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High Court closes litigation floodgates on rehearing Nominet rulings United Kingdom - EIP

Cybersquatting

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In *Toth v Emirates* ([2012] EWHC 517 (Ch), March 7 2012), the High Court of England and Wales has struck out Michael Toth's claim in relation to a declaration of lack of abusive registration.

In 2002 Toth registered the domain name 'emirates.co.uk'. In 2008 he was contacted by solicitors representing Emirates (which runs the well-known airline associated with the United Arab Emirates) requesting that he transfer the domain name to Emirates. Toth did not comply with this request and, in 2010, Emirates used Nominet's [Dispute Resolution Service](#) (DRS) to contend that the domain name was an abusive registration, and sought to have it transferred.

At the first stage of the Nominet proceedings (based on an expert determination), Toth succeeded and the complaint was rejected. At the appeal stage, however, the appeal panel upheld Emirates' complaint and decided that the domain name should be transferred.

Toth subsequently initiated proceedings before the Patents County Court, essentially asking the court to decide that the domain name should stay under his control. In this regard, Toth sought several declarations from the court, including one that "the domain name is not an abusive registration in the hands of the claimant within the meaning of the Nominet Policy properly construed". Emirates applied to strike out Toth's claim.

The application came before HHJ Birss QC. In his [judgment of June 13 2011](#) ([2011] EWPC 18), the judge struck out one of Toth's declaratory requests, stayed the hearing of two more, but allowed the request for the aforementioned declaration to continue to trial.

Emirates appealed the decision to allow this element of the claim to continue. The appeal came before Mr Justice Mann in the High Court. By the time of the hearing of the appeal, Nominet had applied for, and been granted, permission to intervene.

The judge was required to consider:

- the construction of the contract between Toth and Nominet (to which Emirates was found to have become a party when it submitted its complaint);
- the associated dispute resolution rules; and
- whether these and the resultant DRS permitted Toth to have any form of re-hearing before a court in relation to the decision on abusive registration.

Because the judge was being invited to strike out Toth's claim, an initial consideration was whether any additional material, relevant to the factual matrix, would be available at trial. The judge ultimately considered that he could rule on what was a "straight point of construction" at the application stage.

Toth sought to rely upon various documents as forming part of the factual matrix that the judge had to consider. However, with reference to the judgment of Lord Collins SCJ in *Sigma Finance Corp* ([2010] 1 All ER 571 at 589 g-j), the judge acknowledged that, because the relevant contractual documents would have a number of different adherents over a period of time (different complainants and registrants), the concept of the background matrix of fact was likely to be of little assistance in a contract of this nature. Therefore, the court did not take these additional documents into account.

In contending that the DRS did permit a re-hearing, Toth relied in particular on two terms:

- Paragraph 10(d) of what was referred to as the 'Nominet Policy':

"The operation of the DRS will not prevent either the complainant or the respondent from submitting the dispute to the court of competent jurisdiction."

- Paragraph 17(c) of what was referred to as the 'Nominet Procedure':

"c. If the expert makes a decision that a domain name registration should be cancelled, suspended, transferred or otherwise amended, we will implement that decision by making any necessary changes to our domain name register database after ten (10) days of the date that

World Trademark Review Daily

the parties were notified unless during the ten (10) days following the date that the parties were notified we receive from either party:

i. an appeal or statement of intention to appeal complying with Paragraph 18, in which case we will take no further action in respect of the domain name until the appeal is concluded; or

ii. official documentation showing that the party has issued and served (or, in the case of service outside England and Wales, commenced the process of serving) legal proceedings against the other party in respect of the domain name..."

While these two terms do make reference to submission of the dispute to a court and commencement of legal proceedings following a decision that a domain name should be cancelled, transferred or amended, the judge did not agree that the DRS permitted a re-hearing of the question of abusive registration. This decision was based on the following factors:

- The DRS was said to be much more consistent with the view that the question was one for the Nominet expert alone.
- The judge found that the DRS, as a whole, was intended to create a self-contained dispute resolution mechanism which was "closely regulated, cheap, quick and (apparently) efficient", and adding a parallel route of applying to a court "would be inimical to the apparent intention of the parties."
- The judge considered that coming to the opposite conclusion would produce a "lopsided effect" whereby a party who was considering making a complaint under the DRS could be ambushed by the registrant issuing court proceedings. In such circumstances, if the court found in favour of the prospective complainant (and did not grant a declaration of non-abusive registration), the complainant would still have to initiate Nominet proceedings in order to get the relief it wanted (transfer of the domain name).
- In the judge's view, the only provision which *might* point the other way was the aforementioned Paragraph 10(d). The judge, however, considered that "dispute" in this context did not refer to a dispute over the matter to be determined by Nominet, but was instead a reference to a dispute over the underlying rights (eg, trademark rights) that might impact upon the Nominet decision.

Toth's claim in relation to the declaration of lack of abusive registration was therefore struck out.

The judgment in this matter made reference to the risk that a finding in favour of Toth may open the litigation floodgates in relation to similar Nominet disputes. With Justice Mann finding that "the DRS and Procedure put in place a regime in which the question of abusive registration is one for, and only for, the expert appointed under the DRS", this risk appears to have subsided.

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