

Domain names – use it or lose it?

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A recent UDRP decision illustrates the bias in favour of trade mark owners who challenge the ownership of a domain name registration. In a recent decision, the failure by the domain name holder to use the domain name resulted in the Registrant losing its registration. A modified UDRP process will apply to Australian domain names later this year.

In a recent Uniform Domain Name Dispute Resolution Policy (UDRP)¹ decision², the Complainant used a JACK SPADE trade mark to sell a range of bags in the United States. It instituted a UDRP Complaint to obtain ownership of the domain name licence for jackspade.com. The owner of the jackspade.com domain name licence had owned the licence for almost three years without having made use of it. It claimed that it intended to use the domain name for a website about card tricks. At no stage had it sought to sell the domain name licence to the Complainant, and there was no evidence to show that the Registrant was even aware of the Complainant.

UDRP grounds

Under the UDRP policy the Complainant had to establish each of three grounds to succeed:

1. that the domain name is identical or confusingly similar to the Complainant's trade mark (this was straightforward);
2. that the Registrant had no legitimate interest in the domain name (the Registrant had not made use of the domain name, nor of any trade mark that was similar to the domain name); and
3. that the Registrant registered **and** was using the domain name in bad faith³.

“Bad faith”

The panel (comprising of a single member) in this decision acknowledged that the Registrant's

conduct did not fit squarely within any of the illustrations of bad faith registration that are set out in the UDRP policy, but said that those illustrations were not intended to be exhaustive. The panel found that, if the Registrant had conducted a trade mark search at the time, it would have discovered the Complainant's pending trade mark application (the panel noted that both parties were US companies). It said that it was therefore appropriate to find that the Registrant had constructive notice (ie regardless of actual knowledge) of this trade mark application and for this reason concluded that the registration had been in bad faith. While the result is not unprecedented, it is nevertheless extraordinary and illustrates the flexible approach that UDRP panels often adopt in relation to this ground. The panel then went on to find that the non-use of the domain name over a period of less than three years constituted use of the domain name in bad faith. Again, previous UDRP panels have made similar findings, however, it is far from clear that this was intended under the UDRP policy which does not include ‘non-use’ as one of the examples of bad faith use.

Recommendations

The UDRP policy presently applies to .com, .net, .org, .biz and .info domain name licences (among others), but does not apply to Australian domain names. A modified UDRP policy will be introduced for Australian domain names later this year (that is, domain names ending in .au, such as freehills.com.au)⁴. One improvement that has been made to the Australian policy is that a Complainant need only establish registration **or** subsequent use in bad faith. UDRP panels, such as in the above example, have often resorted to quite artificial findings of bad faith in order to find bad faith at both the time of registration and during the subsequent use of the domain name.

While this will mean that care should be taken in applying UDRP precedents to establish bad faith under the new Australian policy, domain name owners are advised to take decisions such as the above example into consideration in order to minimise the risk of being found to have engaged in bad faith use of their domain name licence. A business registering a domain name that it does not intend to immediately use, and which does not relate to a brand presently being used by it, should consider taking one or more of the following steps:

1. research whether the intended use is likely to infringe another person's intellectual property rights (a domain name registration is not a defence to such an allegation and legal advice in this regard may be necessary);
2. document the reasons for registering the domain name and outline a business plan for its use;
3. apply to register a corresponding trade mark for the goods or services that the trade mark is intended to be used for; and
4. take steps to commence use of the domain name as soon as possible and, if delays are inevitable, document the reasons for the delay.

1 UDRP is an administrative dispute resolution process that was introduced in 1999 for certain generic top level domains (and has since been adopted for a number of country code top level domains) and allows a Complainant to obtain ownership of a domain name licence if it can establish certain criteria, including that the Registrant has no legitimate connection with the domain name and that it registered and used the domain name in ‘bad faith’.

2 *Kate Spade, LLC v Darmstadter Designs* WIPO Case No. D2001-1384 (3 January 2002)

<<http://arbiter.wipo.int/domains/decisions/html/2001/d2001-1384.html>>.

3 UDRP policy paragraph 4(a).

4 <<http://www.auda.org.au/policy/wg-dr-2001/>>.