

## Legal Issues in 'UDRP'

**Issue: Is the Requirement of Bad Faith under UDRP Required to be Proved in Respect of Both Registration and Use?**

1

## Relevant Provisions

### ❖ Paragraph 4(a), Uniform Domain Name Dispute Resolution Policy –

*Applicable Disputes.* You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and*
- (ii) you have no rights or legitimate interests in respect of the domain name; and*
- (iii) your domain name has been **registered and is being used in bad faith.***

2

*In the administrative proceeding, the complainant must prove that each of these three elements are present.*

[Emphasis supplied]

## Relevant Provisions (Contd.)

### ❖ Paragraph 4(b), Uniform Domain Name Dispute Resolution Policy –

*Evidence of Registration and Use in Bad Faith.* The following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

- (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**
- (iv) by **using** the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location. [Emphasis supplied]

## History Behind the Conjunctive Bad Faith Requirement

### ❖ Final Report of the WIPO Internet Domain Name Process (April 1999)

- *Para 165: The preponderance of views, however, was in favor of **restricting the scope of the procedure, at least initially, in order to deal first with the most offensive forms of predatory practices and to establish the procedure on a sound footing. Two limitations on the scope of the procedure were, as indicated above, favored by these commentators.***
- *Para 166: The first limitation would confine the **availability of the procedure to cases of deliberate, bad faith abusive registrations.***
- 4 *Para 171: The **definition of abusive registration** that we recommend be applied in the administrative procedure is as follows:*

*(iii) the domain name **has been registered and is used in bad faith.** [Emphasis supplied]*

(Source: <https://www.wipo.int/export/sites/www/amc/en/docs/report-final1.pdf>)

## History Behind the Conjunctive Bad Faith Requirement (Contd.)

- ❖ **Second Staff Report on Implementation Documents for the Uniform Dispute Resolution Policy (October 1999)**
  - *“Several comments (submitted by INTA and various trademark owners) advocated various expansions to the scope of the definition of abusive registration...These comments suggested that **the definition should be expanded to include cases of either registration or use in bad faith, rather than both registration and use in bad faith.** These comments point out that cybersquatters often register names in bulk, but do not use them, yet without use the streamlined dispute-resolution procedure is not available. While that argument appears to have merit on initial impression, it would involve a change in the policy adopted by the Board. The WIPO report, the DNSO recommendation, and the registrars-group recommendation all required both registration and use in bad faith before the streamlined procedure would be invoked. Staff recommends that this requirement not be changed without study and recommendation by the DNSO.” [Emphasis supplied]*

(Source: <https://archive.icann.org/en/udrp/udrp-second-staff-report-24oct99.htm>)



## Relevant UDRP Decisions

### ❖ **SHIRMAX RETAIL LTD./DÉTAILLANTS SHIRMAX LTÉE, [eResolution Case No. AF-0104]**

- *“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 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.” [Emphasis supplied]*

## Relevant UDRP Decisions (Contd.)

- ❖ *Telstra Corporation Limited v. Nuclear Marshmallows*, [Case No. D2000-0003]
  - “First, the provision contains the conjunction "and" rather than "or". Secondly, the provision refers to **both the past tense ("has been registered") and the present tense ("is being used")**”.
  - “The significance of the use of the conjunction "and" is that paragraph 4(a)(iii) requires the Complainant to **prove use in bad faith as well as registration in bad faith**. That is to say, bad faith registration alone is an insufficient ground for obtaining a remedy under the Uniform Policy...”
  - “This interpretation is confirmed, and clarified, by the use of both the past and present tenses in paragraph 4 (a)(iii) of the Uniform Policy. The use of both tenses draws attention to the fact that, in determining whether there is bad faith on the part of the Respondent, consideration must be given to the circumstances applying both at the time of registration and thereafter. So understood, it can be seen that the requirement in paragraph 4(a)(iii) that the domain name "has been registered and is being used in bad faith" will be satisfied only if the Complainant proves that the registration was undertaken in bad faith and that the circumstances of the case are such that Respondent is continuing to act in bad faith.”  
[Emphasis supplied]

## Relevant UDRP Decisions (Contd.)

### ❖ *Mile, Inc. v. Michael Burg*, [Case No. D2010-2011]

- “...The Policy, paragraph 4(a)(iii), obliges the Complainant to establish that the Domain Name "has been registered and is being used in bad faith." The consensus view since the Policy was implemented in 1999 has been that the **conjunctive "and"** indicates that **there must be bad faith both at the time of registration and subsequently**. Apart from unusual cases of a respondent's advance knowledge of a trademark, **it is not logically possible for a respondent to register a domain name in bad faith contemplation of a mark that does not yet exist or of which the respondent is not aware ....**By contrast, the dispute resolution policies for some top-level domains, such as ".eu" and ".uk", state the requirement disjunctively, expressly providing that a complainant may prevail by establishing bad faith in the registration "or" use of the domain name.”
- 8 • “**paragraph 4(b)(iv)** is listed as "evidence of the registration and use in bad faith"; **it is not listed as conclusively demonstrating registration and use in bad faith**. (Compare Policy paragraph 4(c), which lists examples of conduct that "shall demonstrate your rights or legitimate interests")” [Emphasis supplied]



## Relevant UDRP Decisions (Contd.)

❖ *City Views Limited v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, [Case No. D2009-0643] [“Mummygold Case”]

- “...As discussed above, three of the four non-exclusive UDRP examples of bad faith registration and use do not discuss use at all, but rather focus on the state of mind of the registrant at the time that it registered the domain name at issue. Conversely, the fourth example focuses entirely on use without regard to the registrant's state of mind as of the date of registration...bad faith registration can occur without regard to the state of mind of the registrant at the time of registration, if the domain name is subsequently used to trade on the goodwill of the mark holder, just as bad faith use can occur without regard to the fact that the domain name at issue has not been or has been only passively used”
- “Section 2 of the Policy, entitled “Your Representations”...not only imposes a duty on the part of the registrant to conduct an investigation at the time of registration, but also includes a representation and warranty by the registrant that it will not now or in the future use the domain name in violation of any laws or regulations...A party can register or acquire a domain name in good faith, yet use the domain name in the future in such a way that the representations and warranties that the registrant made as of the time of registration are violated. If a party uses the domain name in the future so as to call into question the party's compliance with the party's representations and warranties, there may be retroactive bad faith registration.” [Emphasis supplied]

## Relevant UDRP Decisions (Contd.)

- ❖ *Octogen Pharmacal Company, Inc. v. Domains By Proxy, Inc. / Rich Sanders and Octogen e-Solutions*, [Case No. D2009-0786]
  - “Section 2 of the Policy...effectively *imposes on the registrant a continuing duty to ensure that the domain name is not used in violation of another's rights and clearly covers intellectual property rights and the laws protecting them, including copyright and trademark. This representation and warranty is not limited to the moment at which the registrant registers the domain name; rather, it extends to any use of the domain name in the future. This obligation is an integral part of the Policy, and it cannot be ignored.*”
  - 10 • “the Panel finds that the language of the Policy and the Telstra approach require the Panel to examine the facts and circumstances of the case to determine whether the registration of the domain name could be said to be retroactively in bad faith” [Emphasis supplied]

## Relevant UDRP Decisions (Contd.)

- ❖ *Validas, LLC v. SMVS Consultancy Private Limited*, [Case No. D2009-1413]
  - “There appear to be two strands of reasoning advanced to support the above idea. The first is that **insufficient attention has been paid to the registrant's representation and warranty in the Policy, paragraph 2**, that “you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name infringes or violates someone else's rights”.”
  - “This has been said by some panels to support the propositions that (a) the registrant has a duty to conduct an investigation at the time of registration, and (b) even though the domain name was registered in good faith, subsequent breach of the warranty “may be deemed to be retroactive bad faith registration””
  - “As to (a), in this Panel's view, assuming for present purposes that a registrant has a duty to conduct an investigation at the time of registration and may therefore be presumed to have registered the domain name in bad faith by virtue of constructive awareness of the relevant trademark...an investigation would produce nothing by way of forewarning of the ultimate complainant's rights where the relevant trademark does not exist at the time of registration.... the appropriate finding is that at the time when the registration was made, it was made in good faith. Likewise, where the domain name was registered with the trademark owner's consent.”  
[Emphasis supplied]



## Relevant UDRP Decisions (Contd.)

### ❖ *Validas, LLC v. SMVS Consultancy Private Limited*, [Case No. D2009-1413] [Contd.]

- *“As to (b)...A party can register or acquire a domain name in good faith, yet use the domain name in the future in such a way that the representations and warranties that the registrant made as of the time of registration are violated. If a party uses the domain name in the future so as to call into question the party's compliance with the party's representations and warranties, this may be deemed to be retroactive bad faith registration.”*
- *“To this Panel, the principal difficulty with this reasoning is that, **although the warranty was given “as of” the time of registration, a breach of warranty will not be taken to have occurred at the time the agreement containing the warranty was made unless there is to be found a deeming provision to that effect. In the absence of such a provision the breach of warranty will be taken to have occurred when the conduct constituting the breach took place. There is no provision in the warranty itself which deems any breach to have retroactive effect.** Thus it is necessary to find a deeming provision elsewhere in the Policy if the idea of finding “retroactive” bad faith registration by reason of breach of warranty is to be supported.”*
- *“the words “without limitation” simply make it clear that a complainant may always meet the conjunctive requirements of paragraph 4(a)(iii) by proving both of its required elements...” [Emphasis supplied]*



## Relevant UDRP Decisions (Contd.)

- ❖ *Validas, LLC v. SMVS Consultancy Private Limited*, [Case No. D2009-1413] [Contd.]
  - “*the only permissible way for this to be achieved is for ICANN to amend the Policy, paragraph 4(a)(iii) by changing “and” into “or”. Until then this Panel believes that (unsatisfying as it may be in its practical effect in the small number of cases in which it has been an issue) the view should prevail...registration of a domain name that at inception did not breach [Policy] 4(a)(iii) but is found later to be used in bad faith does not fall foul of [Policy] 4(a)(iii)*” [Emphasis supplied]

## Relevant UDRP Decisions (Contd.)

### ❖ *Eastman Sporto Group LLC v. Jim and Kenny*, [Case No. D2009-1688]

- *“The panels who decided Mummygold and its progeny, however, advance a different view of paragraph 4(a)(iii), and treat “registered and used the domain name in bad faith” as a **“unified concept”**.”*
- *“the argument that paragraph 2 places upon a registrant a continuous obligation to avoid **“infringing”** use is to some extent inconsistent with ordinary principles of contract law. Representations and warranties are usually one-off statements, made as of a particular date. They may be repeated, to be sure, and they may impose upon their maker a continuing obligation...however, extending paragraph 2 to impose upon a registrant an affirmative duty continuously to monitor (for example) subsequently issued trademarks and modify website content accordingly would run counter to several principles that underscore the UDRP system...”*
- *“the most formidable obstacle to the Mummygold approach is the language of paragraph 4(a)(iii) itself. The operative verbs in that provision are clearly conjunctive – registered and used...(ICANN), when it adopted the Policy and the Rules, apparently made a conscious decision at the time of adoption to require two distinct “infringing” acts.... The two distinct inquiries required under the UDRP have been criticized as a shortcoming that can countenance unscrupulous conduct, and has led in a few cases to a respondent that engaged in abusive use getting away with it because of insufficient proof of abusive registration. Several subsequently adopted Policy counterparts have declined to require bad faith in both registration and use for transfer.” [Emphasis supplied]*

**THANK YOU!**  
**Questions?**

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15

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