

.nz Dispute Resolution Service

DRS Reference: 281

Facebook, Inc. v Sanjay Dalal

Key words - Registered mark - unregistered mark - well-known mark – trade name – similar – overall impression - Demonstrable preparations to use –criticism and commentary – unfair registration – unfair use – offer to sell – monetary demands – likely to confuse, mislead or deceive – blocking registration – presumption of unfair registration – without prejudice materials – non standard submission – remedies and transfer

1. Parties

Complainant:

Facebook, Inc.
156 University Avenue
Palo Alto California 94301
United States of America

Respondent:

Mr Sanjay Dalal
2600 Michelson Drive
Suite 1700
Irvine
US (UNITED STATES)

2. Domain Name/s

facebook.co.nz
facebook.net.nz ("the Domain Names")

3. Procedural history

The Complaint was lodged on 18/04/2008 and Domain Name Commission (DNC), notified the Respondent of the validated Complaint on 23/04/2008. The domain/s were locked on 18/04/2008, preventing any changes to the record until the conclusion of these proceedings.

The Respondent filed a Response to the Complaint on 12/05/2008 and the DNC so informed the Complainant on 13/05/2008. The Complainant filed a Reply to the Response on 26/05/2008. The DNC informed the parties on 20/06/2008 that informal mediation had failed to achieve a resolution to the dispute.

The Complainant paid Domain Name Commission Limited the appropriate fee on 25/06/2008 for a decision of an Expert, pursuant to Paragraph 9 of the .nz Dispute Resolution Service Policy ("the Policy").

Hon Barry Paterson QC, the undersigned, (“the Expert”) confirmed to the DNC on 26/06/2008 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.

4. Factual background

- 4.1 The Complainant has provided much of the information set out below and has provided supporting documentation. The Respondent has not challenged the information.
- 4.2 The Complainant is an internationally recognised leader in providing online social networking services and related products and services, mainly through its website www.facebook.com. It began operating in 2004 restricted at that time to students of Harvard College, USA. Access to the service has since been progressively expanded, and any entity with a valid email address can now register as a user. The Complainant currently has more than 69 million active units on its online services with an average of 290,000 new registered users per day since January 2007.
- 4.3 Facebook.com is said to be the eighth most popular website visited by Internet users in New Zealand and is rated as having the fifth highest level of Internet traffic internationally on the world wide web. The Complainant currently operates in 31 countries.
- 4.4 There are more than 290,000 active users of the website in New Zealand and the site has a dedicated New Zealand geographical region.
- 4.5 The Complainant has over 100 domain names consisting of or comprising the term FACEBOOK. All of these domain names currently resolve to the website www.facebook.com.
- 4.6 The Complainant is the registered proprietor of and the applicant for various New Zealand trade marks, namely:
 - (a) No. 764219: FACEBOOK registered in Class 25.
 - (b) No. 744787: FACEBOOK registered in Class 35.
 - (c) No. 744788: THE FACEBOOK registered in Class 38.
 - (d) No. 779769: FACEBOOK accepted for Classes 9, 38 and 42.

The application date for Nos 744787 and 744788 was 20 March 2006, the application date for No. 764219 was 28 February 2007 and the application date for Nos 779769 was 19 November 2007.

- 4.7 The Complainant has registered trade marks for or incorporating the mark FACEBOOK in many countries throughout the world.

4.8 The Domain Names were first registered on 15 February 2007.

5. Parties' contentions

a. Complainant

5.1 The Complainant claims rights in the name FACEBOOK because of its registered trade marks and its trade mark application in New Zealand. It also claims that it enjoys an extensive and valuable reputation and goodwill both in New Zealand and throughout the world in its common law trade mark FACEBOOK in addition to its registered trade marks.

5.2 The Complainant submits that the Domain Names constitute an Unfair Registration (as defined in the Policy) for the following reasons:

- (a) Each of the Domain Names is confusingly similar to the Complainant's registered and common law trade marks.
- (b) The Complainant has registered the New Zealand trade marks for or incorporating the mark FACEBOOK in respect of online social networking, photo sharing, directory information and related services (relevant services).
- (c) The Domain Names are being used by the Respondent to promote the relevant services and similar services including those not offered by or on behalf of the Complainant.
- (d) The use of the Domain Names by the Respondent constitutes an infringement of one or more of the Complainant's New Zealand trade mark registrations in respect of the relevant services.
- (e) The Domain Names are the natural and primary commercial names in the "co.nz" and "net.nz" domain name spaces for the Complainant and the registration of the Domain Names by the Respondent is clearly intended to block the registration against the name or mark in which the Complainant has rights.
- (f) The use of the Domain Names by the Respondent is likely to confuse, mislead or deceive people or businesses into believing that the Domain Names are registered to, operated or authorised by, or otherwise connected with the Complainant.
- (g) Supplementary to the last point is the submission that the use of the Domain Names by the Respondent constitutes common law passing off and/or misleading or deceptive conduct in accordance with the provisions of the Fair Trading Act 1986.

5.3 The Complainant's position is that the Respondent does not have any relevant trade mark application for registration, or any company

registration, for or incorporating the mark FACEBOOK. That mark is not used in connection with the good faith offering of goods or services and the Respondent is not to the knowledge of the Complainant known by the name or legitimately connected with the mark FACEBOOK.

- 5.4 The Complainant further submits that the Respondent has acquired the Domain Names primarily for the purposes of selling or otherwise transferring the Domain Names to 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. It is apparent from the correspondence which has passed between the parties that the Respondent has acquired five other domain names around the world and he has offered to transfer these five other names together with the Domain Names to the Complainant for one set price of \$US30,000.

b. Respondent

- 5.5 The Respondent has tried to negotiate a settlement with the Complainant but to no avail. The Respondent did provide information from these confidential settlement discussions which should not have been made available to the Expert.
- 5.6 The Respondent's submissions may be summarised as follows:
- (a) He purchased the Domain Names for creating a website for his latest eBook for the Business Faculty – FACulty eBook. If these words are joined together the result is the word Face Book. That book was currently available at an unrelated website. The Respondent's position is that his goal was to create a worldwide presence for the Faculty eBook. The eBook is titled "Creativity And Innovation in Business Faculties eBook". Since the complaint was made the Respondent has begun advertising the book on the Domain Names' web sites.
 - (b) The domain names purchased outside New Zealand were purchased for the same reason to publicise his book.
 - (c) He has not to date derived any monetary gains from the Domain Names and has not generated any income from them.
 - (d) FACEBOOK is a very generic name and should not be bound by trade marks.

6. Discussion and findings

- 6.1 The Claimant has established, in the Expert's view, that it has Rights to the name FACEBOOK, both under registered trade marks in this country, and as a common law mark. These rights existed before the Respondent acquired the Domain Names. Because the trade marks

are registered there is no force in the Respondent's submission that "facebook is a very generic name and should not be bound by trade marks".

- 6.2 The substantive word in both Domain Names is "facebook". It is identical to the Complainants' trademarks, both registered and unregistered. It is indistinguishable from the Complainants trademarks.
- 6.3 On the face of it, the Domain Names infringe the Complainants' trade marks. Further, the use of Facebook commercially by the Respondent would likely give the Complainant the right to bring actions for both passing off and misleading and deceptive conduct under the Fair Trading Act.
- 6.4 The history of the Domain Names is relevant for the purposes of drawing inferences when considering the presumption of Unfair Registration. The following matters are relevant:
 - (a) On 31 October 2007. the Complainant solicitor wrote a cease and desist letter to the Respondent. The websites under the Domain Names at that time contained information very similar to that contained on the Facebook.com website. There were references on the www.facebook.co.nz website to "online social networking", "funny blogs", "singles dating personals", "make friends", and "chat rooms". The "facebook.net.nz" website referred to various sponsored listings several with the name "Facebook" in the title. There was a section for related searches and all six names had "facebook" in them. There was no reference on either of the websites to the FACulty eBook.
 - (b) The Complaint was lodged on 18 April 2008. At that time the websites were similar in form to how they had been on 31 October 2007.
 - (c) Since the Complaint was lodged, the Respondent has altered the websites and the home page is now headed "FACulty eBook". Since the Complaint was referred to the Expert, the Respondent has sent in a non-standard submission. He says that as he has been unable to mediate a settlement with the Complainant he is now using the websites for their primary purposes. The Expert has not deemed it necessary to seek a Response from the Complainant on this submission because of the view which he takes of the facts.
- 6.5 It is apparent that the Domain Names' websites both in October 2007 and in April 2008 refer to many services which were relevant services in the sense used by the Complainant. The facebook.co.nz website has many similarities as has already been noted in paragraph 6.4 above. The facebook.net.nz is not so similar to the facebook.com website and has references to services which are arguably not within

the relevant services. However, there are references which are within the relevant services such as “find friends near you”, “find your facebook friends on the go via mobile and facebook” and “make fun facebook photos”.

6.6 The Expert is of the view that the facts are sufficient to establish that there has been an Unfair Registration in accordance with several provisions of the Policy for the following reasons:

- (a) The inference which the Expert draws from the form of the websites in October 2007 and in April 2008 is that the Respondent acquired the Domain Names for the purposes of selling them to the Respondent for valuable consideration in excess of the Respondent’s out-of-pocket costs directly associated with acquiring the Domain Names (para 5.1.1(a) of the Policy). His action in seeking \$US30,000 for these Domain Names and other domain names is also relevant to this inference. It is not necessary to draw an inference from the name of the Respondent’s book, namely FACulty eBook, but there is some force in the proposition that this was a concocted name to support the Respondent’s position.
- (b) The inference is supported by the fact that until very recently the Respondents’ FACulty eBook was promoted on an unrelated website, and has only been promoted on the Domain Names websites well after this dispute began. If the Domain Names had been acquired for the purpose claimed by the Respondent, there is no explanation for them not being used for that purpose.
- (c) For the same reasons there has been a breach of para 5.1.1(b) of the Policy in that the Expert draws the inference that these were blocking registrations. Although not a necessary factor in the Expert’s findings, he finds it inconceivable that the Respondent was not aware of the Facebook business and the importance of the name FACEBOOK to the Complainant’s business.
- (d) The manner in which the websites appeared in October 2007 and April 2008 was in the Expert’s view “likely to confuse, mislead or deceive people or businesses into believing that the Domain Names are registered to, operated or authorised by, or otherwise connected with the Complainant” (para 5.1.2 of the Policy). The fact that the Respondent has now changed the format of the websites is irrelevant. The intent was shown in the earlier form of the websites.

7. Decision

- 7.1 In the circumstances, the Expert finds that there was an Unfair Registration of both Domain Names and that the registration took unfair advantage of or was unfairly detrimental to the Complainant's Rights and that they have been used in a manner which took unfair advantage or was unfairly detrimental to the Complainant's Rights.
- 7.2 The Expert directs that the trade names facebook.co.nz and facebook.net.nz be transferred to the Complainant.

Place of decision **Auckland**

Date **July 2008**

Expert Name Hon Barry Paterson QC

Signature