



Neutral Citation Number: [2012] EWHC 517 (Ch)

Case No: IHC/830/2011

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**  
**ON APPEAL FROM THE PATENTS COUNTY COURT**

Royal Courts of Justice  
Rolls Building, Fetter Lane, London, EC4A 1NL

Date: 07/03/2012

**Before :**

**MR JUSTICE MANN**

-----  
**Between :**

**Michael Toth**

**Claimant/  
Respondent**

**- and -**

**Emirates**

**Defendant/  
Applicant**

**- and -**

**Nominet**

**Intervener**

-----  
**Emma Himsworth** (instructed by **DLA Piper LLP**) for the **Applicant**  
**Jonathan Turner** (instructed by **Hansel Hensen**) for the **Respondent**  
**Philip Roberts** (instructed by **CMS Cameron McKenna LLP**) for the **Intervener**

Hearing dates: 14<sup>th</sup> & 15<sup>th</sup> February 2012  
-----

**Approved Judgment**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

MR JUSTICE MANN

**Mr Justice Mann :**

**Introduction**

1. This is an appeal from a decision of HH Judge Birss QC sitting in the Patents County Court. The action before him concerned a dispute resolution procedure created by Nominet UK, a non-profit making organisation which registers national internet domain names such as those ending “.co.uk.” The claimant, Mr Toth, registered the name “Emirates.co.uk” in 2002. The defendant (“Emirates”) is the well-known airline, based in United Arab Emirates. In 2008 it initiated proceedings under Nominet’s rules in which it complained about Mr Toth’s registration and sought a transfer of the domain name to itself. That went for an expert determination under the rules, and the first expert determined the dispute in favour of Mr Toth. There is an appeal route, and the appeal panel reversed that decision and ordered Mr Toth to transfer the domain names to Emirates. Mr Toth then commenced proceedings in the Patents County Court seeking:
  - (a) a declaration that Emirates has made groundless threats of proceedings for trade mark infringement;
  - (b) a declaration that Mr Toth’s use of his domain name does not infringe certain trade marks;
  - (c) a declaration that “the Domain Name is not an abusive registration in the hands of the Claimant within the meaning of the Nominet Policy properly construed; and”
  - (d) a declaration that the appeal panel decision was not properly reached because of certain questions of bias.

He also claims certain associated injunctions.

2. Emirates applied to strike out the claim on various bases and the matter came before HH Judge Birss QC on 13<sup>th</sup> June 2011. He concentrated on the declarations in relation to abusive registration and the allegedly improper decision. He declined to strike out the first of those two claims, but struck out the second. Emirates appealed from the first of those two decisions, and Mr Toth cross-appealed on the second.
3. This judgment deals only with the first of those appeals. It was agreed that debate on the second could usefully await my decision on this part of the appeal.
4. Emirates originally sought to bring their appeal in the Court of Appeal. Permission was given by Jacob LJ. Nominet then sought to intervene, and directions were given about that by Lewison LJ. Shortly after that it was appreciated that an appeal should in fact have been to the High Court and not the Court of Appeal, and directions were given transferring it to this court. Thus the matter arrived before me with Mr Toth, Emirates and Nominet (as Intervener) all represented by counsel.
5. The issues on this part of the appeal centre around whether the relevant Nominet rules permit Mr Toth to have any form of re-hearing as to whether or not he committed an abusive registration within the meaning of those rules, or whether that question is to

be determined only by the expert (and appeal panel). There are also questions about the court's discretion to grant a declaration.

### **The relevant rules**

6. A person who seeks and obtains a domain name registration with Nominet enters into a contract with Nominet. The relevant terms and conditions of that contract are set out in a document, and the terms relevant to the present appeal are as follows:

“This contract includes the DRS policy, the DRS procedure and the rules. You can get copies of these from our website or from us. Other policies we refer to do not form part of this contract and may change at any time.”

The reference to “DRS policy” and “DRS procedure” are references to two documents which lie at the heart of this appeal, some of whose terms appear hereafter. Other provisions of the main contract are as follows:

“4. You have various responsibilities set out generally in this contract. You must also:...

4.2. Notify us at once about any court proceedings which involve the domain name...

7. By entering into this contract you promise that:...

7.4. by registering or using the domain name in any way, you will not infringe the intellectual property rights (for example, trade marks) of anyone else...

### **The dispute resolution service**

14. You agree to be bound by:

14.1. the DRS Policy and DRS Procedure; and

14.2. if there is a dispute, the version of the DRS Policy and DRS Procedure (available on our website) which applies at the time that proceedings under the dispute resolution start, until the dispute is over.

...

17. We may (but do not have to) transfer, cancel, alter or amend the domain name, put it in a special status or prevent its renewal:...

17.5. to carry out the decision an expert has made under our dispute resolution service; or

17.6. if we receive a complete and valid court order which we or you (or both) must obey, or if not making the changes the court orders would be a contempt of court by us or you.

...

37. This contract is a legally binding document...These conditions together with the rules, DRS Policy and DRS Procedure, are the entire contract between you and us for the domain name, and replace all previous contracts, understandings and representations about this domain name, whether written or spoken."

7. Nominet has always offered a "first come, first served" approach to the allocation of domain names. It carries out no investigation as to the entitlement of any applicant to use the domain name. As case law testifies, disputes are capable of arising where, for example, use of a domain name by A seems to conflict with a trade mark owned by B. Those disputes can be tried in the courts in the normal way (under the court's jurisdiction in relation to trade marks, passing-off and other similar areas of law), but Nominet provides its own procedure for dealing particularly with complaints about domain names. That procedure is set out in a document called "Dispute Resolution Service Policy" ("DRS"), the relevant iteration of which is Version 3 propounded on 29<sup>th</sup> July 2008. This is a core document in the present appeal and I must set out a number of its provisions.

8. Paragraph 1 contains definitions:

"**Abusive registration** 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 used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights;

**Complainant** means a third party who asserts to us the elements set out in paragraph 2 of this Policy and according to the Procedure...

**Decision** means the decision reached by an Expert and where applicable includes the summary decision and decision of an appeal panel;...

**Expert** means the expert we appoint under paragraph 8 of the Procedure...

**Rights** means rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning.”

9. The next paragraph deals with the “Dispute Resolution Service”:

“2a. A Respondent must submit to proceedings under the DRS if a Complainant asserts to us, according to the Procedure, that:

- i. The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and
- ii. The Domain Name in the hands of the Respondent, is an Abusive Registration.

b. The Complainant is required to prove to the Expert that both elements are present on the balance of probabilities...”

10. Paragraphs 3 and 4 indicate various facts and matters which are relevant to the existence or non-existence of an abusive registration. They are a long list. Paragraph 7 deals with the “Appointment of Expert and Summary Decision”:

“7a. If the Respondent has submitted a response...we will notify the Parties that we will appoint an Expert when the Complainant has paid the applicable fees...The Expert will come to a written Decision.”

11. Paragraph 10 is headed “Appeal, repeat complaints and availability of court proceedings” and contains a provision (paragraph 10d) heavily relied on by Mr Jonathan Turner, who appears for Mr Toth. The relevant parts read:

“10a. Either Party will have the right to appeal a Decision under paragraph 18 of the Procedure. The appeal panel will consider appeals on the basis of a full review of the matter and may review procedural matters.

...

d. The operation of the DRS will not prevent either the Complainant or the Respondent from submitting the dispute to a court of competent jurisdiction.

e. If a complaint has reached the Decision stage on a previous occasion it will not be reconsidered (but it may be appealed, see paragraph 10(a) and the Procedure paragraph 18) by an Expert. If the Expert finds that the complaint is a re-submission of an earlier complaint he or she shall reject the complaint without examining it.

...

g. A non-exhaustive list of examples which may be exceptional enough to justify a re-hearing under paragraph 10(f)(iii) include:

i. serious misconduct on the part of the Expert, a Party, witness or lawyer;

ii. false evidence having been offered to the Expert;

iii. the discovery of credible and material evidence which could not have been reasonably foreseen or known for the Complainant to have included it in the evidence in support of the earlier complaint;

iv. a breach of natural justice; and

v. the avoidance of an unconscionable result.”

12. Paragraph 11 deals with the effect of Decisions:

“11. Implementation of expert decisions.

a. If the Expert makes a Decision that a Domain Name registration should be cancelled, suspended, transferred or otherwise amended, we will implement that Decision by making any necessary changes to our domain name register database according to the process set out in paragraph 17 of the Procedure. We will use the details set out in the complaint form unless you specify other details to us in good time.

12. Other action by us.

a. We will not cancel, transfer, activate, de-activate or otherwise change any Domain Name registration except as set out in paragraph 11 above and as provided under paragraph 6.3 or 16 to 19 of our standard terms and conditions of domain name registration.”

13. Last, paragraph 14 provides the modifications to the Policy and Procedure and it permits Nominet to alter both those documents after a process of consultation. Sub-paragraph (b) governs the binding effect of those changes:

“b. The Respondent will be bound by the Policy and Procedure which are current at the time the DRS is commenced until the dispute is concluded.”

14. The procedure is set out in a separate document (described in the DRS and in this judgment as the Procedure). Again, the current version is Version 3, promulgated in July 2008. It contains a number of definitions, including a definition of Abusive Registration, which correspond to the definitions in the DRS. It goes on to provide for procedures. The complaint made by the Complainant is dealt with electronically at all stages. Paragraph 3 provides:

“3. The Complaint.

a. Any person or entity may submit a complaint to us in accordance with the Policy and this Procedure. In exceptional circumstances, we may have to suspend our ability to accept complaints. If so we will post a message to that effect on our website which will indicate when the suspension is likely to be lifted...

c. The Complainant must send the complaint to us using the online electronic forms on our website...The complaint shall:

...

viii. State that the Complainant will submit to the exclusive jurisdiction of the English courts with respect to any legal proceedings seeking to reverse the effect of a Decision requiring the suspension, cancellation, transfer or other amendment to a domain name registration, and that the Complainant agrees that any such legal proceedings will be governed by English law;

ix. Conclude with the following statement followed by the signature of the Complainant or its authorised representative:

‘The Complainant agrees that its claims and remedies concerning the registration of the Domain Name, the dispute, or the dispute’s resolution shall be solely against the Respondent...’

15. Paragraph 9 seeks to provide for the impartiality and independence of the Expert and paragraph 12 deals with the general powers of the Expert. Paragraph 16 provides for his or her Decision:

“16. Expert decision

a. The Expert will decide a complaint on the basis of the Parties’ submissions, the Policy and this Procedure. The Expert may (but will have no obligation to) look at any websites referred to in the Parties’ submissions...

b. Unless exceptional circumstances apply, an expert shall forward his or her Decision to us within fifteen (15) Days of his or her appointment pursuant to paragraph 8. This period includes a period for any peer review of the draft Decision.

c. The Decision shall be in writing and signed, provide the reasons on which it is based, indicate the date on which it was made and identify the name of the Expert...

d. If the Expert concludes that the dispute is not within the scope of paragraph 2 of the Policy, he or she shall state that this

is the case. If, after considering the submissions, the Expert finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking, the Expert shall state this finding in the Decision. If the Complainant is found on three separate occasions within a two-year period to have brought a complaint in bad faith, Nominet will not accept any further complaints from that Complainant for a period of two years.”

16. Paragraph 17 contains further provisions heavily relied on by Mr Turner:

“17. Communication of decision to parties and implementation of Decision.

...

- c. If the Expert makes a Decision that a Domain Name registration should be cancelled, suspended, transferred or otherwise amended, we will implement that Decision by making any necessary changes to our domain name register database after ten (10) Days of the date that the Parties were notified unless during the ten (10) Days following the date that the Parties were notified we receive from either party:
  - i. an appeal or statement of intention to appeal complying with paragraph 18, in which case we will take no further action in respect of the Domain Name until the appeal is concluded; or
  - ii. official documentation showing that the Party has issued and served (or in the case of service outside England and Wales, commenced the process of serving) legal proceedings against the other Party in respect of the Domain Name. In this case we will take no further action in respect of the Domain Name unless we receive:
    - A. evidence which satisfied us that the Parties have reached a settlement; or
    - B. evidence which satisfies us that such proceedings have been dismissed, withdrawn or are otherwise unsuccessful.”

17. Paragraph 18 provides for appeals, and for the expression “Decision” to include the Decision of an appeal panel. I do not need to set out any of paragraph 18’s provisions.

18. Paragraph 20 deals with court proceedings:



“20. Effect of court proceedings.

- a. If legal proceedings relating to a Domain Name are issued in a court of competent jurisdiction or during the course of proceedings under the DRS and are brought to our attention, we will suspend the proceedings pending the outcome of the legal proceedings.
- b. A Party must promptly notify us if it initiates legal proceedings in a court of competent jurisdiction in relating [sic] to a Domain Name during the course of proceedings under the DRS.”

19. Last, paragraph 23 provides, inter alia, that the Respondent is to be bound by the Policy and Procedure current at the time a dispute is initiated.

### **The Parties’ contentions and the decision below**

20. The essence of the case of Emirates was that the court has no role in determining whether something is an “abusive registration”. That is a function given solely to the Expert under the DRS. There is no cause of action known to law, or created by the DRS, upon which Mr Toth can rely, and accordingly the only challenge that he can mount in respect of the issue is a challenge to the actual Expert determination on the sort of grounds set out in, for example, *Nikko Hotels v MEPC* [1991] 2EGLR 103. That is not the basis of Mr Toth’s claim; he wants a re-hearing of the whole issue before the court. It should not be allowed, and it can be seen clearly at this stage that the DRS and the Procedure do not provide room for it. Accordingly his claim for a declaration that he was not guilty of abusive registration ought to be struck out.
21. Mr Toth submitted that he was entitled to maintain his claim. He submitted that the court has jurisdiction to grant a binding declaration of the sort that he seeks, and the declaration would be useful in this case because if it decides the question of abusive registration and declares it in Mr Toth’s favour, then it would lead to the domain name not being transferred. Mr Turner also submitted below that this was not a case in which the expert’s determination was binding and conclusive.
22. The judge below considered the terms of the relevant documents and concluded that it was possible in certain circumstances, even after the expert determination and appeal procedure had come to an end, for the parties to “take some sort of dispute to the court and for that dispute to lead to the conclusion [that] the expert’s determination or the appeal should be overturned as a practical matter.” (Paragraph 34). He considered that a 1999 report of the World Intellectual Property Organisation was of some assistance in understanding Nominet’s Policy, and posed himself the particular question: what is the effect of paragraph 17c of the Procedure? He concluded (paragraph 46) that it was intended to, and does, allow for a de novo review of the decision “as to who owns a domain name in the court”. His decision went on:

“It is, in my judgment, intended to allow a registrant, who is about to lose their domain name because a complainant has won under the administrative procedure run by Nominet, to

come to court for relief, which relief is contemplated to be something which will have the result of stopping the transfer from taking place or saying that it should not take place. In my judgment, the contract neither purports to preclude or limit the court's jurisdiction in any way.

47. There is no term to which I have had my attention drawn which provides in express terms that the determination by the expert or the appeal determination is final or conclusive. In my judgement, clause 17 indicates quite the opposite."

23. He went on to acknowledge that paragraph 17c did not intend to and did not create a new cause of action, but nonetheless the court had a jurisdiction under CPR 40.20 to grant a declaration. He considered that he could not find at that stage that there was no basis on which the court would ever grant a declaration (bearing in mind that he was considering a striking-out application), and considered whether a declaration of the kind sought was capable of being of use to the parties. He seems implicitly to have concluded that it was. In the circumstances, he rejected the strike-out application in relation to the claim for a declaration as to the absence of abusive registration.

### **The arguments on this appeal in outline**

24. On this appeal the parties advanced arguments similar to those advanced below, albeit sometimes slightly tweaked. Miss Himsworth, for Emirates, supported by Nominet, submitted that this was a case in which the parties had agreed a mechanism for the resolution of a dispute, and they should be held to it. This was one of those cases where the parties had entrusted a decision to an expert, and if the expert decision could not be impeached on recognised grounds then it stood and the court had no further role. Whether or not that was the case here is principally a question of the construction of the contract. The question is whether the contract provides a cause of action independently of the dispute resolution mechanism, on which Mr Toth can base a claim to a de novo rehearing of the abusive registration point, and obtain a declaration. The answer is that there is no such cause of action. Nor will a declaration by itself serve any useful purpose, and it is a misuse of the court's jurisdiction to seek to go behind the agreed dispute resolution procedure by seeking one. The Decision was intended to be final and binding. Neither paragraph 17c of the Procedure nor paragraph 10d of the DRS were intended to confer a right to have the dispute tried all over again, and it would be commercially unreal to determine that that was permitted because the whole purpose of the procedure was to provide for a quick and relatively cheap determination of the dispute within it. That would be defeated if the matter could be raised again in court proceedings. All this is said to be sufficiently clear so that it can be decided now, at a strike-out hearing. The matter had been determined by the proper tribunal, and that was that. The judge below misconstrued the terms of the DRS and the Procedure.
25. Mr Roberts for Nominet advanced much the same points. He urged on me that I could and should decide the construction point which he said arose, drawing a parallel with the inclination of the court to decide construction points on summary judgment applications (see the White Book at page 659). Like Miss Himsworth, he challenged extrinsic evidence relied on by Mr Turner, and said it was not admissible, and said I

should find that the claim did not disclose a proper cause of action so far as it sought a re-determination of the abusive registration point. The documents demonstrated that there was not one.

26. Mr Turner sought to uphold the decision of the judge below, save that he did not support the finding apparently made by the judge that Mr Toth was entitled to a de novo hearing. Mr Turner had not been asking him to make a final determination and the judge needed to say no more than that the point was arguable, which was Mr Turner's case below (and before me). So far as the main point was concerned, he first said that the contractual documentation needed to be construed in the light of a factual matrix which included a similar mechanism which operates in relation to disputes about top level domains (such as .com) where (he said) it was apparent that a similar question could be determined both in the dispute tribunal and by the courts. The purpose of the DRS was apparent and intelligible - it was to provide a first determination of the dispute which would become binding if proceedings were not started within 10 days (see paragraph 17c), but would not be binding if they were. This was sensible and had parallels elsewhere in the commercial world - he drew attention to the adjudication procedure in building disputes. The DRS provided for provisional determination, which the figures showed as usually achieving a useful purpose because very few Decisions under the DRS were followed by any form of proceedings. The key provision was paragraph 10d of the DRS, which permitted proceedings, supported by paragraph 17c of the Procedure, and it was the latter provision which gave a bare declaration in favour of a respondent domain name holder a useful function because it would suspend the Decision in perpetuity. Paragraph 20 demonstrated the primacy of court proceedings too.

### **The nature of the underlying application**

27. I remind myself that this is an appeal from a refusal to strike out at which I am myself being invited to strike out a claim. I should only do so if it is plain that the claim cannot succeed, and if it is apparent that no additional material which might be available at the trial might save it. No-one disputed that. However, the issue here is one of construction of the DRS, as will appear. The scope for factual material at a trial in relation to that point is limited to evidence as to the relevant factual matrix. Unless there is reason for thinking that additional factual matrix material might be available (and admissible) at a trial, there is unlikely to be more material at a trial than there was before me (and the judge below). It is to that extent more likely that the court can come to a proper final view on the issues.
28. It is also necessary to make one observation about the nature of the point taken below and in this court. Although all the parties were debating the extent to which Mr Toth is or is not entitled to a de novo hearing, his present pleadings do not clearly state that as a forensic aim. They are couched in terms which criticise the findings and reasoning of the Appeal Panel, which would be irrelevant if what Mr Toth was seeking was a full rehearing of the issue. Nevertheless, despite the pleadings, all parties approached the claim on the footing that it was a de novo hearing that was sought, and I shall deal with that point.

## **The contractual relationships**

29. There was no dispute as to how the contractual relationships work in this case, but it is important to bear them in mind because they go, inter alia, to the disputed topic of factual matrix evidence.
30. The main contract is the contract between Nominet and the registrant (Mr Toth). This is found in 3 documents - the basic contract, and the DRS and the Procedure which are expressly incorporated. It is variable in that the latter two documents can be changed from time to time, and the relevant form of each is determined by the date of the invocation of the dispute mechanism. It is the form then in force that governs the conduct of the dispute.
31. Obviously a person in the position of Emirates is not a party to that contract at the outset. However, he becomes a party when he lodges a complaint under the DRS. At that point there is a tri-partite contractual relationship in relation to the DRS and the Procedure and in relation to the dispute triggered by the complainant. The terms of that contract will be the terms of the then existing DRS and Procedure.
32. It follows from this that the relevant factual matrix is that obtaining at the date of the complaint, though it may have a reference back to the circumstances at the date of the promulgation of the new forms of those two documents. And so far as it is necessary to consider the factual matrix by reference to the understanding and awareness of the parties, it would have to be by reference to the understanding of all three parties.

## **The factual matrix in this case**

33. In 1999 WIPO produced a report on “Internet Domain Name Process”. Under the heading “Court Litigation” it made recommendations about the extent to which a dispute resolution system about such names should exclude resort to national courts. It acknowledged that there was considerable international reluctance to require “any dispute relating to the domain name registration” to be submitted to compulsory arbitration, “at least in the initial stage of the new management of the DNS” (para .138). It therefore said:

“140. It is recommended that any dispute-resolution system, which is an alternative to litigation and to which domain name applicants are required to submit, should not deny the parties to the dispute access to court litigation.”

It went on to recommend (para. 150(iv)):

“As indicated above, the availability of the administrative procedure should not preclude resort to court litigation by a party. In particular, a party should be free to initiate litigation by filing a claim in a competent national court instead of initiating the administrative procedure, if this is the preferred course of action, and should be able to seek a de novo review of

a dispute that has been the subject of the administrative procedure.”

34. These recommendations were made to domain name registrars world-wide.
35. One of the mechanisms set up after that report was the mechanism known as the UDRP. It does not apply in relation to Nominet, but has provisions with some similarities when it comes to the resolution of disputes.
36. Mr Turner relied on these two documents, and on a number of decisions in the US and elsewhere which he said demonstrated that the courts in other jurisdictions have allowed de novo hearings in the courts on the very issue submitted for resolution under the UDRP after a UDRP determination, as being part of the relevant factual matrix. He submitted that they formed the background to the relevant editions of the DRS and the Procedure, and supported his submission that on the true construction of the DRS and Procedure, a Decision under the DRS was provisional only and did not prevent a de novo challenge in the courts.
37. Similar submissions were made below. The judge below declined to rely on the UDRP and certain US decisions under it, but he did give the WIPO report some weight because:

“42 ... [it] must have been one of the things which the people setting the Nominet system would have had in mind. In my judgment it does provide some assistance in understanding Nominet’s policy.”

As will appear below, I do not think that most of the documents actually contain what Mr Turner seeks to get out of them, but in any event I do not think that any of them provide part of the relevant factual matrix. As submitted by Miss Himsworth and Mr Roberts, the contracts in this case were in the nature of a contract which would have a number of adherents from time to time and in relation to which the concept of the background matrix of fact is not going to be of much assistance. In *Sigma Finance Corp* [2010] 1 All ER 571 the Supreme Court was called on to consider the construction of a trust deed which would bind various newcomers from time to time. At page 589g-j Lord Collins SCJ considered this situation:

“37. Consequently, this is not the type of case where the background or matrix of fact is or ought to be relevant, except in the most generalised way. I do not consider, therefore, that there is much assistance to be derived from the principles of interpretation re-stated by Lord Hoffman in the familiar passage in *Investors Compensation Scheme Ltd v West Bromwich Building Society* .... Where a security document secures a number of creditors who have advanced funds over a long period it would be quite wrong to take account of circumstances which are not known to all of them. In this type of case it is the wording of the instrument which is paramount. The instrument must be interpreted as a whole in the light of the commercial intention which may be inferred from the face of the instrument and from the nature of the debtor’s business.

Detailed semantic analysis must give way to business common sense.”

38. The situation in the present matter is similar. The DRS and Procedure will have a number of different adherents on the domain owner side over a period of time, and then a number of different adherents in the form of Complainants. And their terms vary depending on when the dispute started. These factors call for the caution suggested by Lord Collins.
39. However, the point becomes clearer, in my view, when one considers how Mr Turner put his case on this point. He did not rely on material which would be known only to Nominet (and rightly so in my view). He relied on his material as being material which was sufficiently within the relevant knowledge of the other two parties to the DRS. In support of his position Mr Turner relied on well known authority (in each case the emphasis is mine, to point out the words relied on by Mr Turner):

“The principles [of interpretation] may be summarised as follows:

1. Interpretation is the ascertainment of the meaning which the document would convey to a reasonable person having *all the background knowledge which would reasonably have been available to the parties* in the situation in which they were at the time of the contract.

2. The background was famously referred to by Lord Wilberforce as the “matrix of fact”, but this phrase is, if anything, an understated description of what the background may include. Subject to the requirement that it should have been *readily available to the parties* and to the exception mentioned next, it includes absolutely anything which would have affected the way in which the language of the document would have been understood by a reasonable man.”

(*ICS v West Bromwich* at 912H-913A)

“It is the meaning which the instrument would convey to a *reasonable person having all the background knowledge which would reasonably be available to the audience to whom the instrument is addressed ...*”

(*A-G of Belize v Belize Telecom* [2009] 1 WLR at 1993B)

“It is agreed that the question is what a reasonable person *having all the background knowledge which would have been available to the parties* would have understood them to be using the language in the contract to mean.”

(*Chartbrook v Persimmon Homes Ltd* [2009] 1AC 1101 at 1112B)

40. Mr Turner points to the references to knowledge which would reasonably have been available to the parties, and says that that includes knowledge of the WIPO report and the mechanism of the UDRP, including what some of the cases have said about it. While that material might have been available to Nominet (and I would be minded to assume it was) it is at first sight a little remarkable that it should be suggested that it would be available to all those who register domain names at Nominet and all those who initiate disputes about them. Those persons will come from a range of backgrounds, some of them commercial, some of them just consumers. One wonders how it can be said that the knowledge is reasonably available.
41. Mr Turner's answer to that is that the material is available on the internet to one who searches, though he qualified that by saying that the relevant knowledge was confined to that which can be obtained by a person if interested and without reasonable difficulty, or to something that was "readily available". I confess to having difficulty with those modified tests. They are too vague. Is something "readily available" if a likely search will throw up the material on, say, the first 10 pages of a Google search, but not if it only comes up on page 15? And what if it is sometimes higher up the results hierarchy than others (which may well be the case from time to time)? When does something which is actually available to he who searches long enough become "readily" available? And how does a person starting from a position of ignorance know what he is looking for?
42. Faced with some of these difficulties Mr Turner put his case in a further different way. While acknowledging that the relevant inquiry was as to what was known by all three parties, and not just Nominet, he said that it is was the presumed intention of Nominet which governed, but the other contracting parties would know that and would inform themselves of the background knowledge reasonably available which went to that intention. Thus the facts again become part of the factual background shared by all. This, I fear, does not describe the same sort of knowledge as that set out in the three cases referred to above.
43. The question of what is to be treated as knowledge which is readily available for these purposes has been touched on by an Australian decision. In *The Movie Network Channel Pty Ltd v Optus Vision Pty Ltd* [2010] NSWCA 111 the court considered whether a form of actual knowledge was required, and at paragraph 97 McFarlan J said:
- "Consideration of what material was "reasonably available to the parties" may be of assistance in drawing inferences as to what their actual knowledge was but it would be a large step, which is in my view unwarranted upon the present state of the authorities, to impute to the parties knowledge which they did not in fact have. As Optus Vision pointed out, in the age of the internet, the range of material that is "reasonably available" is virtually limitless."
- He went on to confine the relevant knowledge to that which was actually known, or that which was "notorious" in the market, and disclaimed the notion that constructive knowledge (which would be encapsulated by a broad meaning of the reference to reasonableness on the authorities) had any part to play in the inquiry:

“Such an inquiry is different in principle from one about what facts the parties could, or should, have ascertained by making inquiries. The concept of constructive or imputed notice is in my view an alien one in the present context because introduction of that concept here would import the notion that contractual parties have an obligation to obtain knowledge of facts relevant to the construction of their contract. There is no obvious reason why they should have any such obligation and it is unclear what the standard required of the parties would be.”  
(para 100).

44. I respectfully agree. It may be that the notion of facts which are readily available can go so far as to cover facts which the reasonable person would suppose would be known to the contracting parties, whether actually known or not, but that is the farthest that the notion should be taken. Anything more, and particularly a departure into the areas suggested by Mr Turner, would take the dicta much farther than the relevant judges can have intended. In particular, the idea that first the domain name holder (when he contracts with Nominet) and then the Complainant (when he complains) ought somehow to inform themselves of the background to the Nominet arrangements, and in the course of so doing would find the WIPO report and the UDRP (and indeed, on one version of Mr Turner’s submissions, the legal authorities in other jurisdictions which consider the UDRP) does not seem to me to be realistic or in accordance with normal contractual principles.
45. As an additional small point on this, it is to be noted that the main contract between Nominet and the registrant (Mr Toth) bears a Crystal Mark as having been approved by the Plain English Campaign. It would seem to me to be inconsistent with that form of approval that the registrant would be expected to contemplate the DRS having searched the internet, identified and analysed the WIPO report, identified the UDRP and then chased down some case law in foreign jurisdictions. It is not clear that the Crystal Mark attaches to the DRS itself, but the DRS is brought into the contractual framework by the crystal-marked contract, and registrants would be encouraged thereby to think that the material relevant for understanding it is contained in the document itself and not in a series of other documents that can only be found on the internet by conducting searches that the registrant would have to be pretty well informed to be able to frame in the first place.
46. For those reasons, therefore, I do not consider that that material forms part of the relevant factual background against which the DRS and the Procedure fall to be construed.

### **The operation of the DRS and the availability of parallel court proceedings**

47. It is of the essence of Mr Turner’s submission that paragraph 10d of the Policy and paragraph 17c of the Procedure demonstrate that the Expert’s Decision is not binding in such a way as to exclude the possibility of a de novo consideration of the issue by the court. Those provisions certainly contemplate some court proceedings, but it is



necessary to put them into their context in order to consider what those proceedings are.

48. The scheme of the DRS is not a promising start for Mr Turner, because it does not appear that there is any cause of action which could be litigated by either complainant or respondent. Indeed Mr Turner seemed to accept that none was created. There is no free-standing promise by the registrant (Mr Toth) not to indulge in abusive registration which can be enforced as such. The whole concept only comes into play when a complainant actually starts proceedings claiming that it has happened (DRS paragraph 2). The making of the complaint obliges the respondent to submit to proceedings. The DRS then provides for the appointment of an Expert, the reaching of a Decision, and an appeal. The Expert (and the appeal panel) rule on whether there has been abusive registration - they reach a Decision on the matter. They also rule on remedy. It is only those people who can provide for anything to happen if the complaint is substantiated. The whole process from the creation of the basis of complaint through to a determination of what should happen is bound up as one whole, with an expert determination at the heart of it. There is no obligation which a court could enforce, and there is no juridical basis on which the court could grant any remedy that could be granted by the Expert or appeal panel. Thus far it therefore seems that the court can have no role to play in any determination about abusive registration. The contract creates and completely regulates the dispute in such a way as to leave nothing for the court to bite on.
49. Mr Turner's answer to this is twofold. So far as a cause of action is concerned, he was minded to accept that there was not one (in relation to abusive registration) but says he does not need one because he can seek a declaration without one. So far as a role for the court is concerned, it is provided for (or preserved) by paragraphs 10d and 17c.
50. So far as the second of those points is concerned, paragraph 10d is the more promising for Mr Turner. It refers to submitting "the dispute" to the court, and elsewhere the expression "dispute" is apparently used to describe the dispute upon which the Expert is to adjudicate, i.e. the question of whether there has been abusive registration and if so what to do about it. On this line of reasoning the court is somehow empowered to consider the same thing as the Expert would be considering. Paragraph 17c is capable of referring to the same thing, though phrased differently ("legal proceedings ... in respect of the Domain Name"). Coupled with those two paragraphs is the fact (which is correct) that there is no express provision which makes the Expert's Decision final and binding. Other paragraphs anticipate some form of court proceedings - DRS paragraph 13, Procedure paragraphs 3(viii) and 20.
51. However, one has to test the consequences of that construction. If it is right it presents a lopsided state of affairs. Suppose a potential respondent gets wind of the fact that a claim of abusive registration is to be made against him. If Mr Turner is right he has the right to apply to the court immediately for a declaration that he has not been guilty of it. If that were to happen, then any DRS procedures that were subsequently started would be immediately suspended under paragraph 20 of the Procedure. The Complainant would be deprived, for the time being, of the proceedings which the DRS held out to him. On the other hand, the Complainant would have no parallel opportunity to seek a declaration as an alternative to invoking the DRS, because he has no rights at all unless and until he initiates procedures under

paragraph 2; and he would certainly not be able to get any useful relief from the court by somehow relying on the DRS, because on no footing does it appear that the court could order what an Expert could order. In order to get his relief, the Complainant would have to start all over again under the DRS.

52. The defendant's and Nominet's submission is that the reference to "the dispute" in paragraph 10d is an ungainly reference to the general law matters which underpin the DRS complaint. In order to mount a claim under the DRS, the Complainant has to have Rights, that is to say rights under the general law (usually they will be rights under a trade mark or under the law of passing off, but they do not have to be). What paragraph 10d is really talking about is proceedings relating to those rights; it makes it clear that they remain determinable by the courts and are not finally determined by the DRS procedure. It is also proceedings in relation to those rights that are referred to in paragraph 17c and in the other references to proceedings.
53. In order to succeed on this application the defendant has to satisfy me that this point of construction is clear enough that it can be determined on a strike-out application. I have come to the conclusion that it is, and that the defendant and Nominet are right about it, for the following reasons.

(i) The overall mechanism is much more consistent with the conclusion that the question is one for the expert alone. The whole concept of abusive registration has no significance until a complainant complains, and when he does a clear mechanism is provided for dealing with it. No independent cause of action based on "abusive registration" existed before then or is created at that moment. What is created is a question for the expert to decide. That leaves no room for parallel (or consecutive) court proceedings on the point

(ii) Looking at the scheme as a whole, it was apparently intended to create a self-contained dispute resolution mechanism which is closely regulated, cheap, quick and (apparently) efficient. To add a parallel route of applying to court (which I fear would not always attract all those adjectives) would be inimical to the apparent intention of the parties.

(iii) The contrary conclusion produces the lopsided result referred to above.

(iv) The only provision which can be said to point the other way is paragraph 10d. The other provisions of the documents that refer to proceedings are capable of referring to proceedings which relate to the name in other ways - proceedings under the general law such as passing off and trademark cases. In the overall context I do not think that the wording of paragraph 10d is sufficient to displace the strong impression otherwise created by the documents, and despite the fact that it does refer to the "dispute" I think that that should be treated as a reference to those other forms of permitted proceedings. Because they are capable of determining the underlying "Rights" they are capable of impacting on an Expert Decision in that way. That is part of the explanation of the Policy paragraph 3c(viii), which is also explicable as providing for jurisdiction to hear conventionally based challenges to an expert's decision.

54. Mr Turner submitted that his construction made good sense in terms of policy. It was rational, sensible and desirable to have a system which allowed for a provisional decision but permitted a full-blown court determination if either party wanted it. That

enabled the first procedure to be conducted more cheaply, because it would not be necessary to have the sort of “no stone unturned” approach that would be wise if the first procedure were all that one got. I do not doubt the rationality of such an approach, though the alternative approach is, in my view, equally rational. Mr Turner’s policy argument does not, therefore, propel the argument on construction in his direction.

55. I therefore find that the DRS and Procedure put in place a regime in which the question of abusive registration is one for, and only for, the Expert appointed under the DRS. I consider that that is a conclusion to which I can safely come on the material available on the strike-out application, because I have had full argument on the point (with copious authorities) and I do not consider it likely that any additional factual or legal material would be available at a trial which would go to what is a straight point of construction.
56. I am, of course, differing from the judge below. I acknowledge that I have had the benefit of much fuller and more detailed submissions than he apparently had, as well as the assistance of Nominet. His decision turned on paragraph 17c, which I understand to have been the main paragraph relied on below. He concluded that it allowed for a de novo review. I respectfully differ. That particular provision does not allow for any court proceedings. It merely provides for what the effect of proceedings (which are defined broadly as proceedings relating to the Domain Name) is once they are launched. His point can be made more strongly in relation to paragraph 10d; but for the reasons given above it would fail in relation to that too.

### **The factual matrix revisited**

57. I have ruled above that the matters which Mr Turner sought to introduce into the factual matrix did not have the quality of shared knowledge. But in any event, even if they were allowed in they would not demonstrate that which Mr Turner wants to rely on. He says that they demonstrate that there was an intended regime (WIPO’s) and then an actual regime (UDRP) which respectively contemplated and contained dispute resolution procedures which allowed the same point to be taken in the civil courts. I do not consider that they do, or at least not clearly enough to be a clear piece of factual background to that effect which would have been “known” to the parties.
58. So far as the WIPO report is concerned, it is a proposal, but no more than that. It was not some sort of travaux préparatoires for the Nominet documents, and its relevance, if any, would be limited. It is not wholly clear that the civil courts would be dealing with specifically created remedies as opposed to the underlying IP rights. It can also be argued strongly that the way the Nominet procedure has been set up shows that a different technique was adopted, even if one assumes that it means what Mr Turner says it means.
59. Mr Turner then had his cases. Several US cases were drawn to my attention by one or other of the parties - *Sallen v Corinthians Licenciamentos* 273 F 3d 14; *Dan Parisi v Netlearning* 139 F Supp 2d 745; *Dluhos v Strasberg* F 3d 265; *Barcelona.com v*

*Excelentísimo Ayuntamiento de Barcelona* 330 F 3d 617. Even as a lawyer one has to work quite hard to work out what these cases are really saying, but the important point to emerge from them is that, while they were court cases which seemed, at least in part to be considering matters which looked like issues that were raised in UDRP applications, that is because a US statute (the Anti-Cybersquatting and Consumer Protection Act) allows precisely that. There is no equivalent statute in this jurisdiction. The provisions of the UDRP are different from the Nominet provisions too. Other foreign cases including *Tucows v Renner* [2011] OWCA 548 relied on by Mr Turner do not clearly establish a pattern of the sort that he would seek to rely on.

60. It therefore follows that even if Mr Turner had been able to rely on his expansion of the factual matrix, it would not have assisted him because it would not have established the relevant shared knowledge that he sought to establish to strengthen his case as to the meaning of the DRS (and in particular the effect of paragraph 10d). Judge Birss declined to rely on this sort of case law (paragraph 39) and in my view he was right to do so, whether as a guide to construction or as part of the factual matrix.

### **Direction and the declaration sought**

61. Mr Turner sought to get over the fact that the DRS did not apparently create a separate cause of action as such by relying on the jurisdiction of the court to grant declarations as to the existence of a state of fact or law, and the provisions of CPR 40.20. This was the basis on which the judge below held there was jurisdiction to entertain the dispute:

“48. Clause 17(c) is not intending to and does not create new causes of action. For example, a disappointed complainant might bring an infringement case and disappointed applicant or registrant might, if they can, bring a threats action. These provision in this contract are not intended, as I say, to create new legal rights for the parties. It also means, in my judgment, that this contract does not purport to oust the court’s general jurisdiction in relation to declarations, which is governed by CPR part 40 and in particular 40.20. Accordingly, the court has jurisdiction to grant a declaration, in this case, because that is something which rule 40.20 expressly permits the court to do.”

62. Mr Turner acknowledged the caution that needed to be exercised before granting a negative declaration (see e.g. *Arrow Generics v Merck* [2007] FSR 39) and then pointed to *Nokia v Interdigital* [2007] FSR 23 as an example of circumstances in which it was useful and proper to contemplate granting a declaration which technically related to the document of another person but which did not give rise to any cause of action. The document in that case was a 3G mobile phone standard, and Nokia was said to have an interest in having a declaration that some of Interdigital’s patents were not essential for complying with that standard. In the Court of Appeal Jacob LJ held that it had a sufficient interest to enable it to seek such a declaration and that a person did not need to have a claim of right in order to be able to seek a declaration.

“19 I further think the ‘no claim of right point’ is commercially unrealistic. Nokia have a manifest and real commercial interest in a decision of the kind sought. They are “technically infringing” if they are wrong.”

63. At the trial a declaration was granted because the trial judge considered that the declarations would have “practical utility” ([2007] EWHC 3077 (Pat) at para. 134).
64. Mr Turner sought to combine the principles to be extracted from these cases to demonstrate that he could still apply for a declaration. The declaration was juridically sound, and it would serve a useful purpose. It is true that it would not technically reverse the finding of the appeal panel, which would still stand. However, it would serve a useful function in that the “stay”, provided for in paragraph 17c if proceedings were started, would in effect become perpetual because the conditions for removing it (specified by paragraph 17c) could never come about. Thus the requirement to transfer the Domain Name to Emirates would remain suspended for ever.
65. This argument only works for Mr Turner if the contract constituted by the DRS leaves it open to the court to grant a declaration. If it is a contract which leaves the question of abusive registration to the expert (and appeal panel) then the court must decline to grant a declaration, either as a matter of jurisdiction, or as a matter of discretion (it does not matter which). I have already held that that is the effect of the contract, so the declaration route is not open to Mr Toth. In fact, his explanation of how the declaration would work is a further point which supports the case for saying that the DRS does not permit the court a role. To have the court decision operating in such an indirect manner would be a very odd position to put the court in. If it was intended that the court should have a role then one would have expected the contract to be structured so as to give it a more direct one.

## **Conclusion**

66. It follows that I allow this appeal on the question of whether the court can grant the declaration sought. I find it cannot, and that the claim for the declaration falls to be struck out. This probably establishes the need to move on to consider the cross-appeal, and I shall do so on or after the handing down of this decision.