

Nominet UK Dispute Resolution Service
DRS 08713
WorldSpreads Group plc v Mr Daniel Stubbs

Decision of Appeal Panel

Dated: 2 December, 2010

1. Parties:

**Complainant/
Appellant:**

WorldSpreads Group plc

Address:

Hambledon House
19-26 Lower Pembroke Street
Dublin 2
Ireland

Respondent

Mr Daniel Stubbs

Address:

4 Bridge Street
Marston
Grantham
Lincolnshire
NG32 2HL
UK

In this decision, for simplicity's sake, we propose to maintain the terminology of the Expert's decision and refer to the Complainant/Respondent as "the Complainant" and the Respondent/Appellant as "the Respondent".

2. Domain Name in dispute:

<worldspreads.co.uk>

This domain name is referred to below as the "Domain Name"

3. Procedural Background:

The decision under appeal was issued by the appointed Expert ("the Expert") on 7 September, 2010. The decision was issued to the parties by

Nominet on 8 September, 2010. On 22 September the Respondent gave notice of his intention to appeal and paid the appropriate deposit fee. The balance of the Appeal fee was received by Nominet on 14 October, 2010 together with the Respondent's formal Appeal Notice. Nominet forwarded the latter to the Complainant on the same day. On 28 October, 2010 the Appeal Response was received by Nominet and forwarded to the Respondent.

On 5 November, 2010 Tony Willoughby, Claire Milne and Philip Roberts were formally appointed to the Appeal Panel

Each of Tony Willoughby, Claire Milne and Philip Roberts (the undersigned, "the Panel") have individually confirmed to the Nominet Dispute Resolution Service that:

"I am independent of each of the parties. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, that need be disclosed as they might be of a such a nature as to call in to question my independence in the eyes of one or both of the parties."

This is an Appeal against a Decision at first instance in favour of the Complainant. The Panel was appointed to provide a decision on or before 17 December, 2010. This process is governed by version 3 of the *Procedure for the conduct of proceedings under the Dispute Resolution Service* ("the Procedure") and the Decision is made in accordance with version 3 of the *Dispute Resolution Service Policy* ("the Policy"). Both of these documents are available for inspection on the Nominet website (<http://www.nominet.org.uk/disputes/drs>).

4. The Nature of This Appeal:

The Policy §10a provides that: *"the appeal panel will consider appeals on the basis of a full review of the matter and may review procedural matters"*.

The Panel concludes that insofar as an appeal involves matters that are not purely procedural the appeal should proceed as a re-determination on the merits. Accordingly, the Panel does not propose to undertake a detailed analysis of the Expert's decision and will only refer to the Expert's decision where the Panel feels it would be helpful to do so.

In addition to the decision under appeal, the Panel has read the Complaint dated 14 June, 2010 (with annexes), the Response dated 5 July, 2010 (with annexes), the Reply dated 13 July, 2010 (with annexes), the Appeal Notice (with annexes) submitted on 14 October, 2010 and the Appeal Response submitted on 28 October, 2010.

5. Formal and Procedural Issues:

There are no outstanding formal or procedural issues.

6. The Facts:

The Complainant is engaged in the business of spread betting. It was incorporated in Ireland on 15 March 2001 under the name of Leisure Spread Limited. It underwent a name change to WorldSpreads Group Limited on 8 December, 2005 and another name change to WorldSpreads Group plc on 5 July, 2007.

On 15 August 2002 the Complainant, through its Chief Commercial Officer, registered the domain name <worldspreads.com>.

On 15 September 2003 a UK subsidiary within the Complainant's group was incorporated under the name of ShareSpread UK Limited. That company underwent a name change to WorldSpreads Limited on 3 December, 2003¹.

On 3 October, 2003 the Respondent registered the Domain Name along with eight other related names, namely <betthespread.co.uk>, <spreadbetportal.co.uk>, <spreadbetsuk.co.uk>, <spreadmybets.co.uk>, <spreadyourmoney.co.uk>, <takemybet.co.uk>, <whatsthespread.co.uk>, <gamblingnet.co.uk>.

Until late 2007 the Domain Name was connected to a 'shopping affiliate link site'.

In the course of January, 2007 the Respondent received two approaches for purchase of the Domain Name, both of them emanating from the Complainant and neither of which were accepted. The first came in on 9 January, 2007 for £500, which the Respondent acknowledged was a good offer, but said that he would not accept less than £2000². The next one came in on 19 January, 2007 and was for £1000. It was followed two hours later by an email setting out the nature of the Complainant's business and containing a threat of legal action if he rejected the £1000 offer.

On 23 January, 2007 the Respondent applied for registration of World SPREADS (in stylised form) as a United Kingdom trademark in classes 9, 16, 35, 36 and 41 for various goods and services including *inter alia* betting services. In the absence of any opposition the application matured into a registration on 17 August, 2007 under number 2444394.

Following registration of WORLDSPREADS as a trade mark the Respondent connected the Domain Name to what he describes as 'a more specific spread betting affiliate marketing website'. This site featured (and still features) links to competitors of the Complainant but not to the Complainant itself.

¹ Other companies in the Complainant's group from time to time had names incorporating the word/name WORLDSPREADS, but they are not material to this dispute

² The offer came in from someone acting on behalf of the Complainant who did not disclose the Complainant's interest and the Respondent acknowledges that if he had known the identity of the offeror, he would have been looking for a much larger sum

The page exhibited to the Complaint reads as follows:

“World SPREADS

Welcome to Worldspreads.co.uk. If you are looking for a financial spread betting website, you've come to the right place. We have done all our homework looking through many financial spread betting websites to establish the very best companies online. Simply click on one of the company logos to be taken to their homepage.

With Financial Spread Betting you can bet on a whole host of available markets including the FTSE, Commodities, AIM companies and many more. The whole idea of financial spread betting is that if you believe that a share price is set to rise then you Buy and if you think that a share price is set to fall you Sell. If you were correct in your belief and the market moved the way you predicted you will make a profit, be careful though, predict incorrectly and you will make a loss. If you do make a profit, this profit is tax free as betting in the UK is subjected to zero income tax.”

The links featured on this webpage of the Respondent at the times of the Complaint and the Appeal were to CMC Markets, finspreads, capital spreads, IG Index, Tradindex.com and Cantor Index.

On 30 August, 2007 the Complainant applied for registration of Community Trade Mark E6239966 ‘WORLDSPREADS’ (in logo form) for various services in classes 36 and 41 including *inter alia* betting services. The registration came through on 13 June, 2008.

Communications between the parties continued off and on with allegations and counter allegations of trade mark infringement. The correspondence culminated in an offer by the Complainant made on 16 April, 2010 to purchase the Domain Name and the Respondent’s trade mark for £25,000, an offer which was subsequently reduced to £12,000 on the Respondent’s rejection of the offer. The Respondent stated that he would not be prepared to go lower than £60,000.

This Complaint followed.

7. The Parties’ Contentions:

The parties’ contentions at first instance are set out in some detail in the Expert’s decision. Now expanded by the contentions at appeal, in summary they are substantially as follows:

The Complainant

The Complainant has trade mark rights in the term WORLDSPREADS, unregistered trade mark rights arising from its use of the term since 2002/2003 and registered trade mark rights since June 2008 being the date of registration of its CTM registration.

The Complainant contends that the Respondent registered the Domain Name with knowledge of the Complainant’s unregistered rights and with a view to selling the Domain Name to the Complainant at a profit.

The Complainant further contends that the Respondent registered the Domain Name with a view to blocking the Complainant and prays in aid of this allegation the admitted fact that the Respondent is the proprietor of a large number of domain names which feature mis-spellings of well-known trade marks.

The Complainant further contends that since a date in late 2007 and with knowledge of the Complainant's unregistered rights the Respondent has been using the Domain Name to connect to a website featuring advertising links to companies providing services competing with the Complainant, "in an attempt to divert traffic and disrupt the Complainant's business as well as pressurise the Complainant into paying an excessive sum of money in order to acquire the Domain name".

The Complainant contends that the Respondent's use of the Domain Name cannot be seen as a genuine offering of goods or services, pointing out that it has not been updated to reflect recent changes in the names and websites of the Complainant's competitors which are featured there.

The Respondent

The Respondent states that when he registered the Domain Name he was an engineer employed by Airbus UK in Bristol. In the course of 2003 he realised that there was money to be made through affiliate marketing via pay-per-click engines etc. With the money he made from this activity he began to invest heavily in domain names.

He has been spread betting since 2003 and decided that that was another area which had possibilities for him, so he researched what was available in the way of appropriate domain names and settled on the best of them that were still available (i.e. in the main the Domain Name and those others set out in section 6 above). He observes that by then the most obvious names had already gone. He states that he acquired these domain names "*for future expansion/affiliate marketing use*".

The Respondent contends that the Complainant misled the Expert as to when the Complainant first started using the Worldspreads name as a company name. In his Appeal Notice the Respondent states that the earliest that the Respondent could have been aware of the Complainant under a Worldspreads company name was in August 2005 when an Irish company within the Complainant's group first adopted the Worldspreads name. The Respondent contends that it was therefore impossible for him to have been aware of the Complainant under that name when he registered the Domain Name in October 2003. However, in his original Response to the Complaint he acknowledges that they changed the name of the UK company to Worldspreads Limited on 3 December, 2003, but he points out that this was still over two months after he registered the Domain Name.

The Respondent states that he registered his UK trade mark to protect his position in the face of the threats being made by the Complainant.

For the three years prior to his registration of the trade mark the Domain Name was connected to what the Respondent describes as "*a simple shopping affiliate link site*". He states that this is his normal practice with

most of his names “so that they [can] start making money from affiliate links very quickly.”

Following registration of the trade mark he “set up *worldspreads.co.uk* as a more specific spread betting affiliate marketing website and it has been running now for the last three years”.

The Respondent responds to the Complainant’s allegation regarding the large number of domain names held by the Respondent, which feature misspellings of well-known trade marks, conceding that he registered them but contending that his reason for registering them (to redirect traffic to the correctly spelled version) has no bearing on his reason for registering the Domain Name.

In essence the Respondent’s case is that he registered the Domain Name without knowledge of the Complainant and is using the Domain Name for the purpose for which he originally acquired it. He points out that all negotiations for purchase/sale of the Domain Name stemmed from approaches made by the Complainant, not from him. He also maintains that the original use as a shopping affiliate website already amounted to a genuine offering of goods or services, and that after receiving threats of legal action from the Complainant he had no option but to launch a more appropriate website using the Domain Name.

8. Discussion and Findings:

The factual background to the reasoning below is to be found in section 6 above.

General

In order for the Complainant to succeed it must (pursuant to Paragraph 2 of the Policy) prove to the Panel, 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

the Domain Name, in the hands of the Respondent, is an Abusive Registration as defined in Paragraph 1 of the Policy.

The meaning of ‘Rights’ is clarified and defined in the Policy in the following terms:

Rights means rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning;

If the Complainant satisfies the Panel that the Complainant has relevant rights, the Panel must address itself to whether the registration by the Respondent of the Domain Name is abusive.

An Abusive Registration is defined in the Policy as follows:

Abusive Registration means a Domain Name which either:

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

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

The Issues before the Panel

Rights

In assessing identity/similarity for this purpose, it is well-established that it may be appropriate to ignore the generic '.co.uk' domain suffix.

There is no dispute that the Complainant is the registered proprietor of Community Trade Mark E6239966 WORLDSPREADS (in logo form) for various services in classes 36 and 41 including *inter alia* betting services. The mark was applied for on 23 January, 2007 and came through to registration on 13 June, 2008.

Given that the registered trade mark is the word/mark 'WORDSPREADS' in logo form (as opposed to a word mark), it cannot be identical to the Domain Name even though the overall effect of the mark is to highlight the word/name 'WORLDSPREADS'. Nonetheless the Panel has no difficulty in finding that the Complainant has rights in a name or mark, which is similar to the Domain Name.

The Complainant has overcome the first hurdle.

Abusive Registration

Accordingly, the Panel now has to focus its attention on whether or not the Domain Name is an Abusive Registration in the hands of the Respondent.

As indicated above, a domain name can be an Abusive Registration either because it was registered with abusive intent or because it has been used in an abusive manner.

The Complainant alleges both abusive registration and abusive use.

(i) Respondent's intent at time of registration.

The Complainant asserts that the Respondent registered the Domain Name with knowledge of the Complainant's unregistered right in respect of the mark, 'WORLDSPREADS', and with intent to take unfair advantage of the Complainant's mark in the various ways set out in section 7 above.

This raises two threshold questions, namely (a) at the date of registration of the Domain Name did the Complainant have any enforceable rights in respect of the mark, 'WORLDSPREADS'? and (b) even if such rights were in existence at that time, is there anything before the Panel to suggest that the Respondent ought to have been aware of those rights?

While it is certainly possible that the Complainant could have generated relevant common law rights between the date that it registered its <worldspreads.com> domain name on 15 August, 2002 and 3 October, 2003 when the Respondent registered the Domain Name, there is no material before the Panel to enable the Panel to make a finding in favour of the Complainant. For such a finding we would have needed to see evidence demonstrating the nature and extent of the Complainant's business under the 'WORLDSPREADS' name at that time, but nothing of that kind is in the evidence before us.

In light of that finding, it is unnecessary for the Panel to address the issue as to whether or not the Respondent registered the Domain Name with knowledge of the Complainant's interest in the name.

The Complainant has failed to satisfy the Panel that the Domain Name 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.

The Respondent's use of the Domain Name

From date of registration of the Domain Name to a date in 2007 following the Respondent's registration of his 'World SPREADS' figurative trade mark, the Respondent had the Domain Name connected to what he describes as a 'shopping affiliate link site'. There is nothing before the Panel to suggest that that use was in any way abusive.

As can be seen from the factual background set out in section 6 above, in the course of January, 2007 the Complainant made two approaches to the Respondent to purchase the Domain Name, one of those approaches being followed by a scarcely veiled threat on the part of the Complainant to institute proceedings if the offer was not accepted. The Respondent rejected the offers, both of which ended up at £1000. On 23 January, 2007 with a view to strengthening his position in the face of the threat of proceedings, the Respondent applied to register his 'World SPREADS' trade mark. On 17 August, 2007 the Respondent's registration came through and he then, as he put it, "*set up worldspreads.co.uk as a more specific spread betting affiliate marketing website*". The homepage of this website is described in detail in section 6 above, but in effect it promotes the Complainant's competitors by featuring links to their websites.

When the Respondent made this change of use, he was fully aware of the Complainant's business operating in the spread betting field and he must have known that there was a very real risk that a not insubstantial number of visitors to his site would be people looking for the Complainant. In directing those people to the Complainant's competitors he must have appreciated that he would be causing damage to the Complainant's business.

The Respondent has raised doubts over the Complainant's common law rights in respect of the 'WORLDPREADS' name, but the Panel agrees with the Expert that whatever may have been the position at date of

registration of the Domain Name, the Complainant clearly had such rights by August 2007 and the Respondent has effectively accepted it. In his Response to the Complaint, the Respondent states:

“Considering the fact that I purchased this domain name fair and square in 2003, a domain that was my brain child that I thought of 4 years previously as part of a batch of domains. I now find out that they were already using it as a company name and running as a business. I was gutted by the fact I was probably unlikely to ever be able to run a proper business under this domain.

On the same day I received the offer of £1000 from [the Complainant], the 19th January 2007, he also sent me another email a few hours later that was a lot of legal talk and what could only be described as big-boy bullying tactics to try to get me to sell them the domain for £1000. But by this time I knew it was Worldspreads I was dealing with and this domain could actually make me a decent amount of money for a change if I did decide to sell it.”

In these circumstances the DRS applies the test articulated by the Appeal Panel in [DRS 4962 MySpace](#):

*“... the registration of domain names is still a first-come-first-served system and the Panel is reluctant to place any duty on a registrant, who has merely had the good fortune (or maybe ill fortune) to register a name in good faith, which subsequently, through no fault of his own, acquires notoriety, **provided that he does nothing actively to exploit his position.**” (original emphasis)*

Had the Respondent at the outset either (a) developed the website as a genuine business, in accordance with his own avowed original intentions or (b) commenced his more recent mode of use of the Domain Name, when he may not have known of the existence of the Complainant, the Panel would be unable to conclude that he had ‘actively exploited’ his ‘good fortune’ and hence that the use was abusive.

However, the fact that the Respondent’s new use commenced at a time when he knew that the Complainant was operating a business under the same name (i.e. WORLDSREADS) puts his actions into a very different category. The Panel agrees with the Complainant that the new use does not constitute a genuine business. The Respondent knew that this particular use could damage the Complainant’s business, and given that the Respondent had indicated that he was willing to sell the Domain Name if the price was right, it seems very likely to the Panel that the change of use was designed at least in part in order to encourage the Complainant to raise the price that it was prepared to pay for the Domain Name. In the view of the Panel that is a clear instance of the kind of ‘active exploitation’ cautioned against in [MySpace](#).

Paragraph 4 of the DRS Policy sets out a non-exhaustive list of factors which may be evidence that the Domain Name is not an Abusive Registration, but none of these covers a situation such as the present where the Respondent, with knowledge of the Complainant’s rights and

with knowledge that “[he] was probably unlikely to ever be able to run a proper business under [the Domain Name]” makes a material change to his use of the Domain Name to promote the Complainant’s competitors and for his own commercial gain.

The Panel finds that since the change of use in 2007 the Domain Name has been used in a manner, which has taken unfair advantage of and has been unfairly detrimental to the Complainant's Rights.

9. Decision

The Panel finds that the Complainant has rights in a name or mark, which is similar to the Domain Name, and concludes on the evidence before it and for the reasons given above that the Domain Name in the hands of the Respondent is an Abusive Registration. The Panel affirms the decision of the Expert and dismisses the Appeal.

Claire Milne

Tony Willoughby

Philip Roberts

Dated: 2 December, 2010