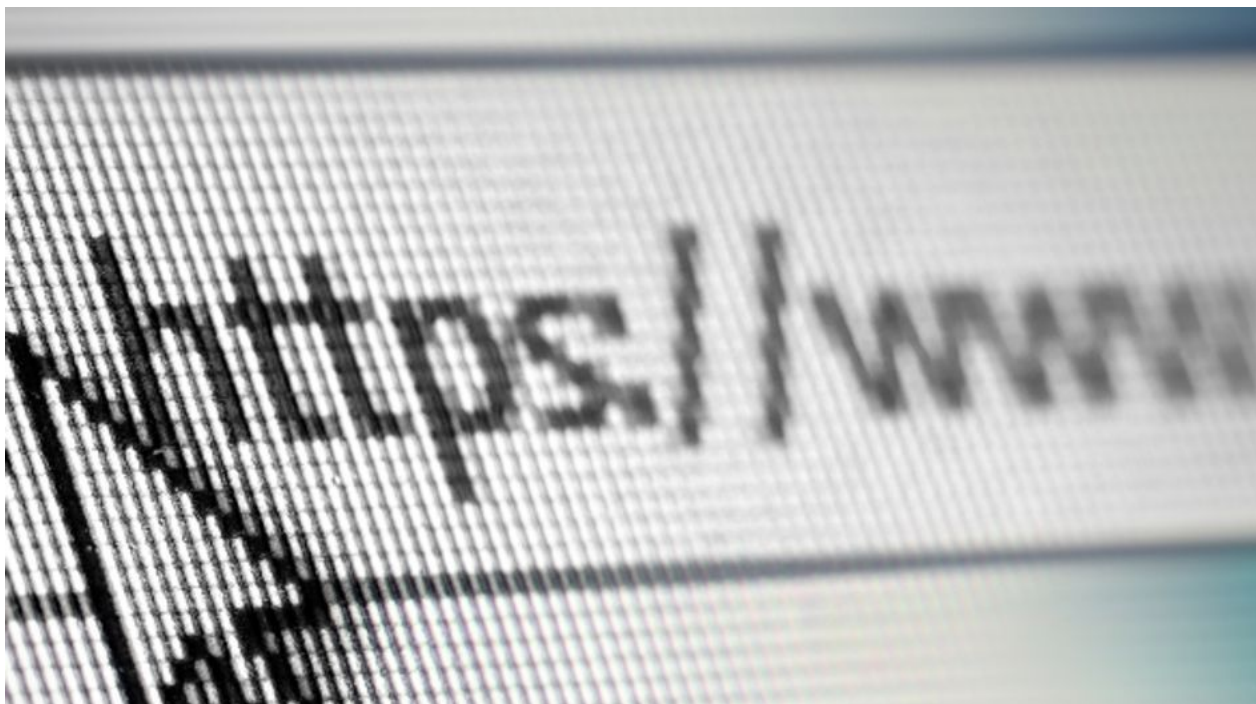


Not dropping the catch: respondent wins in UDRP complaint

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- Datacap Systems Inc, which asserted common law rights in DATACAP, sought the transfer of 'datacap.com' under the UDRP
- The panel found that the use of a 'drop-catch' service to acquire a domain name does not necessarily mean that a respondent was acting in bad faith
- There was no evidence that the term 'datacap' was uniquely associated with the complainant

In a recent [decision](#) under the [Uniform Domain Name Dispute Resolution Policy](#) (UDRP) before WIPO, a panel has refused to order the transfer of the domain name at issue because the complainant had failed to demonstrate that the respondent had registered the domain name in bad faith.

Background

The complainant was Datacap Systems Inc, a US company providing point-of-sale (POS) solutions and payment processing services. The respondent was Domain Admin, XYZ Invest LLC, a US company specialised in domain name trading.

The disputed domain name, 'datacap.com', used to be registered to a third party who allowed it to lapse in July 2022. The complainant tried to secure it via back order, but was unsuccessful. The disputed domain name was in fact acquired by the respondent via a 'drop-catch' service.

In September 2022 the disputed domain name resolved to a webpage containing hyperlinks to websites of the complainant's competitors, as well as information that the domain name was for sale. The complainant contacted the respondent inquiring about the price of the domain name and the respondent provided it, namely \$79,999. The complainant then made a counter-offer which was not accepted by the respondent. The complainant threatened to engage in legal proceedings. The respondent refused to decrease the price of the domain name and so the complainant filed a complaint.

To be successful in a complaint under the UDRP, a complainant must satisfy the following three requirements under Paragraph 4(a):

1. the domain name registered by the respondent 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.

Decision

First limb

The complainant contended that it had used the mark DATACAP since 1983 in relation to POS solutions and payment processing services and, therefore, held common law rights in this term. Moreover, in October 2022 the complainant filed an application with the US Patent and Trademark Office to register the word mark DATACAP. The respondent noted that the complainant filed its trademark application only after the disputed domain name was registered in July 2022.

The panel found that the domain name was confusingly similar to the complainant's common law rights in DATACAP and the complainant had thus satisfied the first limb.

Second limb

The complainant asserted that the respondent had registered the disputed domain name only for the purpose of selling it at an exorbitant price. The respondent, whose primary business was the acquiring, holding for resale and sale of domain names, underlined that it registered the domain name because it was composed of a generic, dictionary word. The respondent also highlighted that there were more than 10 companies around the world who had trademark registrations corresponding to 'datacap' or 'data cap' and, therefore, no single party maintained the exclusive rights to such terms.

In light of its findings under the third limb of the UDRP, the panel did not comment on the eventual existence of the respondent's rights or legitimate interests.

Third limb

The complainant argued that the respondent acted in bad faith as it used the disputed domain name for a website containing hyperlinks targeting the complainant's rights. The respondent rebutted these arguments by firmly denying knowledge of the complainant. Moreover, the respondent stated that it had ensured that its use of parking pages did not violate the rights of any third parties. The respondent employed the WIPO Global Brand Database to make sure that keyword selections excluded industries in which related trademark holders operated. The respondent submitted that the complainant did not appear in this search because the complainant had not yet filed its trademark application.

The panel, agreeing with the respondent, limited its findings to bad-faith registration of the disputed domain name. The panel stated that the use of a 'drop-catch' service to acquire a domain name did not necessarily mean that a respondent was acting in bad faith. The panel underlined that the protocol laid out by the respondent did demonstrate some genuine effort to ensure that its acquisition of a potentially attractive domain name was not violative of the bad-faith standards under the UDRP. The panel also found that there was no evidence that the term 'datacap' was uniquely associated with the complainant, which did not have a registered trademark for this term at the time that the respondent registered the disputed domain name.

In light of the above, the panel made a finding that the complainant had failed to demonstrate the requirements prescribed by the third limb of the UDRP, and refused the transfer of the disputed domain name. The panel, however, acknowledged that this was a "fairly close call" and refused to make a finding of a reverse domain name hijacking.

Comment

This decision illustrates that the use of so-called 'drop-catch' services does not violate the UDRP *per se*, especially if the successful registrant undertakes a prior search for potential conflicting rights. Such finding stems from the fact that it is generally necessary for complainants to evidence that the registrant had the complainant in mind when registering the domain name. In the present case, it was particularly difficult for the complainant to prove the respondent's targeting of its brand as the disputed domain name had descriptive connotations.

In addition, it should be noted that the complainant initiated UDRP proceedings further to unsuccessful negotiations with the respondent. UDRP proceedings used as a 'Plan B' after an unsuccessful purchase attempt are generally not advisable as they have a high chance of failure.

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