

ADMINISTRATIVE PANEL DECISION

Datacap Systems, Inc. v. Domain Admin, XYZ Invest LLC
Case No. D2023-0858

1. The Parties

Complainant is Datacap Systems, Inc., United States of America (“United States”), represented by Ryder Mazzeo & Konieczny LLC, United States.

Respondent is Domain Admin, XYZ Invest LLC, United States, represented by Law Offices of Grant G. Carpenter, United States.

2. The Domain Name and Registrar

The disputed domain name <datacap.com> (the “Domain Name”) is registered with GoDaddy.com, LLC (the “Registrar”).

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on February 24, 2023. On February 27, 2023, the Center transmitted by email to the Registrar a request for registrar verification in connection with the Domain Name. On February 28, 2023, the Registrar transmitted by email to the Center its verification response disclosing registrant and contact information for the disputed domain name which differed from the named Respondent (Domains By Proxy, LLC) and contact information in the Complaint. The Center sent an email to Complainant on February 28, 2023 providing the registrant and contact information disclosed by the Registrar, and inviting Complainant to submit an amendment to the Complaint. Complainant filed an amendment to the Complaint on March 1, 2023.

The Center verified that the Complaint together with the amendment to the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the “Policy” or “UDRP”), the Rules for Uniform Domain Name Dispute Resolution Policy (the “Rules”), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the “Supplemental Rules”).

In accordance with the Rules, paragraphs 2 and 4, the Center formally notified Respondent of the Complaint, and the proceedings commenced on March 13, 2023. In accordance with the Rules, paragraph 5, the due date for Response was April 2, 2023. The Response was filed with the Center on March 30, 2023.

The Center appointed Robert A. Badgley as the sole panelist in this matter on April 18, 2023. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and

Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

4. Factual Background

According to the Complaint, since 1983, Complainant has produced and sold “integrated point-of-sale (‘POS’) terminals marked with DATACAP”. Complainant states that it “has continued to use the mark DATACAP in connection with its POS solutions and payment processing services since that time”.

Annexed to the Complaint are various examples of Complainant’s DATACAP products developed from the 1980s until the present, including the DATACAP 2000 computerized cash register and the DATACAP 6000 payment processing system. Also annexed to the Complaint are various trade publications and other articles referring to Complainant and its DATACAP line of products.

Complainant operates a website at the domain name <datacap.com>.

On October 24, 2022, Complainant filed with the United States Patent and Trademark Office (“USPTO”) an application to register the word mark DATACAP, Application No. 97653283, “Merchant services, namely, payment transaction processing services; Payment processing services, namely, credit card and debit card transaction processing services; Payment verification services”, in International Class 36, with a March 1, 1985 claimed date of first use in commerce. It appears from the record that this trademark application is still pending.

According to Complainant, it was aware that the Domain Name was previously owned by a company named Datacap, Inc., described as “a document capture platform provider acquired by IBM in 2010”. On June 16, 2022, Complainant’s head of marketing notified management that the Domain Name’s registration had expired on May 23, 2022 and that it had been placed in a 30-day holding period before it would be released for purchase. On June 16, 2022, Complainant paid its web service provider, Network Solutions, LLC, to put the Domain Name on back order so Complainant could acquire it. Evidently, Complainant’s efforts to acquire the Domain Name via Network Solutions did not succeed.

The Domain Name was registered on June 25, 2022. According to a declaration submitted by Respondent’s counsel (“GC”):

“Respondent’s primary business is the acquiring, holding for resale, and sale of valuable, generic domain names – especially domain names composed of dictionary word(s). Respondent’s portfolio is very large.”

“At the time the [Domain] Name was registered by Respondent, it was not aware that Datacap, Inc. was the previous registrant of the [Domain] Name. Since Respondent used a ‘drop-catch’ service, Respondent knew that the domain name was previously registered, but it did not know who the previous registrant was. The [Domain] Name was registered solely because it was a highly valuable, short, generic domain name composed of a dictionary word that would appeal to a large number of possible registrants and that would not violate the rights of any third parties.”

On September 20, 2022, Complainant discovered that the Domain Name resolved to a web page containing what Complainant describes as a “link farm” containing hyperlinks to websites of Complainant’s competitors. The hyperlinks included, “Automated Payment Processing” and “Pos Systems.” One such hyperlink led the user to a website operated by a firm called AvidXchange. That web page states: “AvidXchange™ Enables You to Automate, Go Digital and Free Yourself From Manual Workloads.”

The website to which the Domain Name resolved at that time also stated, “This domain may be for sale”.

On September 21, 2022, an agent of Complainant contacted Perfect Domain, the domain name broker used by Respondent, to inquire about purchasing the Domain Name. The asking price was USD 79,999, but Complainant made a smaller offer (undisclosed by Complainant). It was rejected, and the broker stated that

the Domain Name was shorter and more valuable than Complainant's current domain name, <datacapsystems.com>.

That same day, Complainant's agent sent an email stating that Complainant was prepared to file an "arbitration" to recover the Domain Name. The broker responded by email that same day:

"Good luck with that one....Data Cap is a generic term as you already know. It is also the name of many companies who choose to go with the generic term for their brand name. I presume you are one of these companies looking to secure the category defining brand name. Good on you!"

"At this point, since you have made a legal threat I need to ask whether you would like to continue negotiation or do I need to make our counsel aware of your threat, so they can prepare for counter suing."

"By the way if you choose to carry on negotiations in good faith, we have already rejected [the amount offered by Complainant] offers. That being said we are open to proposals and I would to push a case for an interest free payment plan up to 48 months."

On October 5, 2022, Complainant's lawyer sent an inquiry to the broker and asserted that the "link farm" was a bad faith use of the Domain Name.

By letter dated October 6, 2022, Respondent's counsel rejected Complainant's offer to buy the Domain Name and asserted that Complainant was improperly "attempting to reverse domain hijack" the Domain Name. Respondent's counsel questioned Complainant's ability to prove common law trademark rights, given the number of other businesses that use the terms "datacap" or "data cap." Respondent's counsel added: "Further, 'data cap' is a generic phrase with a clear meaning that it applicable to a number of existing goods of services from a number of companies in a number of industries."

On or after October 10, 2022, the hyperlinks were removed from the website to which the Domain Name resolved. The site continued to state that the Domain Name may be available for purchase.

In October and early November 2022, the broker sent a few more emails to various employees of Complainant, seeking to elicit interest in purchasing the Domain Name.

On October 31, 2022, Complainant's counsel sent a letter to Respondent's counsel. In the letter, Complainant asserted that it held common law trademark rights and noted that it had filed a trademark application for DATACAP with the USPTO. Complainant also asserted that Respondent was in bad faith because it was trying to sell the Domain Name at an "exorbitant" price and had been using the Domain Name to link to sites of Complainant's competitors.

On November 9, 2022, Respondent's counsel replied by email to Complainant's counsel. Respondent's counsel said, among other things:

"With regard to the Google AdSense ads that appeared on the domain name -- those ads were chosen and served by Google. My client was only willing to place Google AdSense ads on the domain name because the domain name is generic and does not match any registered trademarks. So, there was no apparent reasonable likelihood that placing Google AdSense ads on the domain name could potentially cause any consumer confusion. And therefore, in context, the use of the Google AdSense ads is not evidence of bad faith use. I'm very confident a UDRP panel would agree."

As noted above, the Complaint in this proceeding followed on February 24, 2023.

Respondent's attorney GC states in his declaration:

"Prior to Complainant submitting lead forms on PerfectDomain.com expressing interest in the [Domain] Name, Respondent had never heard of Complainant and was entirely unaware of Complainant or its business, products or services."

“Respondent has implemented reasonable processes and procedures to ensure that its domain name registrations do not violate the rights of any third parties, including: (a) conducting a search for matching trademarks in the WIPO Global Brand Database and (b) only acquiring the domain name if either (i) there are no matching trademark registrations or brand names or (ii) the domain name is generic and there are so many matching trademark registrations or brand names that no single party maintains the exclusive rights to the string.”

“The process described in the previous paragraph was used for Respondent’s registration of the [Domain] Name and Respondent registered the domain name because the name is composed of a generic, dictionary word and there are so many matching trademark registrations and brand names utilizing ‘datacap’ or ‘data cap’ that no single party maintains the exclusive rights to ‘data cap’.”

Respondent asserts that “data cap” is defined in Collins Dictionary as “a limit imposed on the amount of data that can be transferred to an electronic device,” and that the term is “common enough to warrant its own Wikipedia entry”. Respondent also provides examples of more than ten companies using the terms “datacap” or “data cap” as trademarks around the world.

The GC declaration goes on to state, in connection with the Parties’ dealings:

“I was personally involved in the negotiations with Complainant for the [Domain] Name and the sale of the [Domain] Name to Complainant did not occur because Complainant’s offer was significantly below the market value of the [Domain] Name. It was only a small fraction of the market value. Based on my decade of experience in the business of selling generic domain names composed of dictionary word(s), I estimate the market value of the [Domain] Name at around \$80,000 USD.”

“I am familiar with the PerfectDomain.com domain name sales platform and it does not disclose the identity of sellers to buyers. I have either reviewed all of the communications between Respondent and Complainant and/or was a party to such communications. Complainant never asked who owned the [Domain] Name. Had Complainant asked who owned the [Domain] Name, Respondent would have provided this information.”

With respect to the privacy shield Respondent used when registering the Domain Name, and the parking page containing what Complainant calls a “link farm,” Respondent’s counsel GC states in his declaration:

“Respondent utilizes GoDaddy’s privacy service primarily because that is the default when registering domain name and it is provided for free.”

“The use of parking pages on domain names is very common in the domain name industry for holders of large portfolios of domain names. Company’s parking provider allows users to customize the keywords used for advertisements – which is largely included as a feature to help domain name owners make sure they don’t violate the rights of any third parties.”

“Because the [Domain] Name is a generic and potentially descriptive domain name, Respondent utilized a feature that prevented the page from displaying advertisements related to the word ‘datacap.’ This is why Complainant’s mark was never utilized on the search results or advertisements. This choice was made specifically to avoid any advertisements being displayed that might violate the rights of any third parties.”

“Respondent has implemented additional processes and procedures to ensure that its use of parking pages do not violate the rights of any third parties. Namely, Respondent utilizes the WIPO Global Brand Database to ensure that keyword selections exclude industries in which related trademark holders operate. For example, Respondent ensured that the page did not display any advertisements for condoms because there was a United States trademark application for ‘Datacap’ in the area of condoms.”

“Complainant did not appear in this search of the WIPO Global Brand Database because Complainant had not yet filed their trademark application.”

“Out of an abundance of caution, once Respondent learned of Complainant’s allegations related to the parking page, Respondent immediately removed the parking page from the [Domain] Name.”

5. Parties’ Contentions

A. Complainant

Complainant contends that it has established all three elements required under the Policy for a transfer of the Domain Name. Complainant asserts common law rights in the trademark DATACAP, and asserts that Respondent has registered and used the Domain Name in bad faith by: using it for a site linking to competitors of Complainant, trying to sell it for an “exorbitant” price, and concealing its identity.

B. Respondent

The essential arguments raised by Respondent are captured above in the “Factual Background” section. Respondent also asks the Panel to make a finding of Reverse Domain Name Hijacking against Complainant.

6. Discussion and Findings

Paragraph 4(a) of the Policy lists the three elements which Complainant must satisfy with respect to the Domain Name:

- (i) the Domain Name is identical or confusingly similar to a trademark or service mark in which Complainant has rights; and
- (ii) Respondent has no rights or legitimate interests in respect of the Domain Name; and
- (iii) the Domain Name has been registered and is being used in bad faith.

A. Identical or Confusingly Similar

The Panel concludes that Complainant has (common law) rights in the trademark DATACAP through use demonstrated in the record. The Panel also concludes that the Domain Name is identical to that mark.

Complainant has established Policy paragraph 4(a)(i).

B. Rights or Legitimate Interests

Pursuant to paragraph 4(c) of the Policy, Respondent may establish its rights or legitimate interests in the Domain Name, among other circumstances, by showing any of the following elements:

- (i) before any notice to you [Respondent] of the dispute, your use of, or demonstrable preparations to use, the Domain Name or a name corresponding to the Domain Name in connection with a *bona fide* offering of goods or services; or
- (ii) you [Respondent] (as an individual, business, or other organization) have been commonly known by the Domain Name, even if you have acquired no trademark or service mark rights; or
- (iii) you [Respondent] are making a legitimate noncommercial or fair use of the Domain Name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

The Panel need not consider this element, given its finding below in the “bad faith” discussion.

C. Registered and Used in Bad Faith

Paragraph 4(b) of the Policy provides that the following circumstances, “in particular but without limitation”, are evidence of the registration and use of the Domain Name in “bad faith”:

- (i) circumstances indicating that Respondent has registered or has acquired the Domain Name primarily for the purpose of selling, renting, or otherwise transferring the Domain Name registration to Complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of its documented out of pocket costs directly related to the Domain Name; or
- (ii) that Respondent has registered the Domain Name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that Respondent has engaged in a pattern of such conduct; or
- (iii) that Respondent has registered the Domain Name primarily for the purpose of disrupting the business of a competitor; or
- (iv) that by using the Domain Name, Respondent has intentionally attempted to attract, for commercial gain, Internet users to Respondent’s website or other online location, by creating a likelihood of confusion with Complainant’s mark as to the source, sponsorship, affiliation, or endorsement of Respondent’s website or location or of a product or service on Respondent’s website or location.

The Panel concludes, on this record, that Complainant has failed to prove that Respondent registered the Domain Name in bad faith under the Policy. As such, the Complaint must fail.

As noted above, Respondent admits to have used a “drop-catch” service to acquire the Domain Name, and at the same time flatly denies having had any knowledge of Complainant or its unregistered trademark DATA CAP at the time it registered the Domain Name.

Panels in previous UDRP cases have ruled against respondents who have employed drop-catching services, in part because the very use of such a service means that the respondent knew that it was acquiring a domain name that someone else had previously owned, and that such acquisition was perhaps because of its value as a trademark. Not all drop-catching cases, however, lead to a ruling against the respondent. See, e.g., *Photomaton v. Ehren Scheiberger*, WIPO Case No. [D2022-0593](#) (denying complaint where respondent had made a search, albeit imperfect, for potential conflicting trademarks). As with other issues, each case must be reviewed on its own merits.

In this case, Respondent laid out in detail its standard protocol (as a domainer) for ensuring that its acquisition of domain names does not violate third party trademark rights. It is conceivable that a more rigorous protocol could be followed and adopted – for example ascertaining whether the complainant (a business and brand owner) was the immediate prior registrant of the expired domain name (which to be clear would not have applied here), but the protocol laid out by Respondent does demonstrate some genuine effort to ensure that its acquisition of a potentially attractive domain name – while knowing that it was previously owned by another party – is not violative of the bad faith standards reflected in the UDRP. There is no evidence for example, that the term comprising the mark is uniquely associated with the Complainant. Nor, for example, is there evidence that the price the Domain Name is offered for is such that only the Complainant would realistically be in a position to pay the asking price (versus a hypothetical co-existing small business who could not reasonably be expected to pay a high 5-figure sum as in this case).

As Respondent explained, it acquired this Domain Name, while knowing that someone else had previously held it, because it was short and reflected a term widely used, both by businesses as a trademark, and as a common term in business parlance. Further, as noted above, while it claims use and some renown since as early as 1985, Complainant had no registered trademark for DATACAP at the time Respondent acquired the Domain Name (and, apparently, Complainant still has no such registered mark). As such, Respondent’s standard search procedures did not reveal Complainant and its (common law) trademark.

On the record presented, and while acknowledging that this is a fairly close call, the Panel concludes that Complainant has failed to prove that Respondent registered the Domain Name in bad faith. Because of the foregoing finding, the Panel need not address the issue of alleged bad faith use.

Complainant has not established Policy paragraph 4(a)(iii).

D. Reverse Domain Name Hijacking

Complainant raises a number of points in support of a Panel ruling that Complainant engaged in Reverse Domain Name Hijacking ("RDNH"). The Panel declines to address them point-by-point, largely because, as noted above, this case was not an easy one to decide. The Panel does not believe that this Complaint was filed and pursued in bad faith.

7. Decision

For the foregoing reasons, the Complaint is denied.

/Robert A. Badgley/

Robert A. Badgley

Sole Panelist

Date: May 2, 2023