase transaction of a large number of domain names which occurred during the late months of 2004, and was consummated by February 2005. The Respondent denies that its corporate organizational activities have been prompted or informed by the Complainant's correspondence. Further, the disputed domain name was not transferred to the Respondent, there was simply a change of name of the relevant entity. Further, the Complainant argues that bad faith registration is not relevant and the Respondent has changed its use of the website operating from the disputed domain name. However, there has been no such change and the cases relied upon by the Complainant are not applicable.

The Respondent requests that the Panel deny the Complaint.

6. Discussion and Findings

To succeed, the Complainant must demonstrate that all of the elements enumerated in paragraph 4(a) of the Policy have been satisfied:

- (i) the disputed domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (ii) the Respondent has no rights or legitimate interests in respect of the disputed domain name; and

(iii) the disputed domain name has been registered and is being used in bad faith.

The onus of proving these elements is on the Complainant.

A. Identical or Confusingly Similar

The Complainant is the owner of a registered European Community trademark in the words SIMPLY BUSINESS.

The Panel does not decide whether the Complainant has common law trademark rights in the names "Simply Business" and "Simplybusiness.co.uk". "Simply Business" is somewhat descriptive, and the Complainant has not proffered strong or persuasive evidence of common law rights.

For the Complainant to succeed in this element, it must also show that the disputed domain name is identical or confusingly similar to the Complainant's trademarks, the registered trademarks in this instance. Here, the disputed domain name is identical to the Complainant's registered trademarks when the ".com" suffix is removed. The addition of this suffix is insufficient to alleviate the similarity between the disputed domain name and the Complainant's registered trademarks.

Therefore, the Panel finds that the disputed domain name is confusingly similar to the Complainant's registered European Community trademark in the words SIMPLY BUSINESS and accordingly, the first element has been satisfied.

B. Rights or Legitimate Interests

Pursuant to paragraph 4(c) of the Policy, there are a number of ways in which the Respondent may demonstrate rights or legitimate interests in a disputed domain name. The Complainant is required to make out a *prima facie* case that the Respondent lacks rights or legitimate interests in the disputed domain name.

The Respondent is not known as "Simply Business" and has no trademarks or pending trademarks containing the word "Simply Business" or words similar. Further, the Respondent does not have a license from the Complainant to use the Complainant's trademark or register the disputed domain name.

Paragraph 4(c)(i) of the Policy provides that the respondent may demonstrate rights or legitimate interests in a domain name by use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a *bona fide* offering of goods or services, before any notice to it of the dispute.

The Respondent contends that it is using the disputed domain name to advertise business related services and it is legitimate for the Respondent to lawfully utilize the disputed domain name in any manner it chooses in the jurisdiction in which the domain name registration contract was and is made.

While using domain names for the purpose of operating PPC websites is not necessarily an illegitimate use of a domain name, it does not automatically confer rights or legitimate interests in domain names by way of a *bona fide* offering of goods or services. Where domain names consisting of common words or phrases support PPC links that are genuinely related to the generic meaning of the domain name at issue, this may be sufficient to establish rights or legitimate interests in the domain name. However, where links are generated for the purpose of capitalizing on another's trademark value, this will generally amount to misleading diversion of Internet traffic and will not evidence a legitimate interest or right in the relevant domain name. This is especially so where the PPC links divert users to goods and services competitive with the rights holder. (See *e.g.*, *Express Scripts, Inc. v. Windgather Investments Ltd. / Mr. Cartwright*, WIPO Case No. D2007-0267; *Asian World of Martial Arts Inc. v. Texas International Property Associates*, WIPO Case No. D2007-1415; *Gold Medal Travel Group plc v. Damir Kruzicevic*, WIPO Case No. D2007-1902; *Legacy Health System v. Nijat Hassanov*, WIPO Case No. D2008-1708; *Trade Me Limited v. Vertical Axis Inc.*, WIPO Case No. D2009-0093; *Mpire Corporation v. Michael Frey*, WIPO Case No. D2009-0258;

Compart AG v. Compart.com / Vertical Axis, Inc., WIPO Case No. D2009-0462; *Donald J. Trump v. Mediaking LLC d/b/a Mediaking Corporation and Aaftek Domain Corp.*, WIPO Case No. D2010-1404; *Paris Hilton v. Deepak Kumar*, WIPO Case No. D2010-1364; *Lardi Ltd v. Belize Domain WHOIS Service Lt*, WIPO Case No. D2010-1437; *Havanna S.A. v. Brendhan Hight, Mdnh Inc*, WIPO Case No. D2010-1652).

Here, the Panel finds that the Respondent does not have any rights or legitimate interests in the disputed domain name by virtue of the PPC website operating from the disputed domain name. The Panel does not believe that the PPC links genuinely relate to the generic meaning of the words "Simply Business", but instead are based on the Complainant's trademark value. The Panel finds that the Respondent is intentionally capitalizing on the similarity between the Complainant's trademarks and the disputed domain name.

C. Registered and Used in Bad Faith

Paragraph 4(b) of the Policy enumerates several circumstances that are evidence of registration and use of a domain name in bad faith. The question that arises in this dispute is whether the third element of the Policy is satisfied when the Respondent registered the disputed domain name without bad faith, but later used the disputed domain name in bad faith.

The Respondent's recent use of the disputed domain name is clearly bad faith use. The website at the disputed domain name is a website with PPC links that have relevance to the Complainant's trademark (see *mVisible Technologies, Inc. v. Navigation Catalyst Systems, Inc.*, WIPO Case No. D2007-1141; *Ustream.TV, Inc. v. Vertical Axis, Inc*, WIPO Case No. D2008-0598; *BAB, Inc. v. Eighty Business Names*, WIPO Case No. D2010-0478 and this Panel's discussion above at B. Rights or Legitimate Interests).

The question arises as to whether the disputed domain name was registered in bad faith. The following are the relevant events:

1. Disputed domain name first registered in 2000.
2. MDNH Inc. established in late 2004.
3. Disputed domain name transferred to MDNH Inc. by Ultimate Search Inc. in February 2005 (pursuant to a deal done in late 2004).
4. The Complainant commenced business and established its Simply Business website some time in 2005.
5. The Complainant filed for its first relevant trademark registration on November 2005.
6. Recently, MDNH Inc. changed its name to Marchex Sales, Inc.

(Compare *David Robinson v. Brendan, Hight / MDNH Inc.*, WIPO Case No. D2008-1313, for a similar factual timeline involving the same Respondent.)

The Complainant contends that MDNH Inc. acquired the disputed domain name between May 2008 and September 2008, and provides a historic Whois extract. However, that Whois extract only shows that the domain name record was updated in 2008, and not that a transfer of the disputed domain name took place at that time. The Respondent contends that MDNH Inc. acquired the disputed domain name in February 2005 as part of the acquisition of a large portfolio of domain names. The Respondent provided general evidence of the acquisition, but did not provide evidence that the disputed domain name was part of the acquisition. Because the burden of proof falls on the Complainant on this issue, the Panel finds on the present record that the Respondent acquired the disputed domain name in February 2005.

There is also a difference between the parties as to whether the disputed domain name was transferred from MDNH Inc. to Marchex Sales, Inc. or whether this was a change on name of MDNH Inc. to Marchex Sales, Inc. For the purposes of the Policy, there is no difference in result. *ehotel AG v. Network Technologies Polska Jasinski Lutoborski Sp.J.*, WIPO Case No. D2009-0785; *Intelloqy Solutions, LLC v. Craig Schmidt and IntelliGolf, Inc.*, WIPO Case No. D2009-1244.

Thus, the Panel find for present purposes that the disputed domain name was acquired by MDNH Inc., prior to the Complainant having any trademark rights. At the time of registration, the Respondent could not have contemplated the Complainant's then non-existent right. In such circumstances, the Respondent (under the name MDNH Inc.) did not acquire or register the disputed domain name in bad faith.

Under the Policy, paragraph 4(a)(iii) requires that the Complainant prove that "your domain name has been registered and is being used in bad faith."

The traditional view of paragraph 4(a)(iii) is that the Complainant must prove both bad faith registration and bad faith use. For example, if the Respondent registered a domain name without any bad faith, and later learned of the Complainant's trademark, and then offered to sell the domain name to the Complainant at a profit, the traditional view was that this did not satisfy paragraph 4(a)(iii). The majority of panelists have followed this traditional view for over ten years, from some of the first decisions under the Policy in 2000 (*Telaxis Communications Corp. v. William E. Minkle*, WIPO Case No. D2000-0005; *Passion Group Inc. v. USearch, Inc.*, eResolution, Case No. AF-0250 decided by Alan L. Limbury, Geert Glas and David Sorkin; *e-Duction, Inc. v. John Zuccarini, d/b/a The Cupcake Party & Cupcake Movies*, WIPO Case No. D2000-1369 decided by David H. Bernstein, Jeffrey M. Samuels and Dana Haviland) to decisions of more recent times (for example, *Editions Milan v. Secureplus, Inc.*, WIPO Case No. D2010-0606 decided by Sir Ian Barker; *Mile, Inc. v. Michael Burg*, WIPO Case No. D2010-2011).

In a three member panel decision from 2000, the traditional view was clearly stated and succinctly applied:

"There is no evidence that Respondent knew of Complainant or had the requisite bad faith at the time Respondent registered the domain name. Thus, Complainant has failed to establish bad faith registration and use as required by ICANN's Policy." *Ecast, Inc. v. Ecorp.com*, eResolution, Case No. AF-0308 decided by G. Peter Albert, Jr., David Sorkin and M. Scott Donahey.

The Complainant cites *City Views Limited v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, WIPO Case No. D2009-0643 (also known as the Mummygold decision) and *Octogen Pharmacal Company, Inc. v. Domains By Proxy, Inc. / Rich Sanders and Octogen e-Solutions*, WIPO Case No. D2009-0786 to the contrary.

In recent times, there have been a small number of decisions (including the *Mummygold* and *Octogen* decisions, *supra*) that have raised doubt as to the traditional view of paragraph 4(a)(iii). Reasons that have been articulated for not following the traditional view include the following:

1. **Paragraph 4(b)** further explains paragraph 4(a)(iii). The preamble to paragraph 4(b) states "the following circumstances (...) shall be evidence of the registration and use of a domain name in bad faith: (...)." Paragraph 4(b)(iv) then lists an example relating to use only. Thus, use of the domain name in the way articulated in paragraph 4(b)(iv) is "evidence of the registration and use of a domain name in bad faith". Put simply, use of the domain name in a certain way is evidence that satisfies paragraph 4(a)(iii), regardless of whether registration was in bad faith or not. This approach has been discussed in a number of recent decisions. *City Views Limited v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, WIPO Case No. D2009-0643; *Eastman Sporto Group LLC v. Jim and Kenny*, WIPO Case No. D2009-1688; *Validas, LLC v. SMVS Consultancy Private Limited*, WIPO Case No. D2009-1413.
2. **Paragraph 2** of the Policy is an ongoing warranty by the registrant not to knowingly use the domain name in violation of any applicable laws or regulations. If this warranty, made at the time of registration, is later breached, then the registrant has engaged in bad faith use which then renders the registration to be in bad faith. *City Views Limited, supra*; *Octogen Pharmacal Company, Inc., supra*; *Ville de Paris v. Jeff Walter*, WIPO Case No. D2009-1278; *Jappy GmbH v. Satoshi Shimoshita*, WIPO Case No. D2010-1001.

3. Applying **linguistic rules**, the “and” in paragraph 4(a)(iii) can be interpreted to mean “or”. *Jappy GmbH v. Satoshi Shimoshita*, WIPO Case No. D2010-1001.

The conclusion that some panelists have come to as a result of this analysis has been stated in these terms:

“It follows, therefore, that the Policy expressly recognizes that the Paragraph 4(a)(iii) requirement of bad faith can, in certain circumstances, be satisfied where the respondent has used the domain name in bad faith, even though the respondent may not have been acting in bad faith at the time of acquisition of the domain name.” *Ville de Paris, supra*.

This Panel will now reconsider these arguments in turn.

Paragraph 4(b) used to broaden Paragraph 4(a)(iii)

The interaction between paragraphs 4(a)(iii) and 4(b) has been considered and discussed many times since the Policy came into operation. It is not a new idea to argue that paragraph 4(b) broadens paragraph 4(a)(iii) so that either bad faith registration or bad faith use would be sufficient to satisfy the third element of the Policy. However, for the most part, this interpretation has not been considered to be the correct approach. For example, in 2000, in one of the very early decisions under the Policy, this issue was explained as follows:

“The requirement of bad faith registration and use in paragraph 4(a)(iii) is stated in the conjunctive. Registration in bad faith is insufficient if the respondent does not use the domain name in bad faith, and conversely, use in bad faith is insufficient if the respondent originally registered the domain name for a permissible purpose. The first three examples in paragraph 4(b) all refer to registration for various illegitimate purposes as evidence of registration and use in bad faith; but in each instance bad faith use may well be implicit in the act of registering a domain name, since all of the improper purposes mentioned can be accomplished merely by passively holding a domain name.

The fourth example (paragraph 4(b)(iv)), however, refers only to improper use, and does not appear to require that the domain name also have been registered in bad faith. This example thus appears to conflict with the rule set forth in paragraph 4(a)(iii). The language of paragraph 4(a)(iii) is clear, and the only reasonable interpretations are to regard the fourth example as a narrow exception to the preceding subparagraph’s conjunctive rule, or to apply the conjunctive rule as it is written and disregard the example entirely. (...) Even if the fourth example (paragraph 4(b)(iv)) is to be viewed as an exception to the bad faith registration requirement, the panel finds that exception inapplicable here.” *SHIRMAX RETAIL LTD. /DÉTAILLANTS SHIRMAX LTÉE v CES MARKETING GROUP INC.*, eResolution, Case No. AF-0104 (decision of David Sorkin, March 20, 2000).

Later in 2000, the above passage was quoted with approval in a three-member panel decision:

“This contrasting language indicates that use of the kind described in 4(b)(iv) is to be taken as evidence of bad faith registration as well as evidence of bad faith use. But this evidence is not necessarily conclusive. Furthermore, the panel is not required to assign substantial weight to evidence of constructive bad faith registration furnished by paragraph 4(b)(iv), and the panel may have regard to other evidence in determining whether the requirements of 4(a)(iii) have been proved.

This approach accords with the Policy by enabling a finding of bad faith registration to be made where bad faith use within 4(b)(iv) is the only evidence tending to show the purpose for which the domain name was registered. Where, however, there is other relevant evidence, such as evidence that the domain name was registered for a permissible purpose, it must be weighed against any evidence of bad faith registration constituted by evidence of bad faith use within 4(b)(iv). It is difficult to imagine circumstances in which, under this approach, subsequent bad faith use within 4(b)(iv) would suffice to prove that a domain name was originally registered in bad faith.” *Passion Group Inc. v USearch, Inc., supra*.

More recently, a similar conclusion was reached by another panel:

“The examples in paragraph 4(b) on the other hand, are merely said to constitute “evidence” of the registration and use of the disputed domain name in bad faith. That “evidence” is not stated to be conclusive, or irrebuttable. Comparing the different language used in the introductory parts of paragraphs 4(b) and 4(c), it seems at least possible that the intention was that proof of circumstances falling within any of the subparagraphs of paragraph 4(b) of the Policy would provide a sufficient basis for a panel to infer both bad faith registration and bad faith use under paragraph 4(a)(iii), *in the absence of countervailing evidence*. That interpretation would appear to have the advantage of accommodating the fact that, while subparagraphs 4(b)(i) – (iii) appear on their face to be concerned only with bad faith registration, and paragraph 4(b)(iv) only with bad faith use, all four subparagraphs are deemed to provide evidence of bad faith registration and bad faith use.

In this Panel's view, at the end of the day, paragraph 4(b) only provides examples of the kind of evidence which will be indicative of bad faith registration and use. Paragraph 4(a)(iii) is clearly the paragraph with primacy, and it requires proof of both.” *Torus Insurance Holdings Limited v. Torus Computer Resources*, WIPO Case No. D2009-1455.

This Panel believes that there is no presently compelling reason to depart from the long understood traditional interpretation as to how paragraphs 4(a)(iii) and 4(b) interact. In this Panel's view, the recent decisions cited above which come to an opposite conclusion do not give sufficient weight the long line of prior decisions going back to 2000 that are directly on point and do not provide any persuasive reason why the long standing traditional interpretation of these paragraphs in the Policy should now change.

Paragraph 2 used to broaden Paragraph 4(a)(iii)

There have been differing views amongst panelists who have considered the impact of paragraph 2 on the bad faith requirement since the “paragraph 2”-logic was raised in 2009. The differing views are clearly set out in the split decision of *A. Nattermann & Cie. GmbH and Sanofi-aventis v. Watson Pharmaceuticals, Inc.*, WIPO Case No. D2010-0800 (“Nattermann”).

In Natterman, the panelists considered whether the representations and warranties in paragraph 2 should impact the long standing interpretation of paragraph 4(a)(iii):

“The majority of the present Panel is not persuaded to depart from the ordinary meaning of paragraph 4(a)(iii) of the UDRP and the long line of previous decisions which have required bad faith to be shown at the time of registration, albeit that such bad faith can be inferred in appropriate cases from the respondent's subsequent conduct.”

This Panel agrees with the majority in Natterman.

Paragraph 2 contains representations and warranties made by the domain name registrant to the registrar at the time of registration. The paragraph 2(d) warranty is a warranty made at the time of registration (or renewal) of the domain name as to the domain name registrant's future use of the domain name.

This Panel considers that there are at least six reasons why paragraph 2 should not be interpreted to broaden paragraph 4(a)(iii).

First, to succeed in the administrative proceeding under paragraph 4, the Complainant must prove the three elements set out in paragraph 4(a), and not whether or not the Respondent is in breach of a paragraph 2 warranty to the registrar. A breach of paragraph 2 may allow the registrar to bring a breach of contract claim against the domain name registrant, but does not give the Complainant to an administrative proceeding any better rights against the registrant, and it was never intended to do so.

Second, it is not clear that paragraph 2 is consistent with, and was drafted to assist in the interpretation of, paragraph 4. For example, paragraph 4(a)(iii) states that the domain name was registered and is being used in bad faith, but it does not say by whom. It is irrelevant under paragraph 4 who carries out the bad faith use. In contrast, paragraph 2(d) requires the registrant to violate the law or regulation. So in this instance, paragraph 4(a)(iii) is wider than paragraph 2(d), and does that mean that paragraph 4(a)(iii) should be read down to fit with paragraph 2(d)? As another example, paragraph 2 requires a knowing violation of the law or regulation; paragraph 4 in certain circumstances allows bad faith to be shown where the registrant knew or should have known, or in cases of willful blindness. Again, in light of paragraph 2, if found to be of assistance in interpreting paragraph 4, would prior decisions finding for the complainant where the respondent “should have known” be incorrect (in the sense that they could be inconsistent with the seeming requirement for “knowing violation” in paragraph 2)?

Third, if it was the intent of those who crafted the Policy to make a breach of the paragraph 2 warranty to amount to bad faith under paragraph 4, that could easily have been included in the drafting of paragraph 4(a)(iii). It was not.

Fourth, there is an easy way to read paragraph 2 in conjunction with paragraph 4(a)(iii). That is, a breach of paragraphs 2(a) to (c) could be evidence of bad faith registration; a breach of paragraph 2(d) could be evidence of bad faith use. A breach of paragraph 2(d) would not be evidence of bad faith registration, as required by paragraph 4(a)(iii).

Fifth, to imply paragraph 2(d) into paragraph 4 creates uncertainties that do not exist now. What laws? What regulations? Will each panel have to first determine what are the applicable laws and regulations, and then determine if they are breached? This would raise difficult choice of law and conflict of law questions that the Policy was designed to avoid. In this dispute, the Respondent raises this issue. The Respondent asserts that the proper law of the domain name contract between the registrar and the Respondent is United States law. Under United States law, as argued by the Respondent, the Complainant has no trademark rights.

Sixth, how expansive is paragraph 2(d)? It would appear to apply to more than just trademark rights. For example, if use of the domain name for a website that contains gambling, pornography or criticism of a member of a royal family or Head of State, or for a website to promote a Ponzi scheme or a pyramid scheme or the purchase of an unregulated pharmaceutical product, that website may be in violation of a law or regulation in complainant's or respondent's or registrar's jurisdiction. If so, does that amount to bad faith registration and use for the purposes of paragraph 4(a)(iii)? Such a view would significantly change how one should look at paragraph 4(a)(iii), and this Panel is not prepared to endorse that step here.

While deciding not to follow the Mummygold and Octogen line of cases discussed above, and to instead uphold the traditional (plain English) requirement for registration and use, the Panel notes that there may still be some relevance of paragraph 2 to the question of assessing bad faith registration in certain appropriate cases. For instance, given that paragraph 2 requires a domain name registrant “to determine whether your domain name infringes or violates someone else's rights”, this requirement could be regarded as creating or reinforcing an obligation on a registrant to conduct some form of due diligence in order to determine whether the domain name at issue infringes any third party rights, especially if the registrant intends to use the domain name for commercial purposes such as a pay-per-click website. Paragraph 2 may also be relevant in cases where, at the time of original registration, there was evidence of a registrant's “willful blindness” to the infringement or violation of someone else's existing trademark rights. For example, a domain name owner cannot turn a blind eye, and escape a finding of bad faith merely because the owner acquired a large number of domain names in one transaction. Here, it appears that the Respondent acquired a portfolio of domain names for the primary purpose of generating traffic, or possibly, for later resale. If necessary, the Panel can draw the inference that the Respondent would have been aware of the traffic volume for the domain names in the acquired portfolio. However, in this instance, in late 2004 or early 2005, Respondent cannot be said to have acquired and valued the disputed domain name based upon traffic volume relevant to the Complainant's rights, because the Complainant had not yet commenced use of its trademark at that time. In short, if the Respondent searched in 2004/2005, the Respondent would not have found the Complainant.

Thus, the Respondent was not willfully blind. *Mobile Communication Service Inc. v. WebReg, RN*, WIPO Case No. D2005-1304; *Media General Communications, Inc. v. Rarenames, WebReg*, WIPO Case No. D2006-0964; *mVisible Technologies, Inc, supra*.

Linguistic Interpretation

In *Jappy GmbH, supra*, “and” in paragraph 4(a)(iii) was interpreted to be “or”. If that was the intent of those who crafted the Policy, one wonders why the word “or” was not actually used.

In paragraph 4(a)(iii), it requires that the “domain name has been registered (...).” This includes a temporal requirement, looking back at the time the domain name was registered. One of the requirements of 4(a)(iii) is to consider what has been past conduct, and not merely use.¹

In summary, this Panel sees no need to depart from the traditional view of paragraph 4(a)(iii), which has been adopted and approved by the majority of panelists in those decisions in which this question has arisen for consideration over more than 10 years - the Complainant must prove both bad faith registration and bad faith use.

Therefore, as the element requires bad faith use *and* registration, the Complainant cannot succeed in this third element of the Policy. The Respondent did not register the disputed domain name in bad faith and while it did use the disputed domain name in bad faith by operating a website containing pay-per-click links trading off the Complainant’s trademark value, the Panel finds this insufficient to enable the Complainant to succeed given the conjunctive requirement (for registration *and* use) under the Policy’s third element.

7. Decision

For all the foregoing reasons, the Complaint is denied.

John Swinson
Presiding Panelist

Andrew F. Christie
Panelist (Dissenting)

Frederick M. Abbott
Panelist

¹ The dissenting Panelist, relying on the reasoning in *Jappy GmbH, supra*, suggests that the phrase “has been registered and is being used in bad faith” should be interpreted such that the conjunction “and” fails to connect the passive “has been registered” with the adverbial phrase “in bad faith”. Since registration of a domain name is a necessary predicate to any administrative proceeding under the Policy, the condition that a disputed domain name “has been registered” standing alone would be entirely superfluous to assessment of a respondent’s conduct in the absence of some specification of the manner or intent of registration (*e.g.*, “in bad faith”). The majority prefers a semantic interpretation that gives operational meaning to the words chosen by the legislator.

Dated: March 1, 2011

Dissenting Opinion

I disagree with the majority's finding that the Complainant has failed to establish that the disputed domain name has been registered and is being used in bad faith. In my view, the activities of the Respondent fall squarely within the plain meaning of the words of paragraph 4(b)(iv) of the Policy.

The majority's reasoning purports to address the arguments as to why paragraph 4(b)(iv) does not apply in this case, but it does so by knocking over straw men. It seeks to demonstrate that paragraph 4(b) – and, for that matter, paragraph 2 – cannot “broaden” paragraph 4(a)(iii). However, the relevant point is not that paragraph 4(b) (or paragraph 2) broadens paragraph 4(a)(iii), but rather that it provides context for its interpretation.

As the majority notes, the words of paragraph 4(a)(iii) do not spell out every component of the action – they do not, for example, say by whom the bad faith use must be made. However, another part of the Policy (paragraph 4(b)) makes it clear that the required bad faith use is by “you” – *i.e.*, by the Respondent. Referring to paragraph 4(b) to understand the precise meaning of paragraph 4(a)(iii) is not inappropriately “broadening” it, but is simply interpreting it. This is a necessary task when, as is the case with the current issue in dispute, the words of paragraph 4(a)(iii) are open to more than one interpretation.

The issue in dispute is very simple: it is whether the requirement of paragraph 4(a)(iii) that the domain name “has been registered and is being used in bad faith” must be interpreted as if it actually read “has been registered *in bad faith* and is being used in bad faith” (*i.e.*, as if the italicized words had been added). I believe it should not be so interpreted. Rather, I believe that the correct interpretation is the one explained in the reasoning of the three-member panel in *Jappy GmbH v. Satoshi Shimoshita*, WIPO Case No. D2010-1001. As the panel in that case explained, the context of the Policy (including, in particular, paragraphs 4(b) and 2) and the purpose of the Policy (as explained in the Final Report of the WIPO Internet Domain Name Process, paragraph 168) make it clear that the requirement that the domain name “has been registered and is being used in bad faith” can, in certain circumstances (of which paragraph 4(b)(iv) is one), be satisfied in the absence of registration in bad faith.

Some panelists have asserted that this interpretation of paragraph 4(a)(iii) is contrary to the (presumed) intention of the legislator. However, as the dissenting opinion in *A. Nattermann & Cie. GmbH and Sanofi-aventis v. Watson Pharmaceuticals, Inc.*, WIPO Case No. D2010-0800, explains, the only available account of the work of the drafting committee of the legislator states that registrant partisans argued “the only way to tell that a registration was in bad faith was to look at subsequent conduct, *i.e.*, use, and that the two [concepts of registration and use] should not be separated”. In my view this account of the reasoning behind use of the phrase “has been registered and is being used in bad faith” is consistent with the interpretation of paragraph 4(a)(iii) provided above.

I agree with the majority that the Respondent has engaged in bad faith use of the disputed domain name. In particular, I believe that the Respondent has engaged in conduct of the type which paragraph 4(b)(iv) specifies for the purposes of paragraph 4(a)(iii) “shall be evidence of the registration and use of a domain name in bad faith”. For these reasons, I would find that the Complainant has made out the requirement of paragraph 4(a)(iii).

Andrew F. Christie

Panelist (Dissenting)

Dated: March 1, 2011