

.nz Dispute Resolution Service

DRS Reference: 150

Skype Technologies, S.A. v Bellamy Price Mansfield, Ltd.

Key words – domain names www.skypeshop.co.nz and www.skypestore.co.nz.

Rights in fanciful and invented name - unfair registration – Respondent requesting payment for transfer – threat of adverse publicity - likelihood that domain names will confuse, mislead or deceive - no response from Respondent.

1. Parties

First Complainant:

Mr Don Moody
Skype Technologies, S.A.
2nd Floor
7-11 Lexington St.
W1F 9A
London, W1F 9A
England

Second Complainant:

Mr Don Moody
Skype Ltd
D Arthur Cox Building
Earlsfort Center
Earlsfort Terrace
Dublin 2
Republic of Ireland

Respondent:

Mr Paul Fahey
Bellamy Price Mansfield, Ltd.
PO Box 17-520
Sumner
Christchurch

2. Domain Name/s

skypeshop.co.nz
skypestore.co.nz ("the Domain Names")

3. Procedural history

- 3.1** The Complaint was lodged on 19/12/2006 and InternetNZ, through the Office of the Domain Name Commissioner, notified the Respondent of the validated Complaint on 22/12/2006. The domain/s were locked on 20/12/2006,

preventing any changes to the record until the conclusion of these proceedings.

- 3.2 There was no response filed by the Respondent.
- 3.3 The First Complainant paid InternetNZ the appropriate fee on 9/02/2007 for a decision of an Expert, pursuant to Paragraph 9 of the InternetNZ Dispute Resolution Service Policy (“the Policy”).
- 3.4 Mr Andrew Brown QC, the undersigned, (“the Expert”) confirmed to InternetNZ on 14/02/2007 that he knew of no reason why he could not properly accept the invitation to act as expert in this case and that he knew of no matters which ought to be drawn to the attention of the parties, which might appear to call into question his independence and/or impartiality.
- 3.5 On 20 February 2007 the Expert issued a request pursuant to para B12.1 of the Policy and Procedure requesting the First Complainant to provide documents and details in support of a claim in its Complaint that it has current rights to the registered trade mark SKYPE in New Zealand (and in other jurisdictions). The request sought a response by 27 February 2007 and directed that the Respondent be given five working days to provide any Response to the information provided by the First Complainant.
- 3.6 The First Complainant provided a Response to the request on 9 March 2006 and InternetNZ exercised its discretion to extend the period of time for a Response pursuant to para B11.1 of the Policy and Procedure. The Response sought to join a related company, Skype Limited, as a Joint Complainant and provided evidence of an assignment of the registered trade mark SKYPE in New Zealand from the First Complainant to the Second Complainant effective as of 31 December 2004.
- 3.7 The Respondent did not make any Response.
- 3.8 The Expert has granted the application to join Skype Limited as a Joint Complainant. It is referred to in this decision as the Second Complainant.

4. Factual background

- 4.1 The information provided in the Complaint discloses that the First Complainant is a Luxembourg company and a member of the Skype Group of companies. The Skype group markets and distributes “Skype” branded voice communications software internationally in a number of languages. It began its services in 2003 and expanded rapidly from that date – particularly providing software and communication services for voice over the internet telephone calling.
- 4.2 The Second Complainant, Skype Limited is an Irish Company and is also a member of the Skype Group of companies. It appears to be the entity responsible for holding and enforcing the intellectual property rights of Skype Technologies S.A. throughout the world.

4.3 In New Zealand, Skype Limited is the owner of a trade mark registration for the word SKYPE as follows:

Mark	No.	Application Date	Class	Specification
SKYPE	707431	29/1/04	38	Provision of voice over internet protocol (VOIP) peer-to-peer communications, and file sharing and instant messaging services over a global computer network

4.4 The First Complainant, Skype Technology S.A. registered and used the Skype mark in New Zealand until it was assigned to the Second Complainant, Skype Limited, on 31 December 2004. That assignment was registered with the Intellectual Property Office of New Zealand (IPONZ) on 2 November 2005.

4.5 The Domain Name skypeshop.co.nz was registered on 20 May 2005. The Domain Name skypestore.co.nz was registered a little over a year later on 11 June 2006. The Respondent is shown as the Administration Contact Name for both Domain Names.

4.6 After the Complainants became aware of the Respondent's use of the disputed domain names, their representatives contacted the Respondent on some date prior to 9 June 2006. That initial correspondence is not included in the complaint. The Complainant's representatives contacted the Respondent again by email on 9 June 2006. That email requested that the Respondent immediately cease using the domain name skypeshop.co.nz and that the Respondent transfer that domain name to Skype.

4.7 The Respondent, Mr Fahey, replied by way of email dated 9 June 2006 stating that he had developed considerable goodwill for the site. His email stated that this had been done "without any help from skype and hence you should pay me out for getting that goodwill". The Respondent's email valued the business at US\$100,000 but offered to sell the name to the Complainant for US\$50,000, said to represent the goodwill the Respondent would lose from discontinuing use of the domain name. This email also contained the following threat of negative publicity by the Respondent in the event that the Complainant did not purchase the business.

"Anyway rather than paying legal costs it would be much nicer for the goodwill of Skype if you pay me out and own it through mutual business negotiations. We have done a huge job to promote skype in NZ and it will look very good in the newspapers in NZ if you say that you have purchased the business wouldn't it? I can send a media release to all the NZ media on completion of the deal and make skype look like the good guys. The reverse situation would look like you are a bunch of thugs and likely damage skype's name in NZ. I still also think my company is a good representative of skype in NZ. We personally help hundreds of people with skype problems and supply products and support."

4.8 There is no correspondence included in the Complaint in relation to skypestore.co.nz.

5. Parties' contentions

a. Complainants

5.1 The Complainants seek transfers of the disputed domain names which they submit are "unfair registrations" in that:

- (a) The Domain Names are confusingly similar to the Complainants' company name:
 - (i) The Complainants' business is commonly known by the name "Skype" both in New Zealand and throughout the world.
 - (ii) The result of a WHOIS search for the First Complainant's website skype.com and the respondent's sites skype.com and skypestore.co.nz show that the First Complainant's website was registered and launched over two years prior to the registration of the first of the Domain Names. The Complainants also rely on the 2003 press release announcing the launch of the Skype product.
 - (iii) The SKYPE trade mark is a purely fanciful term which was selected by the Complainants for its unique and distinctive nature. It possesses a strong degree of distinctiveness and has become a well-known and famous mark.
 - (iv) The Complainants rely on evidence showing the fact that as at the date of the Complaint, Skype was the fastest growing voice communications software in the world. Since its launch in August 2003, Skype has been downloaded more than 400 million times and has over 147 million users.
 - (v) The Domain Names are confusingly similar to the SKYPE mark, because each represents a variation of the word "Skype". The Complainants argue that the addition of the words "store" and "shop" respectively are simply generic indicators of the sale of Skype products and will likely cause confusion as to the source of the products and services offered on the Respondent's sites i.e. that users will believe that the Complainants use the Domain Names to sell Skype products.
 - (vi) The Complainants vigorously protect their trade marks rights and their use in domain names and have won several previous domain name disputes concerning the SKYPE name.
- (b) The Domain Names are confusingly similar to the Complainants' trade mark.

- (i) The Second Complainant is the owner of the SKYPE registered trade mark in New Zealand and in other jurisdictions. Prior to 2 November 2005, the First Complainant was the owner.
 - (ii) The Complainants have developed substantial goodwill and reputation in the SKYPE trade mark due to extensive public relations and marketing efforts in New Zealand.
 - (iii) The Domain Names are confusingly similar to the SKYPE trade mark for the reasons set out above.
- (c) The Complaint further asserts that the Domain Names are Unfair Registrations under the Policy in that the Respondent registered and/or acquired the Domain Names in a manner which takes unfair advantage of the Complainants' rights. In particular, the Complainants point to:
- (i) The Respondent's offer to sell the skype-shop.co.nz domain name for a premium.
 - (ii) The fact that the Respondent registered skype-store.co.nz only two months after Skype issued a press release announcing over 147 [million] registered users of its program.
 - (iii) The Respondent's threat of negative publicity if the US\$50,000 demanded is not paid.
 - (iv) The Respondent's exploitation of the Complainants' goodwill in the SKYPE brand. For example, skype-shop.co.nz redirects users to the voip-shop.co.nz domain with the result that parties seeking the Complainants' product are redirected to a website which markets products designed for use with Skype.
 - (vi) The Complainants allege that the Respondent has provided the Registrar and/or the DNC with false contact information.
 - (vii) The Complainants also assert that the Respondent cannot demonstrate that the domain names were registered fairly and that the Respondent was likely aware of the SKYPE trade mark at the date of registration.
 - (viii) The Complainants further assert that the Respondent has not shown any evidence that it has been known by the name "skype" either in New Zealand or anywhere else.

b. Respondent

5.2 As noted earlier, the Respondent has not filed a Response.

5.3 The Expert has been invited by the Complainant to look at the Domain Names.

6. Discussion and findings

6.1 The Policy and Procedure apply (Policy 4.1) where a Complainant asserts that:

4.1.1 The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and

4.1.2 The Domain Name, in the hands of the Respondent is an Unfair Registration. The Complainant is required to prove to the Expert that both elements are present on the balance of probabilities (para 4.2).

6.2 The term “rights” includes, but is not limited to rights enforceable under New Zealand law: Policy para 3 Definition. This paragraph also defines “Unfair Registration” as follows:

“... means 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, or is likely to be, used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant’s Rights.

6.3 A non-exhaustive list of factors which may be evidence that the Domain Name is an Unfair Registration is set out in paras 5.1.1 – 5.1.5 of the Policy:

5.1.1 Circumstances indicating the Respondent has registered or otherwise acquired the Domain Name primarily:

- (a) 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;
- (b) as a blocking registration against a name or mark in which the Complainant has rights; or
- (c) for the purpose of unfairly disrupting the business of the complainant; or

5.1.2 Circumstances demonstrating that the Respondent is using the Domain Name in a way which is likely to confuse, mislead or deceive

people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant;

- 5.1.3 The Complainant can demonstrate that the Respondent has knowingly given false contact details to a Registrar and/or to the DNC; or
- 5.1.4 The Domain Name was registered arising out of a relationship between the Complainant and the Respondent, and the circumstances indicate that it was intended by both the Complainant and the Respondent that the Complaint would be entered in the Register as the Registrant of the Domain Name;

Rights

- 6.4 The Expert accepts that the Complainants have rights in respect of the SKYPE name and trade marks. These rights are:
 - (a) The rights of the First Complainant and (as from 2 November 2005) the Second Complainant as the owner of the registered trade mark for SKYPE in New Zealand (Class 38).
 - (b) The rights of the First Complainant as the registrant of the skype.com domain name.
 - (c) Common law rights in relation to the name SKYPE. The Expert accepts that in the field of provision of voice over internet protocol (VOIP) peer-to-peer communications, and file sharing and instant messaging services over a global computer network the First and Second Complainants have acquired goodwill and reputation associated with the name of their mark, company name and domain name to the point where the mark is well-known and capable of protection in an action for passing off. Included with the Complaint are a number of press articles evidencing the reputation of the Complainants in the SKYPE mark. One attachment comprises an article from *New Zealand PC World* dated 27 June 2005. Although this is after registration of the first of the Domain Names on 20 May 2005, the article refers to the fact that “early in 2005”, New Zealand Telecom reported that there were over 40,000 Skype users in New Zealand.
 - (d) The fact that the mark is purely fanciful and was selected by the Complainants for its unique and distinctive nature is highly significant.
- 6.5 The Expert is satisfied that these rights were established and existed prior to the registration of each of the Domain Names *skypeshop.co.nz* on 20 May 2005 and *skypestore.co.nz* on 11 June 2006. The Complainants’ trade mark SKYPE in class 38 was registered in New Zealand with effect from 29 January 2004.

Identical or Similar

- 6.6** It is accepted that the Domain Names skypestore.co.nz and skypeshop.co.nz are similar to the First Complainant's domain name skype.com and to the SKYPE world mark in respect of which the Complainants have rights under the Trade Marks Act 2002 and at common law.

Unfair registration

- 6.7** The Expert is also of the view that the Complainants have established that the registration of each of the Domain Names constituted Unfair Registrations in accordance with paragraph 5.1 of the Policy. In particular, the Expert is satisfied that the registrations were Unfair Registrations under both paragraphs 5.1.1 and 5.1.2.
- 6.8** As to paragraph 5.1.1, the demand for payment of US\$50,000 is evidence that when the Respondent registered the skypeshop.co.nz domain name it did so primarily for the purposes of selling, renting or otherwise transferring it or as a blocking registration or for the purpose of unfairly disrupting the First Complainant's business. Similarly, the Respondent's threat of adverse publicity if the First Complainant did not pay the requested sum is persuasive. Further, the Respondent's letter of 9 June 2006 clearly indicates an awareness of the Complainants and their trade mark. The email refers to having set up the Domain Name skypeshop.co.nz "without any help from Skype" and claims that the Respondent "company is a good representative of Skype in NZ".
- 6.9** This reference provides a link to the second of the Domain Names skypestore.co.nz because the company is in fact the administrative contact for both the Domain Names in dispute.
- 6.10** As to paragraph 5.1.2, there is sufficient evidence that the Respondent is using both of the domain names in a way which is likely to confuse, mislead or deceive people. Members of the public who are aware of Skype as a result of its reputation are likely to be confused, misled or deceived into believing that they are dealing with the Complainants or websites that are associated with or licensed by the Complainants. Further, it is distinctly arguable that the Respondent's activities amount to infringement of the Second Complainant's trade mark registration in class 38 in that the mark is being used for similar services in circumstances that are likely to deceive or cause confusion.
- 6.11** The Expert is also entitled to draw appropriate inferences from the Respondent's failure to respond to the Complaint or provide any further explanation for its activities.
- 6.12** The Complainants' allegations do not invoke the grounds set out in paragraphs 5.1.3 or 5.1.4.

6.13 The Expert is not satisfied that the Complaints have demonstrated to the necessary standard that the Respondent has knowingly given false contact details to a Registrar and/or to the DNC.

7. Decision

7.1 In view of the findings made in this decision, the Expert directs that the Domain Names skypehop.co.nz and skypestore.co.nz be transferred to the Second Complainant.

Place of decision Auckland

Date 19 March 2007

Expert Name Mr Andrew Brown QC

Signature

A handwritten signature in black ink that reads "Andrew Brown". The signature is written in a cursive, flowing style.