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- Cybersquatters still found ways to register domain names during the .eu Sunrise Period.

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# Outwitting the cybersquatter

 *The trademark defence in .eu domain name revocation proceedings*

**Olivier Van Droogenbroek** and **Kristof Roox** of Brussels based Crowell & Moring, report on the need for name revocation proceedings in the light of the cybersquatters infiltrating the .eu Sunrise Period

In order to counter cybersquatting, new top level domains ('TLDs') are now often being introduced via a period of phased registration. During such period of phased registration, called Sunrise or Sunrise Period, only holders of certain rights can register the domain names which correspond to these rights and are thus given the opportunity to register domain names before cybersquatters can. Only after a Sunrise Period will registration be open to the public.

.eu was the first popular TLD to be introduced via a Sunrise Period of 4 months starting on 7 December 2005 and was a great success. The legal framework for the .eu Sunrise Period, as well as for the revocation of registered domain names, is set out in *inter alia* Commission Regulation 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration ('Regulation 874/2004').

However, cybersquatters still found their ways to register domain names during the .eu Sunrise Period. A trademark registered via an expedited registration procedure

would easily do the job. Moreover, such trademarks not only proved to be successful tools in registering a domain name during the .eu Sunrise Period, but are now also being used as a defence in .eu Alternative Dispute Resolution revocation proceedings ('ADR').

In this article, the .eu Sunrise Period and cybersquatters' strategy in obtaining the registration of domain names during this period will shortly be discussed. Subsequently, the question whether a trademark should always be accepted as a defence in ADR, will be tackled.

**.eu Sunrise Period**

Applications for domain names filed during the .eu Sunrise Period were subject to a validation process. The validation agent would examine whether all conditions set by Regulation 874/200 as well as by the validation agent's working documents were met.

Only holders of certain rights, such as national (from an EU member state) or Community trademarks, could register a domain name during the .eu Sunrise Period. As accepted by the panels in ADR 1047 (Iexolution) and ADR 2050 (automotogazeta,



gazeta and gazetawyborcza)<sup>1</sup>, one only needed to show that he was the holder of a trademark prior to the domain name application date. Domain names were registered in the name of the first applicant who proved that he was the holder of a prior right. A “better rights” test was outside the scope of the validation agent’s examination powers.

Despite countering cybersquatting being the *raison d’être* of the .eu Sunrise Period, Regulation 874/2004 does not require an examination of the circumstances of the registration of a trademark. This stands in contrast to the “Rules for Sunrise Challenge Policy .mobi”<sup>2</sup> which required trademarks to have been registered before 11 July 2005, which is the date on which the .mobi registry signed its contract with ICANN, or have been applied for before that date and registered by the time of domain name registration.

This loophole has led many cybersquatters to the Benelux Trademark Office.

### Cybersquatters’ strategy

An applicant for a Benelux trademark may chose to have it registered via an expedited procedure. Under such procedure, an application is subject to only a formal examination, i.e. a mere check whether the registration fees have been paid and whether all fields of the application form have been filled in correctly, and is then registered at once. An examination on the absolute grounds of refusal and possible opposition proceedings only take place after registration. Registration is a matter of days, whereas the normal procedure may take several weeks or even months if opposition proceedings are initiated.

The Benelux expedited procedure proved to be very popular in anticipation of the .eu Sunrise Period. Indeed, with no examination on the absolute grounds of refusal or opposition proceedings possible prior to registration, applicants are almost certain to register any generic or even well-known sign. Moreover, an applicant for a domain name under the .eu TLD only needed to show that he was the holder of a registered trademark prior to the domain name application date.

This resulted in thousands of Benelux trademarks, serving as a basis for obtaining a domain name under the .eu TLD, being registered via the expedited procedure in the weeks leading to the start of the .eu Sunrise Period.<sup>3</sup>

Although the Benelux trademark system proved to be the most popular, other national trademark offices – such as the Danish and Swedish Trade Mark Offices – also offer

expedited registration procedures which were used by cybersquatters in an attempt to circumvent the *rationale* of the .eu Sunrise Period. On the basis of this strategy a huge amount of domain names were allocated to cybersquatters under the .eu TLD.

**“an applicant for a domain name under the .eu TLD only needed to show that he was the holder of a registered trademark prior to the domain name application date.”**

### Revocation of domain names

It goes with saying that rightholders oppose the registration of such domain names, *inter alia* by initiating revocation proceedings.

Article 21.1 of Regulation 874/2004 provides in a two step test for revocation of a domain name. A complainant must first prove that a domain name is identical or confusingly similar to a name in respect of which a right is recognized or established by the Community law or the law of a member state. A complainant must then show that:

- the domain name has been registered by its holder without rights or
- legitimate interests in the name, or
- the domain name has been registered or is being used in bad faith.

The thousands of trademarks registered via expedited procedures and subsequently used to obtain the registration of corresponding domain names during the .eu Sunrise Period pose particular problems as to the “no rights or legitimate interest” condition. Indeed, article 21.1 appears to imply that a right can be equated to a legitimate interest. Should any trademark, even if obtained via expedited registration procedures, then be considered to be a right *per se*? Should a trademark in any case be accepted as a defence in revocation proceedings? Or should one take account of the circumstances in which the right was obtained? The text of Regulation 874/2004 unfortunately offers no clarification regarding the notion of “right”.

In our opinion, an holistic approach should be taken with respect to trademarks used as a defence in revocation proceedings. The *rationale* for revocation of domain names is to sanction speculative and abusive registrations. Domain names of registrants who have not used, or have no intention to do so, said domain names for *bona fide* purposes should be revoked in favour of

genuine holders of prior rights.

To that regard, it is important to note that there is no obligation under the harmonised EU trademark law for a proprietor to use his trademark<sup>4</sup>, this much in contrast to the “intention to use”

requirement under US trademark law. Therefore, a national or Community trademark should not be accepted as irrefutable proof of (an intention of) *bona fide* use of the sign for the offering of goods or services.

Moreover, a broad trademark defence in revocation proceedings would be somewhat in conflict with the more limited scope of such defence in trademark infringement proceedings. Pursuant to EU trademark law a trademark can only be used as a defence in infringement proceedings if:

- the trademark of the defendant predates the trademark of the plaintiff, or
- if the proprietor of an earlier trademark acquiesced to the use of a later trademark during at least 5 years (article 9 of First Council Directive 89/104 of 21 December 1988).

In revocation proceedings, the trademark defence should be applied with similar caution. As the Panel in *ISL Marketing AG and the Union des Associations Européennes de Football v. The European Unique resources Organisation 2000 B.V.*, WIPO No. D2000-0230 stated: “While the interpretation of the word “rights” in Paragraph 4 (a) (iii) is not obvious (and perhaps some future guidance by ICANN would be in order), the Panel’s feeling is that the general principle that the owner of a domain name identical to a previous trademark or service mark may, when challenged by the trademark owner, establish (retroactively) legitimate use simply by filing a fresh trademark application in a jurisdiction other than those where the Complainant’s trademark is registered, is a dangerous principle.”

A trademark should therefore not be equated to a legitimate interest as such. Taking account of the *rationale* of revocation proceedings, respondents must still prove the existence of a legitimate interest. A trademark should only serve as an indication of such interest.



### WIPO UDRP revocation proceedings

The trademark defence has also been called for by respondents in WIPO<sup>5</sup> proceedings. Therefore, and as the 16<sup>th</sup> and 17<sup>th</sup> recitals of Regulation 874/2004 explicitly refer to WIPO UDRP practices, it is interesting to examine how the trademark defence has been dealt with by WIPO panels.

The trademark defence was accepted in *Hesco Bastion Limited v. Hercules Engineering Solutions Consortium (HESCO) Barriers FZE*, WIPO No. D2004-0940 and *Westec Interactive Security, Inc. v. Express Post Ltd (Westec Division)*, WIPO No. D2005-0811 where the respondents' trademarks predated the complainants' trademarks. Also in *PRL USA Holdings, Inc. v. Catherine Mary Witham*, WIPO No. D2002-0361 the panel decided in favour of the respondent as the latter's trademark was registered in 1981 and used ever since.

However, WIPO panels not always deny a complaint when a respondent proves to be the proprietor of a trademark. Indeed, when circumstances seem to contradict a respondent's legitimate interest, a trademark will not serve a respondent's cause. The chronology of events is often crucial. When a trademark was applied for or registered only shortly before or after a complaint was filed, WIPO panels have found the trademark to be registered merely in attempt to circumvent the UDRP Policy and therefore disregarded the trademark (see *Overture Services, Inc. v. Overture Search*, WIPO No. DAU2004-0002 and regarding company names *CEGETEL v. Sonia Garcia Gonzalez-Herrero*, WIPO No. D2004-0999).

Other circumstances which were accepted to contradict a respondent's legitimate interest include:

- registration of a trademark in a jurisdiction where the respondent offers no goods or services (see *Madonna Ciccone, p/k/a Madonna v. Dan Parisi and "Madonna.com"*, WIPO No. D2000-0847);
- use of the domain name merely to redirect traffic to another website (see *Société de Bains de Mer et du Cercle des Etrangers à Monaco limited v. Piranha Interactive Ltd*, WIPO No. D2000-1333);
- the respondent's knowledge of the complainant's trademark before registering the domain name (see *BECA Inc. v. CanAm Health Source, Inc.*, WIPO No. D2004-0298).

### ADR

ADR panels however, have been far more reluctant than WIPO panels to dismiss the trademark defence.

Many ADR panels accepted the trademark


defence as such, without questioning the respondents' possible legitimate interests (see *inter alia* ADR 227 (kunst) and ADR 419 (hotel)) although the trademarks involved were all obtained via expedited procedures shortly before the start of the .eu Sunrise Period. One ADR panel went as far to state that the registration of a trademark, even via an expedited procedure, should be understood as a preparation to use the trademark for the offering of goods or services (see ADR 452 (wellness)), thereby neglecting that under harmonised EU trademark law there is no obligation for a proprietor to use his trademark.

Other ADR panels referred to the validation process. As explained above, domain names applied for during the .eu Sunrise Period were subject to a validation process. The purpose of this process is *inter alia* to determine whether an applicant was the holder of a right. The prior validation of a domain name was a reason for these ADR panels to accept the trademark defence (see ADR 2118 (news)). In ADR 3230 (cork), the ADR panel accepted the trademark defence stating that, just as the validation agent, it was not empowered to determine which party had the better rights. Other ADR panels accepted that the validation of a domain name on the basis of a trademark was *prima facie* proof that one had a right, but somewhat tempered the trademark defence by stating that it should not be applied when a complainant successfully proves that the trademark itself – and not the domain name – was registered in bad faith (see ADR 283 (lastminute) and ADR 1584 (ksb)). The latter approach can however not be accepted. As the panel in ADR 3170 (budapest) correctly stated, the object of ADR is to determine whether a domain name, not a trademark, has been registered in bad faith.

Some ADR panels, just as WIPO panels, have denied the trademark defence when a respondent had no legitimate interest in the domain name. These ADR panels based their decisions on some of the following circumstances:

- the trademarks were only registered shortly before the start of the .eu Sunrise Period for the only purpose of obtaining a domain name (see ADR 596 (restaurants) and ADR 3147 (autotrader));
- the trademarks were registered in classes which were unrelated to the respondent's business (see ADR 1369 (olympics), ADR 1196 (memorex), ADR 3170 (budapest) and ADR 2438 (ask));
- the respondent had registered a large

number of trademarks of trademarks, making it unlikely that all would be used for its business (see ADR 3147 (autotrader)).

These decisions should be welcomed. A trademark should only serve as proof that a respondent has a right when there are no contradicting circumstances that the respondent has legitimate interests in the domain name. Moreover, in our opinion there may be other circumstances which may contradict that a respondent, despite being the proprietor of a trademark, has legitimate interests in the domain name. This may be the case when a trademark is registered in a jurisdiction different from where the respondent operates his business, even more so when such a respondent did not even register the same sign as a trademark in his home country. This may also be the case when it can be proved that a respondent had knowledge of a complainant's trademark prior to registering the domain name. 

### Notes

- 1 All ADR decisions can be found on the website of the Czech Arbitration Court, which was appointed to handle arbitration proceedings regarding domain names under the .eu TLD:  
[www.adr.eu/adr/decisions/index.php](http://www.adr.eu/adr/decisions/index.php).
- 2 This is the framework of rules for the validation of applications of domain names under the .mobi TLD filed during the .mobi Sunrise Period.
- 3 In its annual report for the year 2005, the Benelux Trade Mark Office stated:  
"To sum up, I can say that 2005 was our best year since the Office was founded in 1971. There was an exceptionally large increase in the number of filings, mainly due to the introduction of the domain extension '.eu'. In fact, we were almost swamped by filings from all over the world. (page 10)  
This new fast-track procedure really came into its own during the so-called "sunrise period" for the '.eu'-domain. (page 31)  
The new .eu domain led to a tripling of the number of filings in the last few months of 2005. (page 79)"
- 4 However, a trademark may be revoked if it is not continuously used during a 5 year term.
- 5 All WIPO decisions can be found on the website of the World Intellectual Property Organization:  
<http://www.wipo.int/amc/en/domains/decisions.html>.