

# Retroactive Bad Faith Getting Your Domain Back When The Registrant Beat You To The Punch

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The ***Uniform Domain Name Dispute Resolution Policy (UDRP)*** sets forth rules for a mandatory administrative proceeding, established by the ***Internet Corporation for Assigned Names and Numbers (ICANN)***, for the resolution of disputes regarding the registration of internet domain names. By applying to register a domain name, or by asking ICANN to renew a domain name registration, a registrant represents and warrants, among other things, that the registration will not infringe upon or otherwise violate the rights of any third party, the registration is not for an unlawful purpose, and the registrant will not knowingly use the domain name in violation of any applicable laws or regulations. (UDRP Paragraph 2(b)-(d)). The goal of the UDRP is to create a streamlined process for resolving clear cases of abusive domain name registrations, giving trademark owners a relatively low risk and cost effective alternative to bringing a lawsuit under local statute or the federal Anticybersquatting Consumer Protection Act.

## A UDRP complainant must establish three elements:

- I. The domain name is identical or confusingly similar to its valid trademark;
- II. The registrant has no rights or legitimate interests in the domain name; and
- III. The domain name “***has been registered and is being used in bad faith.***”

**(UDRP Paragraph 4(a)(i)-(iii)). UDRP Paragraph 4(b) states that the below, non-exclusive factors “shall be evidence of the registration and use of a domain name in bad faith”:**

1. Registration of the domain name primarily to sell, rent, or otherwise transfer it to the trademark owner, or to a competitor, for profit;
2. Registration of the domain name to prevent the trademark owner from reflecting the mark in a corresponding domain name, following a pattern of such conduct;
3. Registration of the domain name primarily to disrupt the business of a competitor; or

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4. “[B]y using the domain name,” registrant intentionally attempts to attract, for commercial gain, internet users to his or her website by creating a likelihood of confusion.

Trademark holders are often successful in UDRP proceedings when they can show the registrant purchased the domain *with knowledge of* the trademark. This is classic proof of bad faith, especially when the domain resolves to a website being used as a “link farm” or for some other non-legitimate purpose.

But what about when the registrant purchased the domain *before* the subject trademark even existed? Consider Company A, an upstart that sells children’s clothing, which has trademark rights in its COMPANY A mark as of May 2015. Company A has sold some clothes locally and now wants to launch a website. Lo and behold, *companya.com* was purchased back in 2010, long before Company A was a kernel in anyone’s mind. The registrant used *www.companya.com* mostly for link farms, or left it without content. In other words, he was not running a legitimate business in connection with the domain, nor was he known to anyone by the name Company A. Recently, however, the *www.companya.com* website links to other, competing, children’s clothing companies.

The traditional rule is that there can be no bad faith registration when the domain name is registered prior to establishment of rights in complainant’s mark. See, e.g., *Collective Media, Inc. v. CKV / COLLECTIVEMEDIA.COM*, WIPO Case No. D2008-0641, (“For a finding of bad faith . . . , there must be some evidence that the Respondent was aware of the Complainant[.]”); *Meeza QSTP-LLC v. Torsten Frank / medisite Systemhaus GmbH*, WIPO Case No. D2009-0943, (“If someone else has already registered a domain name identical or confusingly similar to the proposed new mark, that domain name will be unavailable . . . even if the registrant is in other respects behaving badly[.]”). It makes sense; how could the registration have been in bad faith when the registrant had no knowledge of complainant’s then non-existent right?

Panelists have been willing to bend this rule when the registration occurs after rights in the mark are established but under circumstances where it is likely the registrant knew use of the mark was imminent (as in shortly before or after a merger or in the case of an employee or confidant who had knowledge of the planned use). See, e.g., *537397 Ontario Inc. operating as Tech Sales Co. v. EXAIR Corporation*, WIPO Case No. D2009-0567, (Respondent was Complainant’s competitor, knew of Complainant’s intent to use, and registered one month prior to Complainant’s trademark application). But what about when the domain name was registered long before trademark rights were established, as in the hypothetical of Company A? The owner of *companya.com* cannot be said to have registered that domain in bad faith as to Company A, as it was several years from existing. Nevertheless, he is now using it in bad faith and harming Company A’s business. Is Company A out of luck?

Maybe not. Panelists have followed two independent paths to find retroactive bad faith in circumstances like these. The first is through the representation and warranty under Paragraph 2 that the registrant will not use the domain “now or in the future” in violation of any laws or regulations. Some panelists have found this language “negates the temporal distinction suggested by 4(a)(iii) of the Policy . . . by requiring the registrant to make warranties as to the registrant’s *future* conduct.” *City Views Ltd. v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, WIPO Case No. D2009-0643, (“This effectively imposes on the registrant a continuing duty to ensure that the domain name is not used in violation of another’s rights . . . [which] extends to any use of the domain name in the future.”). Under this view, “[if] a party uses the domain name in the future so as to call into question the party’s compliance with the party’s

representations and warranties, there may be retroactive bad faith registration.” *Id.* Other panelists decline to read a continuing obligation into the Paragraph 2 representation and warranty, but instead reason that a renewal or transfer of a registration may in some circumstances be treated as a “new registration,” thereby invoking afresh the representation and warranty. See, e.g., *Eastman Sporto Group LLC v. Jim and Kenny*, WIPO case No. D2009-1688, (finding bad faith where respondent intentionally started cybersquatting after registration but before renewal).

The second path to retroactive bad faith is via Paragraph 4(b)(iv). The first three non-exclusive examples of bad faith registration and use focus on the state of mind of the registrant at the time of registration. The fourth example, however, “focuses entirely on use without regard to the registrant’s state of mind as of the date of registration.” *City Views Ltd. v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, WIPO Case No. D2009-0643, . Based on this language, some panelists have found that “[b]ad faith registration *can* occur without regard to the state of mind of the registrant at the time of registration, *if* the domain name is subsequently used to trade on the goodwill of the mark holder[.]” *Id.*

Using one or both of these Paragraphs, a minority of panelists have transferred domain names to complainants, despite registration prior to establishment of the subject trademark, where the domain was *currently* being used – and registration maintained – in bad faith. See, e.g., *Octogen Pharmacal Company, Inc. v. Domains By Proxy, Inc. / Rich Sanders and Octogen e-Solutions*, WIPO Case No. D2009-0786, . Other panelists, however, have expressly disagreed, preferring instead the literal interpretation that both bad faith (initial) registration and use is required. See, e.g., *Validas, LLC v. SMVS Consultancy Private Ltd.*, WIPO Case No. D2009-1413, (acknowledging current bad faith use but finding “no evidence . . . that this could plausibly have been the Respondent’s intention” at the time of registration); *WIPO Case No. D2009-1455*, ; *Camon S.p.A. v. Intelli-Pet, LLC*, WIPO Case No. D2009-1716, (recognizing the need for amendment to cover flagrant infringement but declining to so interpret present language).

Because UDRP decisions are not binding on future panelists, complainants take their chances with a retroactive bad faith argument. Complainants interested in making this argument should understand that while others have had some success, retroactive bad faith remains the minority view and success is entirely dependent on which panelist/s is/are assigned, over which complainant will have no control. They should also be sure their rights in the subject trademark have actually been established, since ownership of a valid trademark (via registration or common law) is a precondition for bringing a UDRP complaint.

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