

Nominet UK Dispute Resolution Service

DRS 05856

Deutsche Telekom AG v Lammtara Multiserve Limited

Decision of Appeal Panel

Dated: 25 February, 2009

1. Parties:

Complainant/

Appellant:

Deutsche Telekom AG
Address: Friedrich-Ebert-Alle 140
Bonn
Postcode D53113
Country Germany

Respondent:

Lammtara Multiserve Limited
Address: St Mary's Chambers
Haslingden Road
Rawtenstall
Lancashire
Postcode: BB4 6QX
Country: UK

2. Domain Name in dispute:

t-home.co.uk ("the Domain Name")

3. Procedural Background (Appeal):

02/07/2008 The Complainant launched this administrative proceeding

17/10/2008 Decision at first instance issued by the Expert to the effect that while the Complainant has rights in respect of a name which is identical to the Domain Name, the Domain Name, in the hands of the Respondent, is not an abusive registration. The Expert directed that the Domain Name be left undisturbed

31/10/2008 Notification of Appeal received together with deposit

21/11/2008 Appeal Notice received together with balance of the fee

24/11/2008 Tony Willoughby selected as chair of Panel; Sallie Spilsbury and Niall Lawless selected as co-panellists

08/12/2008 Appeal Response received

Each of Tony Willoughby, Sallie Spilsbury and Niall Lawless (the undersigned, "the Panel") have individually confirmed to the Nominet Dispute Resolution Service that:

"I am independent of each of the parties. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, that need be disclosed as they might be of a such a nature as to call in to question my independence in the eyes of one or both of the parties."

This is an Appeal against a Decision at first instance. The Panel for this Case was appointed to provide a decision on or before 9 February, 2009, a deadline, which was subsequently extended to 26 February, 2009. The original Complaint having been filed on 3 July, 2008, this process is governed by the *Procedure for the conduct of proceedings under the Dispute Resolution Service (Version 2)*("the Procedure") and the Decision is made in accordance with the *Dispute Resolution Service Policy (Version 2)*("the Policy"). Both of these documents are available for inspection on the Nominet website (<http://www.nominet.org.uk/disputes/drs>).

4. The Nature of This Appeal:

This Panel has considered the nature of this appeal process and the manner in which it should be conducted. The Policy §10a provides that: *"the appeal panel will consider appeals on the basis of a full review of the matter and may review procedural matters"*.

The Panel concludes that in so far as an appeal involves matters other than purely procedural complaints the appeal should proceed as a re-determination on the merits. Accordingly, the Panel does not propose to undertake a detailed analysis of the Expert's decision.

5. Formal and Procedural Issues:

There is a continuing dispute between the parties as to whether some without prejudice correspondence should be admitted into the proceedings. The Panel adopts precisely the same line as the Expert and for precisely the same reason set out in the decision at first instance. In other words the Panel holds the without prejudice correspondence in question to be admissible.

In its Appeal Notice the Complainant makes submissions on the Appeal Decision in DRS Case No. 4962 *MySpace, Inc. v Total Web Solutions Limited* (<myspace.co.uk>). The Respondent asserts that those submissions should not be entertained on this Appeal, because they were not made at first instance. The submissions are relevant to the issues before the Panel and the Panel is aware of no authority to the effect that parties on appeal are restricted to the case citations at first instance. The Respondent does not provide any support for its assertion. The Panel will consider the Complainant's submissions on the *MySpace* case.

6. **The Facts:**

The Panel gratefully adopts the factual background as set out by the Expert in section 5 of his decision of 17 October, 2008.

For present purposes, however, it is sufficient to set down the following chronological summary:

2 September 1999 Domain Name registered. In that year and the following year the Respondent registers a number of other 't-' prefixed domain names.

March 2002 Complainant approaches Respondent and acquires for €100,000 the domain name, <t-email.co.uk>, together with one other similar name incorporating the letter 't' and the word 'email'.

July 2002 Respondent approaches Complainant with a view to selling off to the Complainant one or more of its remaining block of 't-' prefixed domain names (including the Domain Name).

October 2002 Complainant responds to the effect that those other domain names (including the Domain Name) are of no interest to the Complainant.

28 June 2005 The Complainant applies for an International registration of T-HOME as a trade mark for a wide variety of goods and services, including services relating to financial affairs. The registration comes through the following year.

January 2008 The Respondent commences use of the Domain Name as a link to its site at <moneybags.net>, which contained financial news and featured links to various sites providing financial services.

4 February 2008 The Complainant's solicitors send a warning letter to the Respondent drawing the Respondent's attention to its trade mark rights (registered and unregistered) and demanding transfer of the Domain Name. In the course of subsequent correspondence the Respondent makes a without prejudice offer to sell the Domain Name together with the other 't-' prefixed domain names in the Respondent's portfolio to the Complainant for €200,000 per domain name (or thereabouts).

7. **The Parties' Contentions:**

The Panel does not feel it necessary to set out in full here the parties' contentions at first instance. They are set out by the Expert in his decision of 17 October, 2008.

The Complainant

The Complainant's case on this Appeal is that

- it has registered trade mark rights in respect of the trade mark T-HOME for *inter alia* financial services
- from January to May, 2008 the Respondent was using the Domain Name for the provision of financial services,
- in so doing and having acquired no prior rights or legitimate interests in respect of the Domain Name, the Respondent was infringing the Complainant's trade mark rights
- and thereby taking unfair advantage of the Complainant's trade mark rights
- the Respondent's use of the Domain Name was bound to give rise to initial interest confusion within the meaning of paragraph 3(ii) of the Policy
- the Respondent is engaged in a pattern of abusive registrations in which it has no rights within the meaning of paragraph 3(iii) of the Policy
- demanding €200,000 for the Domain Name was an abusive use of the Domain Name. It cannot be right to assess market value "by what an asset is worth to someone whose rights are being abused by it".

The Respondent

The Respondent's response is as follows:

- the Complainant has never exercised its trade mark rights in relation to financial services
- the only way that a non-abusive registration can become abusive is if its subsequent use might cause confusion, the Respondent's use of the Domain Name was never intended to cause confusion and there is no evidence of any confusion or likelihood of confusion. In the five months in which the site was up and running there were only 241 visits
- the Expert was entitled to take the view that in the circumstances of this case, the risk of confusion is minimal
- the Respondent denies the existence of an abusive 'pattern' of registrations
- it having been conceded by the Complainant that paragraph 3(a)(i)(A) of the Policy is no longer applicable, the Respondent denies that its offer to sell the Domain Name for €200,000 can constitute evidence of an abusive registration

The Respondent's submissions in relation to (a) the admissibility of the without prejudice correspondence and (b) the Complainant's citation of the *MySpace* case are dealt with at section 5 above.

8. Discussion and Findings:

General

In order for the Complainant to succeed it must (Policy §2) prove to the Panel, on the balance of probabilities, **both**:

*that it has Rights in respect of a name or mark which is identical or similar to the Domain Name; **and***

that the Domain Name, in the hands of the Respondent, is an Abusive Registration as defined in Paragraph 1 of the Policy.

Rights are defined in the Policy as:

***Rights** includes, but is not limited to, rights enforceable under English law. However, a Complainant will be unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business;*

If the Complainant satisfies the Panel that the Complainant has relevant rights, the Panel must address itself to whether the registration by the Respondent of the Domain Name is abusive.

An Abusive Registration is defined in the Policy as follows:

***Abusive Registration** means a Domain Name which either:*

was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights; OR

has been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights;

The Issues before the Panel

There is no dispute between the parties that the Complainant has rights in respect of a name or mark (i.e. T-HOME), which is identical or similar to the Domain Name.

Accordingly, the Panel merely has to focus its attention on whether or not the Domain Name is an Abusive Registration in the hands of the Respondent.

As indicated above, a domain name can be an Abusive Registration either because it was registered with abusive intent or because it has been used abusively.

Originally, the Complainant was contending that the Respondent registered the Domain Name with abusive intent, but that contention was dropped at the Reply stage at first instance. Accordingly, it is only necessary for the Panel to assess whether the Respondent has made abusive use of the Domain Name.

The Panel will deal with these two issues individually.

Use

As will be seen from Section 6 above, the Complainant is the registered proprietor of a trade mark registration (in fact there are two, the other being a later Community Trade Mark registration) for T-HOME for *inter alia* financial services and that the rights date back to 2005.

In January, 2008 the Respondent connected the Domain Name to a site offering financial services.

The Complainant asserts that the Respondent's use of the Domain Name is or has been abusive for the following reasons:

1. The Respondent's use of the Domain Name constitutes infringement of the Complainant's registered trade mark rights.
2. The Respondent's infringing use of the Domain Name to connect to a financial services site is calculated to lead to confusion, if only initial interest confusion.
3. The Respondent's offer to sell the Domain Name to the Complainant for €200,000 is another abusive use of the Domain Name.
4. The Domain Name is part of a pattern of abusive domain names in the hands of the Respondent.

Of the above, the Panel believes that, in the first instance, it is only necessary for them to consider the first two of those points in any detail. In the view of the Panel, the latter two are dependent upon, not additional to, the outcome of the Panel's deliberations on the first two.

Insofar as the offer for sale is concerned, the key issue is as to whether it was proper for the Respondent to seek any sum of money (apart from its registration and incidental expenses) from the Complainant. The Complainant contends that it was not proper for the Respondent to have done so, because the price has been inflated to take account of the Respondent's infringing use of the Domain Name. We come back to that below.

As to the existence or otherwise of a 'pattern', the Panel agrees with the Expert, for the reasons given by him, that the Domain Name cannot sensibly be grouped with the other allegedly offensive domain names identified. Accordingly, in the view of the Panel the Domain Name cannot be branded 'abusive' simply because the brand name is in the same portfolio as the allegedly offensive domain names. Something else is called for.

Focusing on those points 1 and 2 above, the Respondent's answers are:

- first, that it never intended to infringe or take advantage of the Complainant's rights.
- secondly, the Complainant has never exercised its trade mark rights in relation to financial services.
- thirdly, the Expert was right to conclude that the risk of confusion was insufficient to merit a finding of abusive registration.

It seems to the Panel that there are different ways of approaching the case. We start by exploring the position as at the date that the Complainant's solicitors wrote to the Respondent in February, 2008.

We are unanimous in our view that at that stage the Respondent had acquired no rights in respect of the Domain Name and that if it had a legitimate interest in respect of it, it was an interest derived from its registration of it and the reasonable expectation that it would be able to exploit the Domain Name legitimately in some shape or form.

We are also unanimous that there is nothing before us to show that as at 1 January, 2008 the Complainant had commenced use of the mark T-HOME whether for financial services or anything else. On more than one occasion in the correspondence and the exchange of submissions at first instance and in this Appeal the Complainant was challenged to say when it first used the T-HOME name, but it has steadfastly refused to do so. In its Reply at first instance it expressly states that first use of T-HOME is irrelevant under the Policy. In its Appeal Notice, it objects to the Expert's finding that the Complainant had conceded that it was not actively exercising its rights in the fields of finance and insurance, but merely says that it acknowledges that it is better known in relation to telecoms. The Panel feels justified in concluding that if the Complainant had commenced use of the T-HOME mark, it was not on such a scale that the Respondent must have known of it prior to the 4 February, 2008 letter.

Accordingly, as at 3 February, 2009, there appear to the Panel to be two ways of looking at the matter.

Option 1 (adopting the Complainant's line)

The Domain Name (absent the generic domain suffix) is identical to the Complainant's registered trade mark. The registration covers financial services and the Respondent has used the Domain Name in relation to financial services. On the face of it, the use of the Domain Name has infringed the Complainant's trade mark rights. Using a Domain Name, which is identical in substance to the Complainant's trade mark will inevitably give rise to a risk of initial interest confusion and initial interest confusion is acknowledged to be a relevant form of confusion to be considered in the context of paragraph 3(a)(ii) of the Policy. An infringing, potentially confusing use of a domain name cannot give rise to a

right or legitimate interest in respect of the domain name. The Domain Name is an abusive registration within the meaning of paragraph 3(a)(ii) of the Policy. The fact that the abuse may have been unintentional is of no relevance in terms of trade mark infringement and cannot be the determinative factor in what has to be an objective test under the Policy (qv <verbatim.co.uk> Appeal decision).

Option 2 (adopting the Respondent's line)

The Domain Name was registered several years before the Complainant acquired any relevant rights. Six years ago the Complainant on its own initiative purchased two other domain names in the same range (<t-email.co.uk> and <t-email.net>) from the Respondent for €100,000. The Complainant disclaimed any interest in the Domain Name, of which it was aware. Through until February, 2008, by which time the Respondent had started to use the Domain Name to connect to a financial services information site, the Respondent had no reason to know and did not know of the Complainant's interest (still less rights) in respect of either T-HOME or the Domain Name. It did not know that the Complainant's position as stated in 2002 had changed. It was not aware of the trade mark registrations and at that time there was no evidence that the Complainant had made any use of its T-HOME trade mark, still less any use in relation to financial services.

The first of those options is unattractive to the Panel because it turns so heavily on the law of trade marks. It has been said on many occasions that these cases need to be determined by reference to the Policy and not the law. While the Policy is intended to represent a quick and cost-effective alternative to litigation, the Policy and the law of trade marks are not interchangeable. Not all abusive registrations under the Policy will necessarily constitute trade mark infringement and not all trade mark infringements constitute abusive registration under the Policy. This is particularly so in the case of what might constitute 'innocent' (in the sense of unintentional) infringement.

The problem is caused to some extent by the wording of the definition of Abusive Registration (i.e. the references to unfair advantage and unfair detriment), which is taken from Section 10 of the Trade Marks Act 1994. Some take the view that this is an indication that trade mark infringement must constitute an abuse under the Policy. This Panel does not take that view for three reasons: first, the wording of the definition does not precisely replicate the wording of the infringement provisions of the Trade Marks Act; secondly, "trade mark infringement" is not a term that connotes knowing wrongdoing, whereas to this Panel "Abusive Registration" connotes culpable behaviour akin to knowing wrongdoing; thirdly, if trade mark infringement was necessarily to constitute Abusive Registration, one would have expected all Nominet's team of independent experts to be lawyers practising in the field of trade marks, whereas many are not.

In the view of this Panel, the test of abusive registration under the Policy has to have an objective element to it, but not all unintentional infringement will avoid a finding of abusive registration. Accordingly, an ostrich-like 'head-in-the-sand' approach is unlikely to attract the sympathy of an expert. However, this is a very different case. The Complainant was aware of the Domain Name back in 2002 and told the Respondent that it was of no interest. Why should the Respondent have known in January, 2008 that the Complainant had changed its position in the matter and had obtained trade mark registrations covering not only its primary activities in the telecoms field, but had also obtained extended rights in relation to financial services?

The Panel finds that irrespective of whether or not the Respondent's use of the Domain Name in January, 2008 constituted trade mark infringement, there was nothing about the Respondent's behaviour, which merited a finding of Abusive Registration at that stage.

Having been notified of the Complainant's rights, the Respondent instructed solicitors and the inter-solicitor correspondence continued through to mid-April, 2008 without achieving any satisfactory result, save that in May, 2008 the Respondent discontinued use of the Domain Name. In the course of that correspondence, under threat of legal proceedings, the Respondent offered to transfer the Domain Name to the Complainant for €200,000.

The offer to sell the Domain Name is asserted by the Complainant to constitute an abusive use of the Domain Name; moreover, the Respondent's continued use of the Domain Name through to May, 2008 with knowledge of the Complainant's rights is also open to criticism.

As to the offer to sell the Domain Name, it was clearly made under threat of litigation and in the hope that the Complainant would be prepared to pay a large sum of money for it, as it was prepared to do with the <t-email> domain names in 2002. The Panel is not persuaded that the level sought had anything to do with the use that the Respondent was making of the Domain Name.

Given the overall context of the 'offer', the Panel is not persuaded that it was an abusive use of the Domain Name. Dealing in domain names is a perfectly legitimate activity (*per se*) and commonly the price that a vendor will put upon the name is either the minimum that the vendor is prepared to accept for it or, as in this case, the vendor's estimate of the value of the name to the purchaser. The price put forward by the Respondent must in large part have been guided by the sum that the Complainant was prepared to pay in the earlier transaction. The Panel is not persuaded that it was an inflated price calculated by reference to the Respondent's allegedly infringing activity.

As to the continued use of the Domain Name, it terminated shortly after conclusion of the inter-solicitor correspondence and several

weeks before this administrative proceeding commenced. By all accounts the traffic through the site was trivial.

The Panel finds that the Expert was entitled to treat the Respondent's use of the Domain Name as he did. The use commenced 'innocently', the Complainant's rights were drawn to the Respondent's attention, the Respondent took legal advice, tried to negotiate an advantageous financial settlement, failed and pulled the site.

Finally, for completeness, the Panel should mention that in its Appeal Notice the Complainant cites the *MySpace* Appeal Decision and contends that that case, which also concerned a domain name, which had been registered ahead of the complainant's rights, was materially different from this one in four major respects:

1. In *MySpace* the respondent had acquired rights in respect of the domain name as a result of having made lawful commercial use of it in advance of the complainant's rights. In this case, the Respondent had not acquired any rights of that kind. Its use of the Domain Name post-dated the Complainant's rights, had only been running for a few weeks prior to the Complainant's solicitors' letter and in any event was an infringing use.

2. In *MySpace* the respondent's use of the domain name did not change on the coming into existence of the complainant's rights, whereas in this case the Respondent was making no use of the Domain Name at the time of the coming into existence of the Complainant's rights.

3. In *MySpace* the respondent did not seek to exploit his position vis-vis the complainant, whereas in this case the Respondent sought to sell the Domain Name for a very large sum.

4. In *MySpace* the respondent was unaware of the existence of the complainant when it commenced the use complained of, whereas in this case the Respondent was well aware of the existence of the Complainant.

In the view of the Panel, the only significant difference between this case and the *MySpace* case is that the Respondent in this case had acquired no prior rights as a result of any prior use of the Domain Name.

For the reasons given above the Panel does not believe that the Respondent's offer for sale was pitched at the level it was for any improper reason. Given the history, the Panel has no reason to doubt that it was an opening offer, which the Respondent believed might result in a negotiated settlement. As to the fourth point of comparison with *MySpace*, the Panel observes that in this case it is not knowledge of the Complainant, which is significant, but knowledge of the Complainant's trade mark rights in T-HOME. The Panel is not persuaded that the Respondent had that knowledge when commencing use of the Domain Name.

9. Decision

The Panel dismisses the Appeal and upholds the decision of the Expert.

A handwritten signature in black ink, appearing to read 'Tony Willoughby', with a long, sweeping horizontal stroke extending to the right.

Sallie Spilsbury

Tony Willoughby

Niall Lawless

Dated: 25 February, 2009

9. **Decision**

The Panel dismisses the Appeal and upholds the decision of the Expert.

Sally Spilsbury
Sally Spilsbury

Tony Willoughby

Niall Lawless

Dated: 25 February, 2009

9. **Decision**

The Panel dismisses the Appeal and upholds the decision of the Expert.

Sallie Spilsbury

Tony Willoughby

Niall Lawless

Dated: 25 February, 2009

Signed Niall Lawless.