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**Court of Appeal refuses to
hear domain name
registrant's challenge to its
One in a Million judgment**

Yoyo.Email Limited v. Royal Bank of Scotland Group PLC
A3/2015/4363

Article by David Bowden

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David Perkins, Jane Lambert and David E. Sorkin. The decision (reference: **D2014-0825**) concluded that 'for the foregoing reasons, in accordance with paragraphs 4(i) of the Policy and 15 of the Rules, the Panel orders that the disputed domain names, *coutts.email*, *natwest.email*, *rbsbank.email* and *rbs.email* be transferred to Complainants.'

Yoyo maintained that WIPO's decision was wrong.

What were the applications before HHJ Dight?

Yoyo tried to submit the domain name dispute to an English court relying on clause 4k of the UDRP. Yoyo brought proceedings for a declaration that it had committed no wrongdoing by registering the domain names. RBS denied that Yoyo was entitled to the relief sought and counterclaimed both for trademark infringement and passing off. Yoyo counterclaimed seeking revocation of RBS's trademark registrations in so far as they extended to electronic mail services.

RBS made an application to strike out Yoyo's claim and for summary judgment in the alternative on Yoyo's claim as well as RBS's counterclaim for passing off. RBS contended that a court had no jurisdiction to act as a review or appeal body from a decision of the WIPO panel. Yoyo submitted that it had a realistic prospect of success on its claim for declaratory relief relying on:

- the construction of the terms of the UDRP as a matter of the laws of Arizona (which it claimed would allow reference to the travaux préparatoires which led to the drafting of the UDRP),
- the decisions in *Toth v. Emirates* and *Patel v. Allos Therapeutics Inc* being (Yoyo submitted) wrong, and
- *Toth* could be distinguished given differences between the UDRP and Nominet UK's Dispute Resolution Service.

What ruling did the Court of Appeal give in the *One in a Million* case?

The Court of Appeal ruled on domain name registration in *British Telecommunications Plc and others v. One in a Million Limited* [1999] FSR 1 on 23 July 1998. Lord Justice Aldous (a highly experienced IP lawyer) gave the unanimous reserved judgement of the court. He held that the prior case law showed that there was a jurisdiction to grant injunctive relief where a defendant was equipped with or was intending to equip another with an instrument of fraud. A name which would, by reason of its similarity to the name of another inherently lead to passing off, was such an instrument. If it would not inherently lead to passing off but the court concluded that in all the circumstances (including whether it was the intention of the defendant to appropriate the goodwill of another or to enable others to do so) the name was produced to enable passing off, was adapted to be used for passing off and, if used, was likely to be used fraudulently, an injunction would be appropriate.

The court would intervene by way of injunction in passing off cases in these three types of case, namely where:

- there was passing off established or it was threatened,
- the defendant was a joint tortfeasor with another in actual or threatened passing off, and
- the defendant equipped himself with (or intended to equip another) with an instrument of fraud.

Aldous LJ held there was clear evidence of systematic registration by One In a Million of well-known trade names as blocking registrations and a threat to sell them to others. The purpose of the blocking registration was to extract money from the owners of the goodwill in the chosen name. Its ability to do so was in the main dependent on the threat that they would exploit the goodwill either by trading under the name or by equipping another with the name so that it could do so.

The placing on the Internet register of a distinctive name such as '*marksandspencer*' made a representation to persons who consulted the register that the registrant was connected or associated with the name registered and thus the owner of the goodwill in the name. This amounted to passing off. In addition, the registration of such a distinctive name as a domain name was an erosion of the exclusive goodwill in the name which damaged or which was likely to damage the owner of the goodwill.

The trade names which had been registered were well-known household names and had been registered without any distinguishing words because of the goodwill attaching to those names. It was the value of that goodwill which had caused One In a Million to register the domain names. The registrations were made with the purpose of appropriating the respondents' property, their goodwill and with an intention of threatening dishonest use by them or another.

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Domain names comprising distinctive names were also instruments of fraud. Any realistic use of them as a domain name would result in passing off. Passing off and threatened passing off had also been established in the case of the registered non-distinctive domain names. The registrations were instruments of fraud and injunctive relief was appropriate. The domain names were registered to take advantage of the distinctive character and reputation of the marks. That was unfair and detrimental. The judge was right to grant summary judgment.

What ruling did HHJ Dight give?

In his reserved judgment dated 2 December 2015 [2015] EWHC 3509 (Ch) Judge Dight struck out Yoyo's claim in its entirety and entered judgment in RBS's favour on its counterclaim for passing off.

Judge Dight ruled that the decision of the Court of Appeal in *One in a Million Ltd* set out principles of general application and was binding on him. The essential factual elements behind that decision had not altered, namely the registration of a distinctive domain name on a register which could be accessed by the public, and the law had not moved on in any way relevant to the issues which the court had to determine on the present application.

The mere registration of distinctive domain names made a representation to persons who consulted the register that the registrant was connected or associated with the names registered and thus the owner of the goodwill in the names. Such persons would believe that the registered owners were connected or associated with the owner of the goodwill in the domain name they had registered and amounted to passing off.

It was unnecessary to consider Yoyo's proposed business model, intended use of the domain names or the steps it suggested it would take to avoid confusion. They were not capable of affording Yoyo a defence to the counterclaim and did not need to be explored at trial. There was nothing in the 1st stage of Yoyo's system which would neutralise or correct the misrepresentation and confusion created by the registration of the domain names. Even Yoyo's proposals for the later development of the system would only address the problems caused by use of the Yoyo website by its members and would not address the issue of the misrepresentation caused by the initial registration.

Whether Yoyo offered to conceal the identity of the registered owner of the domain names or not made no difference. The domain names would still be owned and available for use by a company which had no right to the goodwill attaching to those names whether or not the public were made aware that the representations made in respect of them were made by Yoyo or someone else. It was unnecessary to come to any conclusion as to whether the registration of the domain names was by itself an instrument of fraud.

On a proper construction of clause 4k of the UDRP, it neither gave rise to a separate cause of action in Yoyo's favour nor did it afford any jurisdiction to the court to act as an appeal or review body from the decision of the WIPO Panel. Even if the court were to come to a different conclusion from the WIPO Panel, the Panel's decision would stand and the Yoyo's claimed declaratory relief would have no practical impact on the rights in respect of the domain names.

Are there any other prior authorities of relevance?

These 2 authorities are particularly relevant in this case:

Patel v. Allos Therapeutics Inc 2008 WL 2442985, [2008] ETMR 75 (High Court, Chancery division, Deputy Judge Sonia Proudman QC)

A party challenging a decision of a panel made under the UDRP policy had to demonstrate some independent right of action justiciable in the High Court. If a complaint to a panel was dismissed, a complainant might refer the case to the High Court for an order that its trade marks had been infringed. Where a complaint was upheld, the burden was not on the complainant to establish infringement. It was for the registrant of the relevant domain name to plead and prove a cause of action giving him an interest in retaining the domain name. It was not possible for the domain name registrant to succeed in his objective of overturning the order of the panel unless he could show some right to the domain name. His primary alleged causes of action, infringement of his human rights, were at best tangential to the question of whether he had sufficient interest in the domain name.

Toth v. Emirates [2012] EWHC 517 (Ch) (High Court, Chancery division, Mann J on appeal from HHJ Birss QC)

Once Emirates lodged its complaint there was a tri-partite contractual relationship. The relevant factual matrix was that applying as at the date of Emirates' complaint. The Nominet contract would have a number of different adherents as domain name owners and a number of different adherents in the form of

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complainants over any given period of time. Its terms would vary depending upon when a particular dispute started. These factors made this a situation in which the background matrix of fact would be relevant only in the most generalised way. It was the wording of the contract which was paramount and detailed semantic analysis had to give way to business common sense. The 1999 WIPO report, the UDRP mechanism and the various decisions which Toth relied were not part of the relevant factual matrix. The idea that the 1st domain name holder and the complainant ought to inform themselves of the background to the Nominet arrangements and in doing so would find the WIPO report and the UDRP was neither realistic nor in accordance with normal contractual principles.

Paragraph 10d of the DRS Policy and para 17c of the DRS Procedure certainly contemplated some court proceedings but it was necessary to put them into their context in order to consider what those proceedings were. The overall mechanism of dispute resolution service was much more consistent with the conclusion that the question as to whether a registration was abusive was one for the Nominet appointed expert alone. The concept of abusive registration had no significance until a complaint was made at which point a clear mechanism was provided for dealing with it. No independent cause of action based on 'abusive registration' existed and there was no room for parallel (or consecutive) court proceedings on the point.

Nominet's dispute resolution service was apparently intended to create a self-contained dispute resolution mechanism which was closely regulated, cheap, quick and efficient. To add a parallel route of applying to the court would be inimical to the apparent intention of the parties. The construction favoured by Toth would produce a lopsided result. The wording of para.10d was insufficient to displace the strong impression otherwise created by the documents, and despite the fact that it did refer to the 'dispute', that should be treated as a reference to proceedings under the general law such as trade mark and passing off proceedings.

The DRS Policy and Procedure put in place a regime in which the question of abusive registration is one for (and only for) the appointed expert. It was unlikely that any additional factual or legal material would be available at a trial which would go to what is a straight point of construction. The US case law referred to did not assist because the UDRP was different from the Nominet provisions and there was no UK equivalent of the US statute upon which they were based.

On what basis did YoYo Email seek to appeal?

YoYo Email sought permission to appeal the judgment of Judge Dight on these 5 grounds:

- Passing off requires a finding of fact and no such finding had been made by Judge Dight as he dealt with the applications below on a strike out basis,
- YoYo did not intend any misrepresentation in registering or using the domain names,
- The decision in *One in a Million* is no longer good law because of the developments in the internet and domain name registry practice,
- The judgements in *Toth* and *Patel* that HHJ Dight relied on were merely High Court ones and are not binding on the Court of Appeal, and
- Yoyo Email's business model did not amount to an 'unfair commercial practice' under EU Directive **EU/2005/29**.

What decision did Lord Justice Kitchin give?

By his ruling dated 9th February 2016, Kitchin LJ refused permission to appeal on the papers on the basis that the ruling of Judge Dight was 'unimpeachable'.

What submissions did YoYo Email make at the oral permission hearing?

At the hearing, YoYo's counsel abandoned any reliance on the points made in his skeleton argument based on the Unfair Commercial Practices Directive.

Did Lord Justice Henderson grant permission to appeal? Why did he do this?

Permission to appeal was refused. Henderson LJ said he was in complete agreement with Kitchin LJ that the ruling on HHJ Dight below was 'unimpeachable'.

What reasons did Henderson LJ give for refusing permission to appeal?

Henderson LJ said that *One in a Million* was a 'landmark decision of this court and has been followed in later cases'. He noted that HHJ Dight had 'considered the pattern of registrations of domain names and concluded that it amounted to passing off' and that Kitchin LJ 'clearly rejected the claimant's submissions' when he 'concluded that the judgement below was unimpeachable on this'.

As to whether the internet market had moved on such that the Court of Appeal should now review its earlier *One in a Million* decision, Henderson LJ said that he was 'unimpressed by the argument in relation

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to the developments in the internet in the last 20 to 30 years' and that he agreed 'with the judge below' on this particularly paragraph 15 where he ruled that he did:

'not accept Mr Turner's submission that the reasoning of Aldous LJ is out of date because the internet has developed to such an extent over the period of time since that decision (or that the public has become significantly more sophisticated) that the reasoning no longer holds good. I need not, nor do I, accept at face value the claimant's assertion that the developments of internet use since the 1990's means that there would in the instant case be no confusion of the sort considered by Aldous LJ. There is no need, in my judgment, for there to be a factual exploration of the use of the internet made by the public today and, in particular, of the use of the "Who-is" site. The essential factual elements behind Aldous LJ's decision have not altered, namely the registration of a distinctive domain name on a register which may be accessed by the public'

Henderson LJ observed that in *One in a Million* the claimants had 'obtained summary judgment from Deputy Judge Jonathan Sumption QC (as he then was) which was upheld in the Court of Appeal by Lord Justice Aldous' and that there had been 'a detailed review of the law dating back to the 19th century' which was 'set out in paragraph 13 of the Judge Dight's judgment below'. Henderson LJ ruled that '*One in a Million* laid down general points on registration of domain names without the relevant authority is inherently deceptive and erosive of goodwill' noting that 'substantial numbers of people will associate a registered domain name with the owner of the goodwill and will be misled' adding that this 'reasoning is central' to the judgement of Aldous LJ. Henderson LJ ruled that *One in a Million* 'is binding on this court and all inferior courts'.

If there were to be such a challenge, then Henderson LJ observed that '*the claimant does not have the benefit of expert evidence to back up Mr Laporta on this on the way the intended usage has changed and public access to Registries are made*'. Henderson LJ ruled that any future attempt 'to go behind the rule of law in *One in a Million* would need to be supported by cogent expert evidence on the situation now and the situation in the late 1990s'.

Henderson LJ said that he was '*not satisfied this appeal on passing off would have a realistic prospect of success*' noting that '*the domain name dispute has already been dealt with under the UDRP rules*'. Henderson LJ went on to rule that it was '*clear that the claimant cannot pursue its business model in the way it originally intended to do so. It is not able to make unauthorised use of other people's email domains*'. Whilst he noted that Judge Dight made '*no finding of bad faith*' and that he had '*assumed the truth of Mr Laporta's evidence*' he ruled that there was '*nothing the court can do which would alter the WIPO panel's rules*' and that '*with these considerations in mind, no useful purpose would be served in allowing this appeal to proceed*'.

As to *Toth and Patel*, Henderson LJ noted that '*Mr Turner refers to the judgements*' and '*makes various complaints*' of them but says that '*no useful purpose would be served in allowing this appeal to proceed*' on that ground alone.

Concluding Henderson LJ ruled that '*for the reasons I have given, it is clear that this appeal has no realistic prospects of success and permission to appeal should be refused*'.

What will happen next?

Although Judge Dight struck out the majority of the claims, he did not strike out the claim in relation to whether YoYo email had infringed RBS's registered trademarks or not. In the absence of settlement, this will have to proceed to trial. The *Jif Lemon* [1990] 1 WLR 491 evidential requirements to prove passing off are not the same as those relating to trademark infringement (although there is some overlap). Judge Dight has transferred what is left to the Intellectual Property Enterprise Court (formerly the Patents County Court) for trial.

As permission to appeal in relation to passing off and abusive domain name registration was refused at an oral permission hearing in the Court of Appeal, that is the end of the matter as Yoyo's counsel conceded at the hearing.

What should brand owners do?

This was an ambitious challenge by Yoyo to try and get the Court of Appeal to re-open its landmark decision in *One in a Million* from nearly 20 years ago. Neither Judge Dight nor the experienced IP judge Lord Justice Kitchin nor Lord Justice Henderson were prepared to countenance such an attack. Henderson LJ noted correctly that once the Court of Appeal had ruled on an issue it was bound by its

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ruling. At the hearing, Mr Turner counsel for YoYo, pleaded for permission to appeal and laid bare his client's strategy namely that it was desperate to take this case ultimately to the Supreme Court to see if it could be persuaded to overrule *One in a Million* in some way. These pleas not only fell on deaf ears but Henderson LJ presciently observed that the deputy judge at 1st instance in *One in a Million* was Jonathan Sumption QC (now Lord Sumption JSC). Implicit in this was that it was inherently implausible that the Supreme Court with Lord Sumption on the panel would either overrule *One in a Million* or find any defects in the Court of Appeal's 1998 ruling.

The observation in relation to expert evidence is a little troubling. On its face it seems that Henderson LJ was sceptical that such evidence could be obtained or if it was, that it would not show the change in the internet market place to merit the Court of Appeal re-examining abusive domain name registration. Nevertheless if Yoyo or others in their position are determined on this, they may decide that this is the only viable route open to them.

So it should be business as usual for brand owners. Where a parasitic free-riding registrant is discovered then a 'cease and desist' letter should be sent in the usual way making demand for voluntary assignment of the domain name. Where this fails to yield anything, then a complaint should be made using the UDPR either through WIPO for .com names and the like or through Nominet UK for .uk names or through the Czech Arbitration Court for .eu names. The challenge in this case as in *Toth* and *Patel* to the validity of the UDPR dispute resolution system has completely failed.

13 December 2016

David Bowden is a solicitor-advocate and runs [David Bowden Law](http://DavidBowdenLaw.com) which is authorised and regulated by the Bar Standards Board to provide legal services and conduct litigation. He has much prior experience in relation to domain name disputes including taking cases through the Nominet and WIPO dispute resolution process. If you need advice or assistance in relation to consumer credit, financial services or litigation he can be contacted at info@DavidBowdenLaw.com or by telephone on (01462) 431444.