

Nominet UK Dispute Resolution Service

DRS 02145

NET2PHONE, INC. v. ALEX WILKINSON

Decision of Independent Expert

1. Parties:

Complainant: Net2Phone, Inc
Address: 520 Broad Street
Newark
New Jersey
Postcode: 07102
Country: US

Respondent: Alex Wilkinson of Chandlers Ford
Country: GB

2. Domain Name:

Net2Phone.co.uk (“the Domain Name”)

3. Procedural Background:

The complaint was lodged on 22 October 2004, though the dispute was not entered onto Nominet’s system until 26 October. Nominet validated the complaint and sent the complaint documents to the Respondent’s contact address and the postmaster@net2phone.co.uk email address on 28 October, noting that the Dispute Resolution Service had been invoked and that the Respondent had 15 working days (until 19 November) to submit a Response. That deadline was later extended to 23 November, when the Response was received and forwarded to the Complainant. The Reply was received on 3 December and the Informal Mediation stage was initiated. The dispute was not resolved by mediation – though of course I have seen no materials relating to the Informal Mediation – and on 23 December the Complainant was invited to pay the fee to obtain an Expert Decision pursuant to paragraph 6 of the Nominet UK Dispute Resolution Service Policy Version 1 (“**the Policy**”). The fee was duly paid on 7 January 2005.

On 11 January 2005 Nominet invited me to provide a decision in this case and, following confirmation to Nominet that I knew of no reason why I could not properly accept the invitation to act in this case and of no matters which ought to be drawn to the attention of the parties which might appear to call into question my independence and/or impartiality, Nominet duly appointed me as Expert with effect from 14 January 2005.

4. Outstanding Formal/Procedural Issues (if any):

There are three procedural issues which arise:

- (A) whether the Complaint should be dismissed without consideration of the merits on the basis that it is “*an abuse of process of the Dispute Resolution Service for the Complainant to seek to re-litigate the same issues under a revised procedure when in reality it is the same issue*”;
- (B) whether the Response is admissible, given that it does not contain the statement required by para 5(c)(v) of the Nominet UK Dispute Resolution Service Procedure Version 1 (“**the Procedure**”);
- (C) whether an email communication dated 5 February 2001 from the Respondent’s representative to the Complainant’s representative which is headed ‘*without prejudice*’, is admissible.

As all of these issues are touched on in the parties’ statements of case, I will deal with them in Section 7 of this Decision after I have set out the parties’ contentions in Section 6.

5. The Facts:

The Complainant is corporation incorporated under the laws of the state of Delaware in the United States of America. Its principal place of business is in Newark, New Jersey. It carries on business worldwide providing various internet telecommunications services and related software, hardware and other accessories under the mark NET2PHONE. Those services particularly centre around VoIP internet telephony. Its website at www.net2phone.com was launched in 1995.

The Complainant is the proprietor of two EC trade mark registrations for the word ‘NET2PHONE’: (i) No. 1135037 registered as of 12 April 1999 in Class 38 in relation to “*Communication services, namely, domestic, international and long distance telephone services, allowing personal computer users to make voice equivalent calls over a global computer network to people using traditional telephones*”; and (ii) No. 1469535 registered as of 21 January 2000 in Classes 9, 36 and 28 in relation to “*Communications based hardware, equipment and accessories that operate over a global computer network, and other communication systems and networks, namely, telephone devices, including PC, telephones, wireless and wireline telephones; telephone services equipment; video and audio cards installed in PCs; gateways and gatekeepers for transmitting and receiving data, video and other information over packet switched networks; computer software via disk, CD-ROM, or other media for providing Internet protocol telephony communications*”, “*Pre-paid telephone calling card services providing access to a global communications network; issuing of pre-paid telephone calling cards and debit cards*” and “*Communication services offered in an e-commerce environment, including Internet telephony services and the transfer of data, video and other information, over a global computer network and other communication systems and networks, to people using PCs; telephones, and other communication devices; providing Internet protocol telephony communication services in the form of PC to phone, PC to PC, phone to PC and phone to phone connections; providing communication services through the use of phone cards or debit cards; telephone services, services related to the organization of a telephone network accessible by cards*” respectively.

The Nominet WHOIS search with which I have been provided shows that the Domain Name, net2phone.co.uk, was registered on behalf of the Respondent on 4 July 1997.

The Domain Name is currently suspended, for reasons unknown to me. Consequently there is no website accessible under the URL <http://www.net2phone.co.uk>. Screen prints provided by the Complainant show that in the past (more particularly, on 27 September 2004) the Domain Name has forwarded to the website at <http://www.skype.com>, one of the Complainant's competitors.

6. The Parties' Contentions:

Complaint:

The Complainant requests that the Domain Name be transferred to it on the basis of the following submissions. It also submitted a quantity of paperwork spanning fifteen exhibits, not reproduced in this Decision.

"Introduction

This Complaint is submitted in accordance with the Nominet UK Dispute Resolution ("DRS") Service Policy Version 1 ("Policy") and DRS Procedure Version 1 ("Procedure"), applicable to disputes filed between September 2001 and October 24, 2004.

The Parties

The Complainant is Net2Phone, Inc., a Delaware corporation with a principal place of business in Newark, New Jersey, USA ("Net2Phone").

According to the Nominet WHOIS database, the registrant of the domain name <net2phone.co.uk> is Alex Wilkinson of Chandlers Ford. See Exhibit A (attached), copy of WHOIS query conducted on September 27, 2004, indicating that the domain name registration is active. On said date, entering <net2phone.co.uk> in one's web browser resulted in redirection to www.skype.com, the "home" web page of Skype Technologies S.A. ("Skype"). See Exhibit B, Declaration of Frank Decolvenaere, and Exhibit C, printout of a series of overlapping screen captures of the Skype web page displayed on September 27, 2004 after the domain <www.net2phone.com> was entered in the browser. As is evident, Skype provides Internet telephony services which compete directly with those of Complainant under the NET2PHONE mark.

Interestingly, the results of a WHOIS query conducted on October 11, 2004 indicate that the domain name registration is now suspended. See Decolvenaere Declaration and Exhibit D. As discussed below, this change in status does not mitigate the fact that registration of the domain name at issue remains an Abusive Registration

Domain Name Disputed and Reasons for Dispute

Complainant requests transfer of the registration of <net2phone.co.uk>. As indicated below, Net2Phone is owner of the registered trademark NET2PHONE and otherwise has rights in said mark and name, which is identical to the disputed domain name, and the net2phone.co.uk domain name registered to Registrant is an Abusive Registration.

Rights of Complainant

Complainant offers various Internet telecommunications services (and related software, hardware and other accessories) under the mark NET2PHONE. Net2Phone is a world leader in Internet telephony (also referred to as Voice over Internet Protocol or “VoIP”) and its services and products have become widely associated with the NET2PHONE mark. See Exhibit E, Declaration of Jonathan Reich (“Reich Declaration”) ¶2.

The Net2Phone website, accessible at <net2phone.com>, was launched in 1995. The NET2PHONE mark has been used by Net2Phone and its predecessors in interest since that time. Reich Declaration ¶3.

Examples of the products and services offered by Net2Phone bearing the NET2PHONE mark can be found at Net2Phone’s website. As can be seen, Net2Phone now provides VoIP PacketCable, SIP and wireless solutions around the world. As leaders in enabling telecom service providers and cable operators with turn-key hosted VoIP telephony services, Net2Phone has routed billions of retail VoIP minutes globally, servicing more than 100,000 users in the US as well as hundreds of thousands of users overseas. Net2Phone’s hosted SIP platform provides partners with residential broadband telephony, calling cards, prefix dialing and enterprise services in over 100 countries. Net2Phone’s PacketCable platform provides cable operators with the ability to deliver a primary line replacement service with guaranteed QoS and features such as E911. Reich Declaration ¶4. See also Exhibit F, a printout of relevant pages of the <net2phone.com> website, including some of the web pages directed to those in the United Kingdom.

To expand the marketing potential of its products and services, Net2Phone created an extensive global reseller program through which individuals and businesses agree to purchase and then resell certain Net2Phone products and services. Today, Net2Phone has over 450 resellers in over 130 countries around the globe with 50% of its total revenues derived from international sales of its products and services. Net2Phone has an authorized Net2Phone reseller in the United Kingdom. Reich Declaration ¶5.

Net2Phone has made a considerable financial investment in advertising, marketing and promoting its products and services. In particular, Net2Phone has invested considerable time and effort in developing a “presence” on the Internet. Information about Net2Phone and its products and services can be obtained through thousands of web sites which have posted a “link” to Net2Phone’s website. These links are the result of strategic alliances that Net2Phone has with other businesses on the Internet. These activities promote the NET2PHONE mark globally in the medium in which the services are primarily offered – on the Internet. Reich Declaration ¶7.

The Net2Phone name and mark have been the subject of extensive unsolicited media coverage available throughout the world. Representative articles can be found at Net2Phone’s website.

Net2Phone has also been the recipient of a number of awards, a list of which can also be found at Net2Phone’s website.

Net2Phone owns two CTM Registrations¹ for the mark NET2PHONE, No. 001135037 (covering, inter alia, services allowing personal computer users to make voice equivalent calls over a global computer network) and No. 001469535 (covering, inter alia, communications based hardware, equipment and accessories, pre-paid telephone card services, and internet telephony services), copy of the certificate or OHIM database printout attached as Exhibit G.

¹ Which covers the United Kingdom, among other European Community member states.

Given the global nature of its business, Net2Phone has made and is making a concerted effort to register its NET2PHONE mark globally. Reich Declaration ¶8. Exhibit H is a list of countries in which the NET2PHONE mark has been registered and in which applications to register the mark are currently pending. The registrations include USA Reg. No. 2,153,298, issued from the first application filed by Net2Phone's predecessor for the mark NET2PHONE.²

Similarly, Net2Phone has made and is making a concerted effort to register "NET2PHONE" as a top level domain name in all major registries. See Exhibit I, a list of representative general Top Level Domains ("gTLDs") in which Net2Phone has registered NET2PHONE as a second level domain. See also Exhibit J, a list of representative country code Top Level Domains ("ccTLDs") in which Net2Phone has registered NET2PHONE and NET2PHONEDIRECT as second level domains. After Net2Phone registers a relevant gTLD or ccTLD, it causes that domain name to redirect to <net2phone.com>. For example, users who type the domain name <net2phone.gm> are redirected to <net2phone.com>. Reich Declaration ¶9.

Net2Phone has instituted six proceedings under the UDRP at WIPO:

v. Basheer Hallak, D2000-0665 (August 18, 2000) (<net2phones.net>);
v. Netcall Sagl, D2000-0666 (September 26, 2000) (<net2phone-europe.com>);
v. Dynasty System SDN BHD, D2000-0679 (September 19, 2000) (<n2phone.com>);
v. WorldCall, D2002-0142 (June 3, 2002) (<net2phone.info>);
v. Net2Phone, a.k.a. Dr. Syed K. Alsagoff, D2002-0911 (November 18, 2002) (<net2phoneoffer.com>), and
v. J.N. Atala & Cia S.A., D2003-0927 (January 8, 2004) (<net2phoneperu.com>).

See Exhibit K, copy of each decision directing the transfer of the contested domain name to Net2Phone.

As a result of all of the above, the NET2PHONE trade name and mark has come to be recognized and relied upon by the trade and the public as identifying and distinguishing Net2Phone and its Internet telephony products and services. Reich Declaration ¶10.

The Domain Name in the Hands of Registrant is an Abusive Registration

The disputed domain name is identical to Complainant's NET2PHONE mark and name. See *Mr. Stewart Brown (t/a Testament) - v - Xinc Ltd*, DRS 01502 (March 16, 2004) (<testamant.co.uk>) (the .co.uk elements are discounted for purposes of comparison). As stated above, until recently, entry of the net2phone.co.uk in one's browser resulted in redirection to www.skype.com, the "home" web page of Skype, a company that provides Internet telephony services which compete directly with those of Complainant under the NET2PHONE mark.

Net2Phone previously filed a dispute regarding Registrant's registration of <net2phone.co.uk>. The dispute was filed prior to establishment of the current Policy and Procedure. A copy of Net2Phone's first submission dated May 8, 2000 (as well as three subsequent submissions) (without exhibits) in that dispute are attached as Exhibit L. A copy of Nominet's December 19, 2000 decision is attached as Exhibit M. As noted therein, Nominet reserved the right to review its decision regarding likely confusion if Mr.

² IDT Corporation, Net2Phone's predecessor, assigned all rights in the NET2PHONE mark to Net2Phone by an assignment dated May 7, 1999, which assignment was filed at the USPTO on June 18, 1999. A copy of the assignment and the registration reflecting the assignment are included in Exhibit H.

Wilkinson or any future registrant were to use the domain name in a manner likely to cause confusion.

After that decision, by e-mail dated February 5, 2001 to Net2Phone's counsel, Registrant's counsel offered to relinquish all rights in the domain name for "GBP 6 (six) million." See Exhibit N.

The net2phone.co.uk domain name in the hands of Registrant is an Abusive Registration because:

1) it was registered in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights, and/or

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

In support of 1):

It is now apparent that Registrant registered the domain name primarily for the purposes of selling, renting or otherwise transferring the domain name to Complainant or a competitor of Complainant for valuable consideration in excess of the Registrant's out-of-pocket costs directly associated with acquiring or using the domain name. Policy 3.a.i.A. This is shown both in Complainant's submissions in the prior proceeding and in the offer to sell the domain name for an amount in excess of any possible documented out-of-pocket costs directly associated with acquiring or using the domain name. See Hanna-Barbera Productions, Inc -v- Graeme Hay, DRS 00389, Decision of Appeal Panel (August 21, 2002) (<scoobydoo.co.uk>) (allowing consideration of an offer in a "WITHOUT PREJUDICE" communication). Moreover, the recent use which directed Internet users to a competitor's web site is evidence of an Abusive Registration. See Hanna-Barbara Productions, supra, considering all use from commencement to date as supporting the claim of use in a manner which took unfair advantage of or was unfairly detrimental to complainant's rights. See E-floor Systems Ltd -v- Neil Pengilly, DRS 873 (April 22, 2003) (<e-floor.co.uk>) (use of complainant's trademark to compete against it by directing users to a competitor's web site is "plainly taking 'unfair advantage of' and/or 'unfairly detrimental to' the Complainant's Rights and is, therefore, an Abusive Registration, as defined in the DRS Policy.").

The fact that the use is not now evident does not change the conclusion that Registrant has used the domain name registration in a way that takes advantage of and is unfairly detrimental to Net2Phone. Furthermore, those familiar with the NET2PHONE mark/name who enter net2phone.co.uk and are directed to an inactive site or receive a page unavailability message, may well assume that Complainant's web site is inactive or temporarily out of operation and go to web sites of Complainant's competitors instead. See Amazon.com, Inc. - v - Microplace Limited t/a Netknowledge, DRS 01781 (July 20, 2004) (<wwwamazon.co.uk>).

In support of 2):

Registrant has used the domain name in a way which has confused others into believing that the domain name is registered to, operated or authorised by, or otherwise connected with the Complainant, and such use may recur at any time if the domain remains under the control of the Registrant. See Policy 3.a.ii. By "renting" or otherwise allowing the domain name net2phone.co.uk to be used to direct Internet users to Net2Phone's competitor, Registrant clearly has no purpose other than to confuse Internet users, or otherwise took unfair advantage of or was unfairly detrimental to the Complainant's Rights in support of

1) above. See Sanofi-Synthelabo SA -v- Chris Noot, DRS 01797 (July 12, 2004) (<sanofi-aventis.co.uk> and <sanofiaventis.co.uk>) (“In addition, given the make-up of the Domain Names, it is difficult to contemplate how the Domain Names could be used in a way which would not be likely to confuse people into believing that they are registered to, operated or authorised by, or otherwise connected with the Complainant.”).

Conclusion

The Complainant has met the required showing under the Policy. Accordingly, the disputed domain name should be transferred to Complainant.”

Response:

The Respondent resists the transfer of the Domain Name on the basis of the following submissions:

“Preliminary issue

1. *The Respondent objects to the Complainant relying on without prejudice correspondence in support of its submissions.*
2. *The Complainant refers to an e-mail dated 5th February 2001 containing an offer to relinquish all rights in the domains name for GBP6 (six) million. The Complainant neglects to mention that that offer was solicited by and made at the behest of the Complainant and not, as appears from the Complainant’s representations, an unsolicited offer.*

Hanna-Barbara Productions Inc. v Graeme Hay DRS 00389

3. *The Complainant relies on the decision in Hanna-Barbara Productions Inc. v Graeme Hay DRS 00389. The Complainant interprets the said decision DRS 00389 in a manner directly contrary to the actual finding in that decision namely :*

“As a general point, there is no reason why the without prejudice rule should not apply to proceedings under Nominet's DRS. The DRS is a quasi-judicial means of resolving disputes relating to domain names and it would therefore not be right for the parties involved not to be able to communicate with each other on a genuinely without prejudice basis should they so wish. If the without prejudice rule were not to apply to DRS proceedings the parties involved would be deterred from conducting appropriate negotiations with each other and many less disputes would be resolved by agreement and without the need for the DRS to run its full course through to an expert's decision. In summary, I can see no reason why the without prejudice rule should not apply to DRS proceedings.”

and :

“the mere fact that the owner offers to sell the domain name for more than his out-of-pocket costs does not render the domain name an Abusive Registration. Rather, ordinary commerciality comes into play, the domain name owner is entitled to name his price and the complainant is free to decide whether or not to accept it.”

4. *It is submitted on behalf of the Respondent that the use of without prejudice correspondence in its open submissions is of no probative value to the Complainant*

and is prejudicial to the Respondent and the complaint should not proceed without first being expunged of such material

5. *In those circumstances the only effective sanction is for the Complainant to be required to resubmit his complaint having first removed any reference therein to the without prejudice correspondence. To leave the material in the Complainant's stated case so as to leave it to the discretion of the Adjudicator as to what if any weight to attach to such material is to defeat the purpose of without prejudice correspondence.*

Abusive Registration : at the time of registration

6. *It is submitted that this issue has been addressed by the earlier decision dated December 19 2000 (Complainant's case, exhibit M) and it is an abuse of the process of the Dispute Resolution Service for the Complainant to seek to relitigate the same issues under a revised procedure when in reality it is the same issue.*

Abusive registration : use subsequent to registration.

7. *The Complainant relies on decisions of WIPO Arbitration and Mediation Center. It is submitted that such decisions do not afford the Complainant any authoritative precedent in the instant case. The Policies being invoked in such cases differ materially from the provisions of the Nominet UK Dispute Resolutions Policy as comparison between the policies upon which such decisions were made and the policies relevant to the instant case demonstrates*
8. *Furthermore the Complainant seeks to reopen its case as if under the rules that pertained to the decision made in December 2000 and without reference to the revised rules that now obtain under Dispute Resolution Service Policy.*
9. *It is accepted that if the December 2000 rules obtained today then the Complainant would be entitled to reopen the complaint as anticipated at para 45 of that decision, namely:
"Clearly if Mr. Wilkinson ...were to use the Domain Name in the future in a manner likely to cause confusion to internet users, Nominet reserves the right to review its decision."*
10. *The present criteria is materially different to that of "use in a manner likely to cause confusion to internet users".*
11. *By para 1 ii of the Procedure the relevant criteria is use "in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.*
12. *If it is the case, as is established in the case of Hanna-Barbara Productions Inc. v Graeme Hay DRS 00389 that "commerciality comes into play, the domain name owner is entitled to name his price and the complainant is free to decide whether or not to accept it" then it is the Respondent's rights which would be subject to unfair detriment if the Complainant was entitled to assert a right in priority to the Respondent so as to defeat the Respondent's commercial expectations."*

Reply:

The Complainant's Reply to the points raised by the Respondent contains the following submissions. A single page fax dated 16 January 2001 was annexed, which is quoted in the Reply itself:

“REPLY OF COMPLAINANT

This is in reply to the Response of Registrant dated November 19, 2004.

Initially, it is noted that the Response does not conclude with (or otherwise contain) the wording:

The information contained in this response is to the best of the Respondent’s knowledge true and complete and the matters stated in this response comply with the Procedure and applicable law.

required by 5.c.v. of DRS Procedure Version 1 (applicable to disputes filed between September 2001 and October 24, 2004). (the “Procedure”). For this reason alone, the Response should not be given consideration in these proceedings. Further, neither the electronic nor the hard copy of the Response which Complainant’s counsel received bears the signature of Registrant/Respondent or its authorized representative, also in contravention of 5.c.v. of the Procedure.

Registrant does not dispute any of Complainant’s factual allegations or supporting evidence and makes only ill-founded procedural claims, possibly in an attempt to distract from the core issues in this matter — Complainant’s rights in its NET2PHONE mark and Registrant’s net2phone.co.uk domain name in the hands of Registrant being an Abusive Registration. As set forth below, Registrant’s arguments can be readily dismissed.

Consideration of the February 5 2001 E-Mail

Registrant devotes half of its Response in arguing that its counsel’s February 5, 2001 e-mail offering to “relinquish all rights in the domain name for GBP 6 (six) million” (Complaint, Exhibit N) should not be considered, and that the decision in Hanna-Barbera Productions, Inc -v- Graeme Hay, DRS 00389, Decision of Appeal Panel (August 21, 2002), cited by Complainant supports exclusion and application of the “without prejudice” rule. However, the text cited and relied upon by Registrant in making its argument is from the decision of the Independent Expert [July 10, 2002 Decision of Jason Rawkins, at p.7 of the .pdf version downloaded from the Nominet UK web site] which decision was expressly reversed by the Appeal Panel. The Appeal Panel stated (in relevant part):

“In addressing the issue over the offer of the Domain Name for sale, the Expert expressed the view that the Without Prejudice rule should apply to the Nominet DRS. ... In the view of the Panel, the reasons for excluding the rule will ordinarily far outweigh any perceived advantages of applying it.

First, when registering a domain name, the registrant signs up to the Policy and knows that evidence that he may have registered the domain name in question with a view to selling it could go to the heart of a complaint in relation to the registration. If registrants could avoid that problem simply by sending complainants letters marked ‘Without Prejudice’ and stating that, with a view to settling the dispute, they are willing to transfer the domain name for a sum of money (in excess of their out-of-pocket expenses), this would drive a coach and horses through the Policy.

...

Thirdly, application of the Without Prejudice rule to proceedings under the Policy (other than in relation to communications in the course of the mediation process) is likely to be counter-productive. It is likely to add to the complexity and expense of the proceedings rather than contribute to their settlement.

...

The Panel is of the view that there is no sense in introducing those complexities (designed for court proceedings) into this procedure, which is intended to be a simple and cost-effective alternative to litigation. ...

If application of the rule were crucial to a fair and effective administration of the Policy, then, however difficult its application might be, a way would have to be found for ensuring that all concerned have the rule explained to them. But, for the reasons given, the Panel does not believe that application of the rule is crucial to fair and effective administration of the Policy, quite the reverse."

See Decision of Appeal Panel (August 21, 2002, at pp. 17-18 of the .pdf version downloaded from the Nominet UK web site). The e-mail is properly in evidence and should be considered by the adjudicator (if the case proceeds to an Independent Expert).

Registrant also complains in its response: "The Complainant neglects to mention that that offer was solicited by and made at the behest of the Complainant and not, as appears from the Complainant's representations, an unsolicited offer." This representation is not aboveboard. Registrant's counsel's preceding unsolicited January 16, 2001 fax letter (copy attached) initiated and invited the dialog:

Further to the adjudication of Nominet.uk in this matter I write to confirm that I am instructed for the purposes of any discussions which your client may wish to instigate with a view to my client assigning any proprietary rights in the above registered name.

My client had communication by telephone from Maria Savio of your office some time prior to the adjudication which lead him to believe that your client may wish to engage in some such discussions.

Can you please let me know if you are instructed in this connection or whether I should communicate directly with Net2Phone, Inc.

Earlier Decision and Applicable Procedure [under DRS Procedure Version 1 (applicable to disputes filed between September 2001 and October 24, 2004)]

Registrant next makes confusing and contradictory arguments regarding the applicability of the December 19, 2000 Nominet decision ("2000 Decision") (Complaint, Exhibit M). First, Registrant claims that Net2Phone is now seeking "to relitigate the same issue under a revised procedure" (Response ¶6). The 2000 Decision expressly contemplated that future circumstances may result in Nominet reviewing its decision under circumstances where Registrant "were to use the domain name in a manner likely to cause confusion." In this (current) proceeding, Net2Phone presents evidence of such use (Complaint, Exhibits B and C). Thus, the 2000 Decision does not bar the current proceeding; to the contrary, it specifically allows for it under circumstances where likely confusing use is made by Registrant. Furthermore, the likely confusing use supports Net2Phone's position that the domain name has been registered and/or used contrary to Complainant Rights under the current Procedure and thus that domain name is an Abusive Registration under the Policy.

Registrant also claims that Net2Phone "seeks to reopen its case as if under the rules that pertained to the decision made in December 2000 and without reference to the revised rules that now obtain under Dispute Resolution Service Policy." (Response ¶8) Net2Phone opens the Complaint by citing the Policy and the Procedure, and then shows that the domain name is an Abusive Registration under the Policy (and Nominet DRS

decisions). Net2Phone has manifestly complied with the applicable Procedure, and hence this argument is a “red herring.”

Equally, Registrant’s comments regarding Net2Phone’s submission of WIPO Arbitration decisions (Complaint, Exhibit K) mischaracterize the nature and purpose of the submission and the decisions (Response ¶7). Net2Phone submitted these decisions as evidence in support of “Rights of Complainant” in its NET2PHONE mark, and to show that Net2Phone has successfully enforced its rights in the domain name area.

Registrant’s Response is, at best, an attempt to obfuscate matters. It thus forcefully demonstrates the absence of any viable defense to the Complaint.

Conclusion

Since Registrant has presented no viable defenses or claims against Complainant showing under the Policy, the disputed domain name should be transferred to Complainant.”

7. Discussion and Findings:

Requirements which must be satisfied in order for the Complaint to succeed

Paragraph 2 of the Policy requires that, in order for the Complainant to succeed, it must prove to the Expert, 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. These matters must be affirmatively proven by the Complainant.

Before any consideration of the merits of the Complaint I will return to the procedural issues identified in Section 4, above.

Procedural Issue (A): Re-litigation

This is the second Nominet complaint which the Complainant has made against the Respondent in respect of the Domain Name. The first was made in 2000 under Nominet’s terms and conditions which were then in force. In a decision dated 19 December 2000, Nominet concluded that, because the Domain Name was not in use and because no evidence of actual confusion had been adduced, the Domain Name was not “being used in a manner likely to cause confusion to internet users.” The decision concluded as follows: “Having reviewed the facts and such documentary evidence as we have received, it is Nominet’s decision not to take any action in this instance. Clearly if Mr Wilkinson or any future registrant were to use the Domain Name in the future in a manner likely to cause confusion to internet users, Nominet reserves the right to review its decision.”

The DRS approach to re-submission of complaints is dealt with explicitly in paragraph 10 of Version 2 of the Policy, but this dispute falls – by a matter of days – under Version 1 of the Policy.

The issue of re-submission under Version 1 of the Policy and Procedure is governed instead by the Decision of the DRS Appeal Panel in Bravissimo Limited -v- Anna Gander (DRS 01295, 27 February 2004). In that Decision the Panel considered the doctrine of *res judicata* and said:

“The Panel is of the view that res judicata must apply for the proper administration of the DRS Policy and to achieve for the parties to disputes a reasonable degree of certainty and finality. ...

... For the guidance of others, the Panel takes the view that the questions [to be asked and answered by the Expert deciding the case] could be better formulated as follows:

- 1. Are the Complainant, the Respondent and the domain name in issue the same as in the earlier case?*
- 2. Does the substance of the complaint relate to acts that occurred prior to or subsequent to the close of submissions in the earlier case?*
- 3. If the substance of the complaint relates to acts that occurred prior to the close of submissions in the earlier case, are there any grounds for the rehearing or reconsideration? In assessing this question, regard must be had to the need to protect the integrity and smooth operation of the DRS Policy and Procedure. These grounds will be the exception rather than the rule. Examples include (a) serious misconduct on the part of the Expert, a party, witness or lawyer; (b) false evidence having been offered to the Expert; (c) the discovery of credible and material evidence which could not have been reasonably foreseen or known for the Complainant to have included it in the evidence in support of the earlier complaint; (d) a breach of natural justice; (e) the avoidance of an unconscionable result.*
- 4. If the substance of the complaint relates to acts that occurred subsequent to the earlier decision, acts on which the re-filed complaint is based should not be, in substance, the same as the acts on which the previous complaint was based.”*

Of course, there can be no *res judicata* properly so called in this case, because the tests to be applied under the complaints are different (as the Respondent accepts) and because the initial decision expressly left open the prospect of a further complaint based upon subsequent (mis)use of the Domain Name. Nevertheless, where – as I perceive to be the case here – the principal issue in the two complaints is the same (i.e. “is the use confusing?”), I consider that it is still appropriate to address the Bravissimo questions to determine whether the Complainant is entitled to re-argue the issue of confusion in relation to acts occurring prior to the 2000 Decision.

The answer to Bravissimo question 1 is ‘yes’. The answer to question 2, judging by the Complaint alone, is seemingly ‘both’ – it is claimed that the Domain Name has been both *registered* and *used* abusively. However, in response to the Respondent’s challenge that the Complainant was seeking to re-open the legitimacy of the original registration, in its Reply the Complainant provided the following clarification: *“The 2000 Decision expressly contemplated that future circumstances may result in Nominet reviewing its decision under circumstances where Registrant “were to use the domain name in a manner likely to cause confusion.” In this (current) proceeding, Net2Phone presents evidence of such use (Complaint, Exhibits B and C). Thus, the 2000 Decision does not bar the current proceeding; to the contrary, it specifically allows for it under circumstances where likely confusing use is made by Registrant. Furthermore, the likely confusing use supports Net2Phone’s position that the domain name has been registered and/or used contrary to Complainant Rights under the current Procedure and thus that domain name is an Abusive Registration under the Policy.”*

My interpretation of this passage from the Reply is that the Complainant is content to prove its case solely on the basis of acts which have occurred after the 2000 Decision. Even if I am wrong in this interpretation, I do not consider that any of the exceptional grounds in question 3 of the Bravissimo questions apply in this case and I would therefore have shut out the Complainant from relying on acts occurring prior to 19 December 2000 in any event.

In accordance with Bravissimo question 4, therefore, I must be vigilant to ensure that the post-2000 acts relied on by the Complainant are not “*in substance, the same as the acts on which the previous complaint was based.*” If and in so far as they are, the Complaint must fail.

Procedural Issue (B): Failure to verify with a statement of truth

The starting point is paragraph 5(c)(v) of the Procedure:

‘ The Respondent must send the response to us in hard copy and (except to the extent not available for attachments) in electronic form to us at the addresses set out in our explanatory coversheet. The response shall ... conclude with the following statement followed by the signature of the Respondent or its authorised representative:-

“The information contained in this response is to the best of the Respondent's knowledge true and complete and the matters stated in this response comply with the Procedure and applicable law.” ’

This needs to be considered in conjunction with paragraph 15(c) of the Procedure:

“If, in the absence of exceptional circumstances, a Party does not comply with any provision in the Policy or this Procedure or any request by us or the Expert, the Expert will draw such inferences from the Party's non compliance as he or she considers appropriate.”

This is reinforced by Nominet’s standard DRS correspondence. In a letter dated 24 November 2004 addressed to the Respondent’s representatives, Nominet acknowledged receipt of the Response, but cautioned as follows:

“Please note that Nominet does not check responses for compliance with the DRS Procedure. However, if the response indicates that annexes are attached, we will await the hard copy (or the expiry of the filing deadline) before sending it on.

By forwarding the response to the Complainant, we make no representation as to its compliance. In the event that this dispute is referred to an independent expert for a decision, it will be for the expert to determine the compliance or otherwise of the response, and how much weight (if any) to place upon any non-compliance.”

I have not been sent any documentation which contains the statement (**‘statement of truth’**) required by paragraph 5(c)(v).

The function of and necessity for a statement of truth has been highlighted in several DRS decisions.

First, in Blue Martini Software Limited -v- Prophesysoft (DRS 0023) the Expert considered the effect of a statement of truth when it was included in the Complaint:

“The DRS Procedure (paragraph 3(b)ix) requires that the Complainant complete a statement when submitting his complaint in the following form: “The information contained in this

complaint is to the best of the Complainant's knowledge true and complete. The complaint has not been presented in bad faith and the matters stated in this complaint comply with the Procedure and applicable law". The complaint, including this statement must be signed by an authorised representative of the Complainant. The Expert considers that such a declaration entitles the information so verified to be treated as evidence and to have its admissibility, relevance and materiality weighed in accordance with the provisions of paragraph 12(b) of the DRS Procedure. This treatment is also consistent with practice under English law where a statement of case or pleading which has been verified by a statement in a similar form can be treated as evidence in the case (Civil Procedure Rules Part 32.6(2) (a))."

Second, the flip-side of this was explored in APC Overnight -v- M+J Couriers (DRS 00192), which after citing Blue Martini and noting that the Complaint did not contain a statement of truth, concluded:

"In the absence of a declaration it is simply not possible for me to assess the truthfulness or otherwise of the evidence contained in the Complaint and as such I must disregard it. The effect of doing so is that the Complainant is deemed not to have submitted any evidence in support of its Complaint and in those circumstances I do not find that the Complainant has discharged its burden of establishing Rights or that the Domain Name in the hands of the Respondent is an Abusive Registration. The Complaint therefore fails."

Third and fourth, in QVC, Inc and QVC –v– Maggie Davis (t/a M Davis) (DRS 02039) and Delamar Academy -v- Go-Catch Media Limited (DRS 01543), the Respondents submitted Responses which did not contain the required statement of truth. In QVC the Expert noted paragraph 15(c) of the Procedure and concluded that *"there are no exceptional circumstances justifying the failure by the Respondent to comply with the Procedure in this case."* In Delamar the Expert said *"In this case I have considered the Response, but the Respondent's failure is something that I have taken into consideration when judging the weight to be accorded to the Respondent's statements and allegations in that document."* In practice neither Expert ignored the Response in its entirety as a result of the failure to verify.

Doing my respectful best to distil a cohesive and coherent approach from these decisions, the approach I will adopt is as follows:

- Compliance with para 5(c)(v) is not simply optional and non-compliance cannot be ignored save in exceptional circumstances as per para 15(c);
- On the other hand, it would be unjust for non-compliance automatically to result in the Response being ignored in its entirety;
- Experts are independent of the parties and it would generally be inappropriate for them to go out of their way to assist the Respondent by requesting retrospective verification by the provision of a statement of truth pursuant to para 13(a) of the Procedure;
- Where the Response contains any assertions of fact (as opposed to submissions of law) which have not been verified, those assertions should be treated as unsubstantiated.

Procedural Issue (C): Without Prejudice

The parties have correctly identified that the guiding authority on the application of the without prejudice rule in the DRS is the decision of the Appeal Panel in Hanna-Barbera

Productions, Inc -v- Graeme Hay (DRS 00389). The conclusion of the Panel in that case was that *“the reasons for excluding the rule will ordinarily far outweigh any perceived advantages of applying it.”*

Accordingly, I propose to treat the ‘without prejudice’ email message dated 5 February 2001 as admissible evidence; but I will take into account all the parties’ submissions as to the weight to be attached to it.

Complainant’s Rights

After that lengthy procedural run-up, I find myself at the substantive crease.

I must first decide whether the Complainant has ‘Rights’ in respect of a name or mark which is identical or similar to the Domain Name. The definition of ‘Rights’ in the Policy *“includes, but is not limited to, rights enforceable under English law.”*

This is the most straightforward part of my Decision. On the basis of the material submitted by the Complainant, and the absence of any challenge by the Respondent, I am satisfied on the balance of probabilities that the Complainant owns, and has since the date of the 2000 Decision owned, Rights in the designation NET2PHONE.

I am also satisfied that this designation is identical to the Domain Name (ignoring, as I am required to do, the first and second level suffixes).

Abusive Registration

Paragraph 1 of the Policy defines “Abusive Registration” as a Domain Name which either:

- i. 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
- ii. has been used in a manner, which took unfair advantage of or was unfairly detrimental to the Complainant’s Rights.

A non-exhaustive list of factors, which may be evidence that the Domain Name is an Abusive Registration are set out in Paragraph 3(a) of the Policy. A non-exhaustive list of countervailing factors are set out in Paragraph 4(a) of the Policy.

The Complainant bases its case on paragraphs 3(a)(i)(A) and 3(a)(ii) of the Policy.

Under paragraph 3(a)(i)(A) of the Policy, it is indicative of Abusive Registration if there are *“circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name ... primarily for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant, for valuable consideration in excess of the Respondent’s documented out-of-pocket costs directly associated with acquiring or using the Domain Name.”*

Under this head the Complainant relies on (i) the ‘without prejudice’ communication dated 5 February 2001 and (ii) the re-direction of the Domain Name in September 2004 to the web site of one of the Complainant’s competitors.

Both acts occurred after the 2000 Decision; which in my view is important for two reasons.

First, the Complainant can rely on them (see procedural finding ‘A’, above), subject only to addressing Bravissimo question 4: are the acts on which the present Complaint is based in substance the same as the acts on which the previous complaint was based? I think not. As at the date of the 2000 Decision, the Domain Name was not pointed toward the web site of a competitor; it merely pointed to a page stating “Domain registered for a client” and later “Domain for SALE.” The acts complained of in September 2004, namely re-direction of the Domain Name to point at the website of the Complainant’s competitor at www.skype.com, represent an escalation or ‘step change’ in the Respondent’s activities. Having reviewed the submissions which preceded the 2000 Decision (such as I have been provided with), the 2001 ‘without prejudice’ offer is even more clearly to be treated as an act substantively different to the acts on which the previous complaint was based. Therefore I am entitled to and will examine the abusiveness of both categories of acts in this Decision.

Second, it is difficult to see how these acts can reliably form the basis of any inference about the purpose for which the Domain Name was originally registered on 4 July 1997 – the much more obvious inference to my mind is that the Respondent was emboldened by the 2000 Decision and thought he could simply ‘name his price’ and, when that price was not forthcoming, thought he would cause a nuisance in the hope that eventually he would be bought out by the Complainant. This may be relevant under paragraph 3(a)(ii), but I am not prepared to draw the necessary inference under paragraph 3(a)(i)(A).

On this basis, I am not satisfied on the balance of probabilities that there are “*circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name ... primarily for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant, for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly associated with acquiring or using the Domain Name.*”

Under paragraph 3(a)(ii) of the Policy, it is indicative of Abusive Registration if the Respondent is using the Domain Name in a way which has confused people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant.

The Complainant contends that “*On [27 September 2004], entering <net2phone.co.uk> in one’s web browser resulted in redirection to www.skype.com, the “home” web page of Skype Technologies S.A. (“Skype”). See Exhibit B, Declaration of Frank Decolvenaere, and Exhibit C, printout of a series of overlapping screen captures of the Skype web page displayed on September 27, 2004 after the domain <www.net2phone.com> was entered in the browser. As is evident, Skype provides Internet telephony services which compete directly with those of Complainant under the NET2PHONE mark.*”

Interestingly, the results of a WHOIS query conducted on October 11, 2004 indicate that the domain name registration is now suspended. See Decolvenaere Declaration and Exhibit D.”

These contentions of fact are unchallenged. On the basis of these facts, the Complainant goes on to make two legal submissions: (i) that “*this change in status does not mitigate the fact that registration of the domain name at issue remains an Abusive Registration*” (relying on Hanna-Barbera Productions, Inc -v- Graeme Hay (DRS 00389) and Amazon.com Inc v Microplace Limited t/a Netknowledge (DRS 01781)); and (ii) that “*directing users to a competitor’s web site is “plainly taking ‘unfair advantage of’ and/or ‘unfairly detrimental to’ the Complainant’s Rights*” (relying on E-floor Systems Ltd v Neil Pengilly (DRS 00873)).

I accept the first of these submissions as a matter of principle, in accordance with the Hanna-Barbera Productions, Inc appeal decision. It clearly accords with common sense, in that the DRS would not be much use if it could be circumvented simply by Respondents taking their sites off-line as soon as they anticipated a Complaint being made.

As to the second submission, I have already asked and answered Bravissimo question 4. Moreover, as noted above in my discussion of paragraph 3(a)(ii), the picture which emerges from the evidence in this case is that the Respondent was emboldened by the 2000 Decision and thought he could simply 'name his price' – hence the February 2001 email. I do not regard this email offer in itself as abusive; I would rather characterise it as opportunistic (one must bear in mind that the perceived 'street value' of domain names was different in the dot.com days of late 2000 / early 2001). But in my view the Respondent crossed the line when, having failed to agree a price, and knowing of the Rights claimed by the Complainant, he arranged for or allowed the Domain Name to be pointed at a competitor's web site. The most obvious explanation for this behaviour is that the Respondent was hoping that he could eventually cause enough nuisance that the Complainant would be forced to raise its financial offer. Even in the absence of any evidence of actual confusion, I cannot regard this use of the Domain Name as anything other than use which takes unfair advantage of, or is unfairly detrimental to, the Complainant's Rights. Accordingly, on the facts of this case, I accept the Complainant's second submission.

My overall assessment on the balance of probabilities is that, whilst I have been unable to conclude that the Complainant's original registration in 1997 was Abusive, the Complainant has successfully discharged the burden of proving that the Domain Name has subsequently been used in a manner which takes unfair advantage of or is unfairly detrimental to the Complainant's Rights.

Accordingly I conclude that the Domain Name, in the hands of the Respondent, is an Abusive Registration.

8. Decision:

Having concluded that the Complainant has Rights in respect of a name or mark which is identical to the Domain Name and that the Domain Name, in the hands of the Respondent, is an Abusive Registration, I determine that the Domain Name, net2phone.co.uk, should be transferred to the Complainant.

Philip Roberts

January 27th, 2004
Date