

**Jemella Limited**

**-V-**

**Landlord Mortgages limited**

Nominet UK Dispute Resolution Service

**DRS 03078**

Decision of Appeal Panel

Dated this 21st day of February 2006

**1. PARTIES**

Complainant: Jemella Ltd  
Address: Unit 12,  
Ryefield Way  
Silsden  
West Yorkshire  
Postcode: BD20 0EF  
Country: GB

Respondent: Landlord Mortgages Limited  
Address: 38 Ryhill Way  
Lower Earley  
Reading  
Berkshire  
Postcode: RG6 4AZ  
Country: GB

**2. DOMAIN NAME**

ghd.co.uk ("the Domain Name")

**3. PROCEDURAL BACKGROUND**

- 3.1 On 26 October 2005 notice of this dispute was received by Nominet. The Complaint was received in full on 27 October 2005. A Response was filed on 31 October 2005. A Reply was filed on 10 November 2005. Mediation did not resolve the dispute and on 5 December 2005 Mr Steve Ormand was appointed as an expert to provide an expert decision pursuant to paragraph 6 of the Nominet UK Dispute Resolution Policy (the "Policy"). The Respondent filed a non-standard submission on 21 December 2005 and the Complainant replied on 22 December 2005.

- 3.2 Mr Ormand (the "Expert") provided his decision on 30 December 2005. The Expert concluded that the Complainant had not established Rights within the meaning of the Policy at the date of registration of the Domain Name but had established those Rights as at the date of the Complaint and prior to the Respondent's alleged unfair or detrimental use of the Domain Name. The Expert went on to find that the Respondent had used the Domain Name for purposes which took unfair advantage of and was unfairly detrimental to the Complainant's Rights and was accordingly an Abusive Registration. The Expert ordered that the Domain Name be transferred to the Complainant. The full text of the Expert's decision is available on Nominet's website.
- 3.3 The Respondent/Appellant (hereinafter the "Respondent") gave notice of intention to appeal to Nominet on 6 January 2006 and lodged a written appeal notice (and additional documents) on 16 January 2006. On 1 February 2006 the Complainant lodged a written response to the appeal notice and additional documents.
- 3.4 On 9 February 2006 Nominet appointed Mr Tony Willoughby, Mr Chris Tulley and Miss Kirsten Houghton as an appeal panel (the "Panel") to determine the appeal. The case file was duly sent to each of them by Nominet following individual confirmation to Nominet that they knew of no reason why they could not properly accept the invitation to act in this case, and knew of no matters which ought to be drawn to the attention of the parties which might appear to call into question their independence and/or impartiality.
- 3.5 The deadline for submitting the Panel's decision was set by Nominet as 23 March 2006.
- 3.6 Capitalised terms used in this decision which are not otherwise defined bear the meaning given in the Policy.

#### **4. THE NATURE OF THIS APPEAL**

- 4.1 This Panel has considered the nature of this appeal process and the manner in which it should be conducted. Paragraph 10(a) of the Policy provides that "the appeal panel will consider appeals on the basis of a full review of the matter and may review procedural matters".
- 4.2 The Panel concludes that in so far as an appeal involves matters other than purely procedural complaints 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 explain any difference in approach. In this regard although previous Appeal Panel decisions do not form a binding precedent but are persuasive (see Policy paragraph 10(c)) the Panel respectfully agrees with the approach taken by the Panel in case DRS 00389 (*scoobydoo.co.uk*) (in relation to the then current version of the Policy).

#### **5. FORMAL PROCEDURAL ISSUES**

- 5.1 So far as evidence is concerned in this case, after the Complainant's reply to the Respondent's response to the original complaint, the Respondent filed "non-standard submissions" as defined in paragraph 13b of the Nominet UK Dispute Resolution Service Procedure ("the Procedure"). The Respondent stated that it had not taken

legal advice at the time it submitted its response and, having now taken legal advice, there was an exceptional need for its non-standard submission. The Complainant objected to the Respondent's non-standard submission and also submitted a reply to it. The Expert exercised his discretion, granted by paragraph 13b of the Procedure, and took these non-standard submissions into consideration.

- 5.2 In addition to the Appeal Notice, the Respondent also filed further documents in support of the Appeal under paragraph 18 (h) of the Procedure, being documents entitled "The Letter", "Annexe: Trading Rights", "Annexe: Valuation And Justification For Pricing ghd.co.uk Additional Proof of Rights" and voluminous supporting enclosures.
- 5.3 Paragraph 18 (c) of the Procedure provides that *"An appeal notice should not exceed 1000 words, should set out detailed grounds and reasons for the appeal, but shall contain no new evidence or annexes."*
- 5.4 Paragraph 18 (h) of the Procedure provides that: *"The appeal panel should not normally take into consideration any new evidence presented in an appeal notice or appeal notice response, unless they believe that it is in the interests of justice to do so"*.
- 5.5 The Complainant says that the Letter forms part of the Appeal and together with the Appeal Notice exceeds the 1000 word limit and accordingly submits that the Appeal in its entirety should not be considered. In addition, the Complainant also objects separately to the two Annexes and supporting enclosures on the basis that they do not relate to facts or evidence that could not have been provided to the Expert during the standard complaint process and therefore it is not in the interests of justice to consider them.
- 5.6 The procedural issues falling to be addressed by the Panel are whether or not:
  - 5.6.1 to consider the Appeal at all because the Appeal Notice and Letter combined exceed the 1000 word limit;
  - 5.6.2 to admit into the evidence the non standard submissions filed by the parties before the Expert's decision was rendered; and
  - 5.6.3 to admit into the evidence the documents filed by the Respondent in support of the Appeal in addition to the Appeal Notice (and the Complainant's response to them) because it is in the interests of justice to do so.
- 5.7 The Panel consider that the Appeal Notice is a stand alone document that does not exceed 1000 words and can and should be taken into account, so far as its contents are relevant to any of the issues. Accordingly, the Panel will consider this Appeal.
- 5.8 The Panel consider that as the Expert exercised his discretion to accept the non-standard submissions into the evidence the Panel should also accept the non-standard submissions into the evidence so that we are dealing with it in the same way as the Expert.
- 5.9 However in respect of the appeal documents submitted by the Respondent in addition to the Appeal Notice under paragraph 18 (h) of the Procedure (being the Letter, the two Annexes and the supporting enclosures) the Panel does not believe that the

interests of justice require the standard position in Paragraph 18 (c) of the Procedure to be varied and therefore reject them in their entirety.

- 5.10 The Panel will therefore deal with this Appeal by considering the original evidence submitted to the Expert, the Appeal Notice, and the Complainant's response insofar as it relates to the Appeal Notice. The Panel will not take into consideration the Respondent's Letter, the two Annexes and the supporting enclosures nor the Complainant's response insofar as it relates to those documents.

## **6. FACTUAL BACKGROUND**

### **6.1 Facts**

- 6.1.1 The Respondent was incorporated in England in 1998. It is a broker in the financial services market and specialises in arranging mortgages for the buy-to-let market. In the correspondence referred to below it becomes clear that the prime mover behind the Respondent is Lee Grandin. Henceforth, the Respondent is referred to as 'he' rather than 'it'.
- 6.1.2 The Respondent registered the Domain Name on 3 July 1999.
- 6.1.3 The Complainant was incorporated in England in 2001. It is a hair care product company. Since 2001 it has traded under the name GHD and over the last 4 or 5 years has built GHD into one of the largest and best known brands in its area of business.
- 6.1.4 On 17 February 2005, Chris Holland, an IT consultant acting on behalf of one of the Complainant's authorised distributors, emailed the Respondent asking the Respondent how much he would accept for the Domain Name. On the same day the Respondent indicated that he had sold another three letter domain name for £5,000 and regarded that as a fair price. That line of correspondence stopped there.
- 6.1.5 On 9 June 2005, Chris Holland contacts the Respondent again and asks the same question. The Respondent gives the same answer (i.e. £5,000) and over the next 40 minutes in a rapid fire series of email exchanges Chris Holland tries unsuccessfully to encourage the Respondent in the person of Lee Grandin to drop his price.
- 6.1.6 The evidence before the Panel contains an incomplete email exchange between one Chris Silverwood and the Respondent on 9 September 2005 in which the former appears to have approached the Respondent with an offer for the Domain Name and the Respondent indicates that he will not sell it for less than £5,000.
- 6.1.7 On 11 October 2005 the Respondent (again in the person of Lee Grandin) was engaged in three different sets of email discussions over the Domain Name. First, he wrote to an authorised distributor of the Complainant, Ceramic Hair Irons, and offered the Domain Name for sale to them, inviting offers over £10,000. Secondly, he contacted the Complainant by fax and email indicating

that he was prepared to sell the Domain Name to the Complainant for £15,000. This correspondence finished on 13 October 2005 with the Respondent telling the Complainant that the Complainant could have the Domain Name for £20,000. Thirdly, the Respondent received an email from Chris Holland asking if the Domain Name was still available for sale at £5,000. This line of correspondence eventually terminated on 28 October 2005 (after the Complaint had been filed) with Chris Holland being provoked into directing a deplorable stream of abuse at Lee Grandin following the latter's upping of the price from £5,000 to £10,000 and then £20,000.

- 6.1.8 On 20 October 2005 Michael Bateson of Modern Hairdressing, an authorised distributor of the Complainant, associated with Ceramic Hair Irons, another (?) authorised distributor of the Complainant (see 6.1.7 above), confirms to the Complainant that Chris Holland was acting on his behalf as an IT consultant to obtain the Domain Name.
- 6.1.9 On 24 October 2005 the Complaint is filed and on 28 October 2005 the Respondent emails the Complainant with the news that the Domain Name is not for sale.

## **7. PARTIES' CONTENTIONS**

### **7.1 The Complaint**

- 7.1.1 The Complainant contends that the Complainant has rights in the name or mark GHD, its brand of hair styling products, which it launched in 2001, its year of incorporation. The Complainant produces in support of this contention substantial evidence including a wide range of trade mark registrations.
- 7.1.2 The Complainant contends that its name or mark GHD is identical to the Domain Name (absent the generic domain suffix).
- 7.1.3 The Complainant further contends that in the hands of the Respondent the Domain Name is an Abusive Registration and for two reasons. First, the Respondent registered the Domain Name "primarily ... for the purposes of selling, renting or otherwise transferring it to an entity to whom the Domain Name would be of relevance for a price in excess of his out of pocket expenses". Secondly, the Respondent "is using the Domain Name in a manner which takes unfair advantage of the Complainant's rights by offering to sell the Domain Name to the Complainant and authorised stockists of the Complainant's products for a sum significantly in excess of his out of pocket costs".
- 7.1.4 In support of these contentions the Complainant relies upon a fax sent by the Respondent to the Complainant in October last year offering the name for sale. The Complainant also relies upon the email traffic summarised in section 6 above under 'Factual Background'.
- 7.1.5 In essence the Complainant's contention is that the Respondent registered the Domain Name along with certain other three and four letter domain names

with a view to selling them on at a profit. In due course, the Respondent came to learn of the Complainant's interest in the name or mark GHD and then set out to sell the Domain Name to the Complainant and/or certain of the Complainant's authorised stockists at a profit. The Complainant points to the way in which the Respondent raked the price up as the correspondence progressed.

## **7.2 The Response**

- 7.2.1 The Respondent does not deny the existence of the Complainant's rights, but points out that they were acquired after the Respondent registered the Domain Name.
- 7.2.2 The Respondent denies that he registered the Domain Name for any reason other than to use it for his business. He contends that he registered it to support a brand 'Getta Home Deal', which he was proposing to develop for the benefit of his business. For various reasons there has been a delay in getting his new brand off the ground and in the interim he has been approached by people expressing an interest in purchasing the Domain Name.
- 7.2.3 The Respondent contends that he is not a dealer in domain names, previously only having sold one domain name, 'dnn.co.uk', following an approach a few years ago by Chrysalis Group. He sold them that domain name for £5,000.
- 7.2.4 The Respondent produces emails with a web consultant to show that he has a genuine interest in developing websites under various domain names.
- 7.2.5 The Respondent states that he started out by pricing the Domain Name at £5,000 because it was a domain name for which he had plans and he did not wish to let it go for 'pocket money'. He then decided that it was worth more to his business than that and put the price up. Finally, on the Complainant being 'less committal' he priced the Domain Name at a level "that I was convinced they would not accept".

## **7.3 The Reply**

- 7.3.1 The Complainant does not deny that third parties have previously tried to purchase the Domain Name from the Respondent, but observes that the exhibited correspondence does not make it clear whether or not the Respondent made the first approach. The Complainant further points to certain inconsistencies in the Respondent's story questioning whether it stacks up, particularly in relation to the racking up of the price of the Domain Name.
- 7.3.2 The Complainant points out that the documentation exhibited by the Respondent to demonstrate that the Respondent has a genuine interest in domain names and websites does not relate to the Domain Name.

## **7.4 Respondent's Non-standard Submission**

- 7.4.1 The Respondent produces documentation which he claims shows that his expenses in developing the GHD brand exceed £20,000. He also exhibits the earliest exchange of emails with Chris Holland in February 2005 showing that Chris Holland made the first approach rather than the other way around.

## **7.5 Complainant's Non-standard Response**

- 7.5.1 The Complainant contends that none of the evidence put in by the Respondent purporting to demonstrate his expenses incurred in developing his brand in fact relate to the Domain Name or any website connected to the Domain Name.
- 7.5.2 The Complainant appears to accept that Chris Holland may have approached the Respondent with a view to purchasing the Domain Name, but says that that is irrelevant because there can be no doubt that the Respondent made the first approach to the Complainant and in order to make a substantial profit..

## **8. APPEAL NOTICE AND APPEAL RESPONSE**

### **8.1 Appeal Notice**

- 8.1.1 We have dealt with our exclusion of the annexes to the Appeal Notice and the Letter in section 5 above.
- 8.1.2 In its Appeal Notice, the Respondent states:
- 8.1.2.1 that the Expert failed to point out that the Complainant's trademark rights in "ghd" only extend to certain classes of goods and were not, therefore, exclusive
- 8.1.2.2 that the existence of a celebrity clientele or the winning of awards does not necessarily give rise to rights in a domain name
- 8.1.2.3 that the Expert failed to explain why he found that the Respondent's assertions lacked credibility
- 8.1.2.4 that the Expert failed to find that the Complainant's remarks in certain emails themselves lacked credibility, particularly in relation to its evidence concerning any relationship with Mr. Holland.
- 8.1.2.5 that the Expert was incorrect in asserting that the use of the Domain Name by a supplier or distributor of the Complainant's production would also be likely to infringe the Complainant's trademarks in the absence of any evidence to suggest that this would be the case.

### **8.2 Appeal Response**

8.2.1 The Complainant's substantive response to the admissible parts of the Appeal Notice is as follows:

The Respondent contends that the Expert made an error because winning awards and having a trade mark and celebrity clientele does not give a person a monopoly right to a generic domain name.

Answer: Complainant provided the information referred to in order to show genuine rights in the term "ghd" and an entitlement to bring an action under the Procedure. Respondent misunderstands the nature and effect of this evidence. This creates no basis for an appeal.

Respondent appeals on the basis the Complainant lacks credibility because (a) Complainant, in previous correspondence, stated it was "only interested in purchasing the domain name" but requested a transfer in the Complaint and used the phrase "expressing an interest" in the Response to the Non-Standard Submission; and (b) Respondent believes there is a business relationship between the IT consultant and the Complainant even though the Complainant stated the Complainant "is not, and will not be entering into any business relationship with him".

Answer: Complainant in the Complaint simply chose one of the options available to it when it requested the transfer and any difference between "only interested" and "expressing an interest" does not indicate any lack of credibility on the part of the Complainant.

Respondent himself identifies the entire relationship: the IT consultant has a business relationship with the authorised distributor and the distributor distributes the Complainant's products. The fact the IT consultant handled a transfer of a domain name between the authorised distributor and the Complainant does not create a business relationship between the IT consultant and the Complainant. Complainant does not lack credibility and such an argument creates no basis for an appeal.

Respondent feels the Expert's decision is wrong because the Complainant provided no evidence that the Respondent knew that use of the domain name by an authorised supplier/distributor would likely infringe the Complainant's trade mark rights.

Answer: We give no detail (given the word limit imposed) about trade mark infringement, suffice to say anyone who (without the trade mark owner's permission) uses within the course of trade a sign which is identical with the trade mark in relation to goods and services which are identical with those for which it is registered infringes the trade mark. Prior notice or knowledge is not a requirement. This creates no basis for an appeal."

## **9. DISCUSSION & FINDINGS**

### **9.1**

### **General**

9.1.1 To succeed in this Complaint the Complainant had to prove to the Expert (and now this Panel) pursuant to paragraph 2 of the DRS Policy on the balance of probabilities, first, that it has Rights (as defined in paragraph 1 of the Policy) in respect of a name or mark identical or similar to the Domain Name and, secondly, that the Domain Name, in the hands of the Respondent, is an Abusive Registration (as defined in paragraph 1 of DRS Policy).

### **9.2 Rights**

9.2.1 Paragraph 1 of the Policy defines ‘Rights’ as including, but not being limited to, rights enforceable under English law.

9.2.2 The date at which the Rights must exist is the date of the Complaint.

9.2.3 At the date of the Complaint the Complainant was clearly in possession of rights in its GHD brand.

9.2.4 The Panel finds that the Complainant has Rights in the name or mark, GHD, which is identical to the Domain Name, if, as is appropriate for this purpose, one ignores the generic domain suffix.

### **9.3 Abusive Registration**

9.3.1 The Complainant asserts that the Domain Name is an Abusive Registration on two bases, first that it was registered in a manner which, at the time the registration took place, took unfair advantage of the Complainant’s Rights; and secondly that in seeking to sell the Domain Name at a profit to the Complainant and its authorised distributors it is using the Domain Name in a manner which takes unfair advantage of the Complainant’s Rights. The Respondent’s willingness to sell the Domain Name at prices never less than £5,000 is at the heart of both limbs of the Complainant’s attack on the registration.

9.3.2 As to the first basis of attack, the Complainant claims that although the Complainant’s Rights were not in existence at the time of registration of the Domain Name, the abuse lies in the fact that the Respondent registered the Domain Name with the primary intention of selling it at a profit to “an entity to whom the Domain Name would be of relevance for a price in excess of his out-of-pocket expenses.”

9.3.3 The Panel rejects that argument. That is tantamount to saying that trading in domain names at a profit is an objectionable practice *per se*. For a domain name to constitute an Abusive Registration under the DRS Policy on the basis of the Respondent’s abusive intent at time of registration, the Respondent must at the very least have been aware at the time of the existence of the Complainant’s Rights. That is not this case.

- 9.3.4 As to the second basis of attack, which concerns the Respondent's use of the Domain Name as opposed to the Respondent's intentions at time of registration, the Complainant again relies upon the fact that the Respondent actively tried to sell the Domain Name to the Complainant and its authorised dealers at a profit. The Respondent went to some lengths to attempt to show that the price demanded fairly reflected the Respondent's investment in and around the Domain Name. The Respondent's evidence in that regard was not convincing, notably because the evidence produced appeared to relate to a different "brand" from "ghd" or "Getta Home Deal", and the Panel proposes to deal with this allegation of abusive use of the Domain Name on the footing that when the Respondent realised the value of the Domain Name to the Complainant and its authorised distributors the Respondent sought to extract the maximum available price for the Domain Name.
- 9.3.5 Accordingly, the position is that the Respondent registered the Domain Name 'innocently' in the sense that whether he registered it to use it himself or whether he registered it speculatively knowing that as a three letter domain name it would prove in time to have a high value to someone. He did not have and could not have had the Complainant and its Rights in mind. They did not exist. Now they do exist, the Respondent realises it and seeks to cash in on his good fortune or entrepreneurial skill, as the case may be.
- 9.3.6 Thus far, the Panel can see nothing objectionable in what the Respondent has done. Were it otherwise, domain name dealers could be deprived of their stock in trade by later rights owners simply on the basis that the names in question were being offered for sale at a profit. Were domain name dealing inherently abusive, there might be force in the Complainant's line of argument, but it is not inherently abusive.
- 9.3.7 Does the level of the price demanded affect the issue? No, once it is accepted that domain name trading is not of itself objectionable, the Respondent is free to ask any price he likes and it is up to the Complainant to pay it or not. The Complainant is not compelled to purchase the Domain Name. In so saying, the Panel emphasises that this is not a case covered by paragraph 3(a)(i)A of the DRS Policy. In such cases the level of the price is of course relevant.
- 9.3.8 Can offering the Domain Name to others to put pressure on the Complainant to pay a higher price convert a legitimate registration into an Abusive Registration? Yes, in the view of this Panel, it can. If, for example, the Respondent had deliberately offered it to the Complainant's competitors, people with no conceivable right to the use of the name, people with a motive for disrupting the Complainant's business, the Panel would be likely to have taken the view that this was abusive use of the Domain Name such as to render the registration an Abusive Registration.
- 9.3.9 In this case, however, the bulk of the evidence relating to the Respondent's willingness to sell the Domain Name comes from email exchanges with Chris Holland, who, unbeknownst to the Respondent, was trying to obtain the Domain Name for one of the Complainant's authorised distributors. This

correspondence was started by Chris Holland (not the Respondent) and at no time did Chris Holland disclose the identity of his client to the Respondent.

9.3.10 The only other offer to sell (other than offers to the Complainant itself) is an email dated 11 October 2005 from the Respondent to an authorised distributor of the Complainant, Ceramic Hair Irons, inviting offers over £10,000 for the Domain Name.

9.3.11 This Panel takes the view that the offering for sale of a legitimately registered domain name to someone such as an authorised distributor of the rights owner, who presumably has some rights to use the name in question, but who in any event is in contractual relations with the rights owner is not an abusive act. Certainly, the authorised distributor on behalf of whom Chris Holland was acting did not think so. That distributor had been trying to induce the Respondent to transfer the Domain Name to it for several months.

9.3.12 The Expert took a different view. In considering the position he lumped competitors of the rights owner and authorised distributors of the rights owner into the same bucket:

*“The Expert considers that an attempt to sell or actual sale of a domain name, in which a complainant has established Rights, to a competitor or distributor of that complainant can amount to the taking of unfair advantage of and/or be detrimental to the complainant’s Rights and can amount to an unfair disruption to a complainant’s business. Furthermore, to offer a domain name to competitor(s) and/or distributor(s) and then to approach a complainant and use the price offered by those other parties as a means to drive up the price to a complainant can be abusive.”*

9.3.13 The Panel has distinguished between competitors and authorised distributors for the reasons set out in 9.3.8 and 9.3.11 above. The Expert puts them in the same category for the following reason:

*“The use of a domain name in which a complainant has Rights, by a competitor, would almost certainly infringe the complainant’s trade mark rights. Similarly, use of the Domain Name by a supplier or distributor of the complainant’s products would also be likely to infringe a complainant’s trade mark rights.”*

9.3.14 As very broad general propositions, those two sentences may be correct, although the Panel is of the view that where the distributor is an authorised distributor of the rights owner, there are likely to be many more uses of the rights owner’s name or mark which are not infringements, because they are authorised uses.

9.3.15 The Panel is uncomfortable making a finding of Abusive Registration simply on the basis of trade mark infringement in circumstances where the original registration was legitimate and all that the Respondent is

doing is to get the best possible price by effectively auctioning it off to people whom he quite reasonably believes have a legitimate right to use it. A trade mark lawyer might appreciate that the position may not be quite so simple, but, objectively, to the public at large, offering to sell a domain name to an authorised distributor of the rights owner's products is unlikely to be regarded as an abusive act. In the view of this Panel, so far as the DRS Policy is concerned, when assessing abusive uses of a domain name, the test should be a broad objective test comprehensible to the public at large rather than by reference to the technicalities of the Trade Marks Act.

9.3.16 If what the Respondent has done amounts to trade mark infringement (and the Panel is by no means certain that it does - the UK case law on the subject is largely if not exclusively in relation to domain names which have been registered with abusive intent), the court is the proper forum for determining the issue, not an administrative proceeding under the Nominet DRS.

9.3.17 The Panel is not persuaded on the balance of probabilities that the Domain Name is an Abusive Registration.

## **10. Decision**

10.1 The Panel allows the Appeal, reverses the Expert's decision and directs that no action be taken in respect of the Domain Name, ghd.co.uk.

**Tony Willoughby**

**Kirsten Houghton**

**Chris Tulley**

**21 February, 2006**