

Nominet UK Dispute Resolution Service

DRS 00295

HBOS plc –v– Andy Hodges

Decision of Independent Expert

1. Parties:

Complainant: HBOS plc.
Address: Ms Marina Paul
HBOS plc.
The Mound
Edinburgh
Postcode: EH1 1YZ
Country: GB

Respondent: Mr Andy Hodges
Address: Bircham Dyson Bell
C/O Rosa Spinelli
50 Broadway
Westminster
London
Postcode: SW1H 0BL
Country: GB

2. Domain Name:

hbos.co.uk (“the Domain Name”)

3. Procedural Background:

The Complaint, dated 11 March 2002, was received by Nominet on 13 March 2002. Nominet validated the Complaint, notified the Respondent of the Complaint and informed the Respondent that he had 15 working days within which to lodge a Response. The Response, dated 8 April 2002, was received on 9 April 2002 and forwarded to the Complainant on the same day, with an invitation to make a Reply within 5 working days. The Reply dated 17 April 2002 was received on 18 April 2002. An Informal Mediation process followed, which failed to achieve a settlement. In accordance with Nominet’s rules the Expert has not been shown any of the materials generated during mediation. On 15 April 2002 the Complainant paid Nominet the appropriate fee for a decision of an Expert pursuant to paragraph 6 of the Nominet UK Dispute Resolution Service Policy (“the Policy”).

On 27 May 2002, Martin Campbell-Kelly, the undersigned, (“the Expert”) confirmed to Nominet that he knew of no reason why he could not properly accept the invitation to act as expert in this case and further confirmed 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. Outstanding Formal/Procedural Issues (if any):

None.

5. The Facts:

The Complainant, HBOS plc, is a major financial services company formed as the result of a merger between the Bank of Scotland and Halifax on 10 September 2001. The Complainant registered several domain names incorporating the name “hbosplc” on 25 April 2001. Applications for three UK trade marks were made on 4 May 2001: number 2269313 for a mark consisting of the letters “HBOS”; number 2269314 for a distinctive logo; and number 2269317 for a combination of these two marks.

The Respondent, Andy Hodges, registered the Domain Name, and several other domain names related to a personnel-recruitment business, on 25 April 2001.

A WHOIS query print-out in the paper file before the Expert indicates that the Domain Name hbos.co.uk was registered in the name of the Respondent on 25 April 2001. A print-out of the holding page for the Respondent’s website, gives the name of the business as “Hodges Brassington Office Services”.

On 4 May Joel Smith of the Complainant’s law agent Herbert Smith made e-mail contact with the Respondent expressing an interest in acquiring the Domain Name for Herbert Smith. A subsequent e-mail offered £500. In an e-mail dated 23 May 2001, and bearing the legend “without prejudice”, Joel Smith declared that he was acting for HBOS plc, and made an offer of £2000. After a lapse of several months, on 29 August 2001 Joel Smith e-mailed a “once-only” offer of £5000 for the Domain Name to be accepted by 5:30 pm, 31 August 2001. Hard copies of this e-mail correspondence were supplied as an Annex to the Response.

In a letter dated 23 October 2001 the Respondent (acting through Bircham Dyson Bell) wrote to the Complainant (acting through Joel Smith of Herbert Smith) stating that he had “abandoned plans to set up his own business for the moment, although it may be that in the future he may form his own business and wish to use the [D]omain [N]ame” and offered to sell the Domain Name for £20,000. The Complainant replied on 29 October 2001 with a counter-offer of £2000. The Respondent replied on 21 November declining this offer and formally closed the negotiations. This correspondence was supplied as an Annex to both the Complaint and the Response.

The Complainant subsequently invoked the Nominet UK Dispute Resolution Service.

6. The Parties’ Contentions:

Complainant:

The substance of the Complaint is as follows:

1. The Complainant, HBOS plc, is a firm incorporated in Scotland (company registration number SC218813) as a consequence of a merger between Bank of Scotland and Halifax on 10 September 2001. The Complainant registered trade marks and service marks based on a distinctive logo and the 4-letter acronym "HBOS" on 4 May 2001. The name of the firm, HBOS, was well publicised prior to that date. The Complainant supplied several press cuttings and print-outs of web publications in evidence of the latter claim.
2. The proposed merger was first mentioned in The Herald (a Scottish newspaper) on 25 April 2001.
3. The Respondent has no authorised connection with or authority to use the Domain Name and has not been commonly known by the name HBOS. The Complainant is unaware of the Respondent using the name HBOS except in the Domain Name;
4. The Respondent has not created a website using the Domain Name. The Complainant has found no evidence that the Respondent has set up a working company or traded under the name HBOS or Hodges Brassington Office Services (an investigators' report was annexed to the Complaint in support of this assertion.)
5. The Respondent made an offer to sell the Domain Name to the Complainant for £20,000 on 23 October 2001.
6. Although the Domain Name has not been used, it has the potential to be used and this makes it an Abusive Registration. (DRS case 00203 Cheltenham & Gloucester -v- James Ryder was cited in support of this submission.)
7. The Complainant points to the "issue of coincidence", that the Respondent registered the Domain Name on the same day that the story of the merger was first reported in The Herald.
8. The Complainant submits that:

the Respondent has registered the Domain Name primarily for the purpose of selling the Domain Name for valuable consideration in excess of the Respondent's costs associated with acquiring the Domain Name; and

the Domain Name is confusingly similar to or identical to trade marks and service marks in which the Complainant has Rights.

(ICAA case D2000-0769 CGNU plc-v-Tess Caffrey/WIPPYWOW was cited in support of the latter submission.)

Respondent:

The substance of the Response is as follows:

1. The Respondent resigned from his employment in the personnel recruitment business, effective 1 May 2001, to start up his own e-business in personnel recruitment. The Domain Name was registered on 25 April 2001, along with several other domain names to assist in the plan to create an e-recruitment portal.
2. The Domain Name hbos.co.uk was chosen as a combination of the Respondent's name, "Hodges", the name of his maternal grandmother, "Brassington", and the words "Office Services" indicating a recruitment website. The Respondent therefore claims a legitimate connection with the name HBOS.
3. The 4-letter acronym "HBOS" is used by more organisations than HBOS plc, and therefore HBOS plc cannot claim exclusive Rights.

4. The Respondent had no knowledge of the report on the proposed merger in The Herald on 25 April 2001, and that therefore no unfair advantage was taken of the Complainant.
5. The Complainant had not registered the name HBOS on 25 April 2001, and therefore had no Rights in the name. Moreover, the trade mark was not formally approved until 2 November 2001, when the Respondent had owned the Domain Name for more than 6 months.
6. The Respondent's lack of trading was due to the downturn in "dotcom" companies in spring 2001 making the business too risky. The Respondent intends to develop his recruitment e-business in the future when the prospects are better and he intends to retain the Domain Name for this purpose.
7. The Respondent complains at the failure of the Complainant to disclose in the Complaint the e-mails between the Complainant's solicitors Herbert Smith and the Respondent. The Respondent claims that the e-mails: show the Respondent had no initial desire to sell the Domain Name and only expressed an interest as to the possible market when pressed; were coercive and threatening; and show that the Complainant tried to trick the Respondent into selling the Domain Name to a solicitor instead of a commercial enterprise.
8. The final offer of £5000 for the Domain Name made by the Complainant's law agent had an unreasonable deadline in which the Respondent could accept the offer.
9. The Respondent's only offer to sell the Domain Name (for £20,000) was made in a letter dated 23 October 2001, when the Respondent had decided to postpone his business plans. The offer was not a negotiation on price, but simply to bring matters to a close.
10. The Respondent submits that:

the Complainant did not have Rights in the name HBOS at the time the Domain Name was registered and therefore the Domain Name is not abusive (DRS case 00147 GHI-v-Draper was cited in support of this contention);

the Complainant has provided no substantive evidence of public recognition of the HBOS name other than a bundle of documents published much later than the Domain Name was registered;

the Complainant has submitted no evidence of actual confusion (as defined in paragraph 3.a.ii of the Policy) and therefore the registration cannot be abusive (DRS case 00066 Fiat Spa-v-WDOT was cited in support of this contention);

the Respondent's failure to use the Domain Name is not of itself evidence of an abusive registration (as per paragraph 3b of the Policy);

that the Complainant is committed to the "hbosplc" name and has no real interest in the Domain Name; and

that the public, accustomed to seeing "HBOS plc" is not likely to be confused by the Domain Name.

Complainant's Reply:

The substance of the Complainant's Reply is as follows:

1. The Complainant provided further evidence in the form of press cuttings and print-outs of web publications of use of the name HBOS.
2. The Complainant noted that the Respondent had several other registered domain names for the Respondent's business but had not offered these as a resolution to the dispute.
3. The Complainant reasserted that the Domain Name was likely to cause confusion (DRS case 00073 Jackson-Stops and staff -v- Michael Jackson Stops was cited in support of this assertion, in addition to DRS case 00203 cited in the original Compliant).
4. The Complainant's law agents' e-mail correspondence had not been coercive, threatening or tricky, but was written according to common practice when dealing with potential cybersquatters.
5. The Complainant has a real interest in the Domain Name. The use of "hbosplc" was related to compliance with the Companies Act of 1985 which requires companies to be identified in documentation by their full legal designation. The Complainant also noted that it had registered many more domain names incorporating "HBOS" than HBOSplc".

7. Discussion and Findings:

General

To succeed in this Complaint the Complainant has to prove to the Expert pursuant to paragraph 2 of the 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 the Policy).

Complainant's Rights

The Complainant has supplied evidence that it has Rights in the name HBOS. This evidence included certificates of applications for the registration of trade marks which included the name "HBOS" dated 4 May 2001.

The Respondent has argued that he registered the Domain Name on 25 April 2001, and that the Complainant therefore did not have Rights at the time the registration was made and so the registration cannot be abusive.

The Complainant has referred to the "issue of coincidence" (the Complaint paragraph 7). The Complainant has presented evidence of press coverage of the creation of HBOS plc dating from 25 April 2001, although the first printed reference to the name "HBOS" appears to be about 28 April 2001. This evidence postdates the registration of the Domain Name and hence allows only three possibilities: (1) that the Respondent discovered the name HBOS by some undisclosed means; (2) that the Respondent guessed the name correctly; or (3) that the Respondent registered the name HBOS by coincidence. In the Expert's opinion (1) and (2) are quite possible, but (3) is extremely improbable. Noting that HBOS is not a word in ordinary use, but an acronym, the likelihood of the Respondent registering this particular 4-letter combination as the Domain Name on the same day that HBOS plc registered hbosplc.co.uk and other variants is infinitesimally small.

The Expert therefore accepts that the Respondent took unfair advantage of the Complainant's Rights.

Abusive Registration

A non-exhaustive list of factors, which may be evidence that the Domain Name is an Abusive Registration is set out in paragraph 3a of the Policy.

The Complainant has submitted that “the Respondent has registered the Domain Name primarily for the purpose of selling the Domain Name for valuable consideration in excess of the Respondent’s costs associated with acquiring the Domain Name.” This assertion corresponds to factor 3.a.i(A). The Complainant submits in evidence the fact that in a letter dated 23 October 2001 the Respondent’s legal representative made an offer to sell the Domain Name to the Complainant for £20,000. The Respondent has stated that the Complainant’s evidence was selective and omitted earlier e-mail correspondence with Joel Smith of Herbert Smith, which shows that the Respondent did not make an offer to sell until pressed. The Respondent has further complained of the way in which Mr Smith “tried to trick” the Respondent into selling the Domain Name, and subsequently sending “coercive and later threatening” e-mails. The Expert accepts the Complainant’s reply that these were part of normal negotiations when dealing with potential cybersquatters. The Expert considers these negotiations were fairly conducted between well informed parties.

The Respondent, having rejected offers of up to £5000 for the Domain Name, subsequently offered to sell the Domain Name for £20,000, a sum out of all proportion to the expense or disruption that the Respondent could have incurred in releasing the Domain Name and trading with another. Noting the “issue of coincidence”, the Expert considers that on the balance of probability the Respondent registered the Domain Name primarily for the purpose of selling it for valuable consideration.

With reference to factor 3.a.i(B) (blocking registration), the Expert finds that the Domain Name is a blocking registration, because the Respondent is not using it, has no definite plans to use it, and is thereby preventing the Complainant from using it.

With reference to factor 3.a.i(C) (disruption of the Complainant’s business), the Complainant submits that: “the Domain Name is confusingly similar or identical to trade marks and service marks in which the Complainant has Rights. The Domain Name will be construed as a reference to the Complainant and would be understood as such by consumers and business alike”. There are two issues here: (1) whether an Internet user would expect the Domain Name to take the user to the HBOS plc website; and (2) whether a user would remain confused on arriving at the website. With regard to (1), the Expert believes that the initial guess of an Internet user seeking the HBOS plc website would likely be the Domain Name. With regard to (2), according to the evidence in front of the Expert, the website currently consists of a holding page for Hodges Brassington Office Services. There is no attempt to deceive the user that the website has any connection with HBOS plc, and the acronym HBOS does not appear on the holding page. Hence the Expert finds that the Respondent’s ownership of the Domain Name is slightly disruptive to actual or potential HBOS plc customer users searching for the HBOS plc website, but would not confuse them once they had arrived.

In summary, the Expert finds that: factor 3.a.i(A) applies on the balance of probability; factor 3.a.i(B) applies; and factor 3.a.i(C) applies to a degree. Factors 3.a.ii, 3.a.iii, 3.a.iv have not been alleged.

The Respondent has submitted that, as per the Policy paragraph 3b, the Respondent’s failure to use the Domain Name is not of itself evidence of an abusive registration. This does not negate the factors in paragraph of 3a of the Policy.

Paragraph 4a of the Policy gives a non-exclusive list of factors by which the respondent may demonstrate that the Domain Name is not an Abusive Registration. The Expert now considers each of these factors in turn.

Factors 4.a.i(A) and 4.a.i(C) relate to the use made by the Respondent of the Domain Name. The Respondent has owned the Domain Name for over a year and has not used it or demonstrated any preparations for using it. The Respondent has explained the reasons for this “lack of trading,” but the fact remains that the Domain Name has not been actively used since its registration.

Factor 4.a.i(B) relates to the Respondent’s legitimate connection with the Domain Name. The Respondent claims to have adopted the name HBOS independently of HBOS plc, prior to its actual registration by HBOS plc. This registration took place on 4 May 2001, in a very public way. If the Respondent wished to challenge the Complainant’s Rights in the name HBOS that was the time to do so. The Expert therefore takes the view that the Respondent is not legitimately connected with the name HBOS.

Factor 4.a.ii relates to fair use of a generic or descriptive domain name. Although the name HBOS is used by organizations other than the Complainant, the Domain Name is a simple acronym and cannot be described as generic or descriptive.

The Respondent has offered no other significant factors that might be evidence that the site is non-abusive.

In the view of the Expert, the Respondent has taken unfair advantage of the Complainant’s Rights in two respects:

- 1 The registration prevents the Complainant from using the URL www.hbos.co.uk, which is likely to be the initial guess of an Internet user seeking the Complainant’s website.
- 2 The Respondent could at some time in the future use the Domain Name for purposes detrimental to the Complainant’s business, or could sell it to a competitor or third party for purposes detrimental to the Complainant’s business.

Accordingly, the Expert finds that the Domain Name is an Abusive Registration within the definition of that term in paragraph 1 of the Policy on the basis that it was registered in a manner which, at the time when the registration took place, took unfair advantage of the Complainant’s Rights.

8. Decision:

In light of the foregoing findings, namely that the Complainant has Rights in respect of a name or mark which is the same as the Domain Name and that the Domain Name, in the hands of the Respondent, is an Abusive Registration, the Expert directs that the Domain Name, hbos.co.uk, be transferred to the Complainant.

Martin Campbell-Kelly

Date