

DISPUTE RESOLUTION SERVICE

DRS 7460

Decision of Independent Expert

Bristan Group Limited

and

Michael Gallagher / Galaco Enterprises Limited

1. The Parties:

Complainant: Bristan Group Limited
Address: 9 - 10 Market Place
London
Postcode: W1W 8AQ
Country: United Kingdom

Respondent: Michael Gallagher / Galaco Enterprises Limited
Address: 140-142 Pogmoor Road
Pogmoor
Barnsley
S Yorks
Postcode: S75 2DX
Country: United Kingdom

2. The Domain Name:

<heritagebathrooms.co.uk> (the "Domain Name")

3. Procedural History:

3.1 The Complaint entered Nominet's system on 12 August 2009. The Complaint was validated under Nominet's dispute resolution service policy (the "Policy") and sent to the Respondent on 13 August 2009.

- 3.2 The letter enclosing a copy of the Complaint informed the Respondent that it should file any Response by no later than 4 September 2009 and a Response was filed on 4 September 2009. The letter enclosing a copy of the Response informed the Complainant that it should file any Reply by no later than 11 September 2009 and a Reply was filed on 11 September 2009.
- 3.3 Mediation not being successful and the Complainant having paid the relevant fee, the Complaint was referred to me. I confirmed that I was not aware of any reason why I could not act as an Independent Expert in this case and I was appointed as such on 23 October 2009.

4. Factual Background

- 4.1 The Complainant is a company registered in England and Wales and is part of the Masco Corporation group of companies. It is one of a number of companies in that group that has traded under the "Heritage Bathrooms" name since October 1994.
- 4.2 The Complainant is the owner of a number of registered trade marks and trade mark applications. The registered trade marks are as follows:
- (i) UK Registered Trade Mark 1397739 dating from 26 September 1989 for the word mark "HERITAGE" in class 11, in relation to inter alia, baths, basins and bathroom suites; and
 - (ii) UK Registered Trade Mark 2122973 dating from 7 February 1997 for the word mark "HERITAGE" in Classes 20 and 21 in relation to, inter alia, bathroom furniture and fittings.
- 4.3 Another company in the Complainant's group, Heritage Bathrooms Limited, is the registrant of the domain name <heritagebathrooms.com>. This is the domain name that would appear to be used by the Complainant and/or other members of the group in respect of "Heritage Bathrooms" branded business activities.
- 4.4 The relationship between the various parties in the Complainant's group is such that it is possible to treat them as if they were the same entity. References to the Complainant throughout the rest of this decision should be understood accordingly (unless the context otherwise requires).
- 4.5 The Domain Name was registered on 14 June 2004. An individual with the name of Mike Gallagher is recorded as the registrant of the Domain Name. He has claimed to be a non-trading individual for the purposes of that registration. However, Mr Gallagher is a director of Galaco Enterprises Limited and all parties appear to accept that the details recorded on the register are incorrect and that it is Galaco Enterprises Limited t/a Select Bathrooms that should be treated as the proper Respondent in these proceedings. This decision also proceeds on that basis.
- 4.6 For some time the Respondent has been a reseller of the Complainant's "Heritage bathroom" products. In early 2007 a dispute arose between the Complainant and the Respondent in relation to the use of the Heritage name

and in particular the Respondent's use of the Domain Name. This led to a letter being sent on 17 May 2007 to the Respondent which read as follows:

"It was good for Gary and I to meet with you last Wednesday 9 May 2007 to discuss the usage of the [Domain Name]. I am pleased that we were able to come to a resolution that is satisfactory to both parties as follows.

As a result of our concern for the use of the Heritage trademark and in particular that there may be a possibility that the end consumer may consider the site to be our own, you agreed that you would produce a page explaining our relationship at the point that your site was entered via the domain name. You agreed that you would produce a draft and forward it on to myself in order that we are in agreement with the content of the "opening page" and that this page continues to appear after accessing the [Domain Name] site then Heritage will cease to pursue you relative to the use of our trademarks.

I was delighted to hear that you have committed to a further four displays in your show room after visiting us at the exhibition at the Docklands earlier this week. Thanks very much for your continued support and business to date."

- 4.7 Between May and October 2007 there was then further email correspondence between the parties as to what form the relevant notice would take. In that correspondence the parties agreed a form of banner to appear on the homepage of the Respondent's website.
- 4.8 Both parties accept that the original letter and/or the subsequent emails resulted in an agreement (the "Agreement") being reached between the parties. However, as will become apparent, the effect of the Agreement and in particular the circumstances in which it might be terminated, are hotly disputed.
- 4.9 On 5 February 2009 the Complainant sent a further letter to the Respondent. That letter referred to the "licence" granted in the 17 May 2007 letter, and purported to give 3 months notice of termination of that licence. It asserted that any use of the Complainant's HERITAGE trade marks subsequent to termination would constitute trade mark infringement.
- 4.10 Since that date there appear to have been some discussions between the parties in which the Complainant offered undisclosed sums of money in return for the transfer of the Domain Name. These offers were rejected by the Respondent.

5. Parties' Contentions

Complaint

- 5.1 The Complainant contends that the Domain Name is identical to (i) its UK trade marks; (ii) certain Community Trade Mark applications; (iii) the "Heritage Bathrooms" name; and (iv) its <heritagebathrooms.com> domain name.

- 5.2 The Complainant denies that the Respondent is known by the Domain Name and asserts that the Domain Name is not being used in accordance with the terms of a licence since the licence granted by the Agreement was terminated.
- 5.3 On the question of termination the Complainant makes reference to the decision of *Staffordshire Area Health Authority v South Staffordshire Waterworks Co* [1978] 3 All ER 769. This is said to be authority for the proposition that there is no presumption of permanence of duration of any type of contract under English common law and that where a contract does not expressly provide for termination a party can terminate it on giving reasonable notice.
- 5.4 The Complainant claims that the Respondent's use of the terms Heritage and Heritage Bathrooms is causing confusion amongst the users of the Respondent's website and that the Respondent is attracting Internet users to the Respondent's website or other online location for commercial gain. It further contends that:
- (i) the Respondent has not acquired either trade mark or service rights in the Domain Name;
 - (ii) the Respondent cannot be commonly said to be known by the Domain Name;
 - (iii) the Domain Name is not being used in good faith; and
 - (iv) the Respondent is not making any legitimate use of the Domain Name without intent to mislead or direct customers and potential customers from the Complainant.
- 5.5 In lights of these factors it asserts that the Domain Name should be considered an abusive registration in accordance with paragraphs 3(a)(i)B (i.e. as a blocking registration) and 3(a)(ii) (i.e. its use has confused or is likely to confuse people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant) of the Policy.
- 5.6 The Complainant further contends that the Respondent's use of the Domain Name involves trade mark infringement of its UK marks and (assuming its Community trade mark applications are successful) its Community marks. It also maintains that the Respondent's use of the Domain Name since termination is contrary to the law of passing off.

Response

- 5.7 In essence, the Respondent contends that Complainant remains bound by the agreement reached between May and October 2007 in relation to the use of the Domain Name. It maintains that this agreement is only terminable for breach (which has not been alleged by the Complainant) and is not terminable on reasonable notice.
- 5.8 Reference is made in this respect to *Chartbrook Ltd v Persimmon Homes Ltd* [2009] UKHL 38, and paragraph 13-027 of *Chitty on Contracts* 30th edition

(2008). It also claims that the *Staffordshire Area Health Authority* case relied upon by the Complainant in fact supports its position that there is no presumption that a contract is terminable and that the onus lies on the party seeking to claim such a power (in this case the Complainant) to show why it should be inferred.

- 5.9 According to the Respondent, each case is to be decided on its facts. It accepts that in many cases where a contract is silent on duration, this exercise will result in the conclusion that there is a right to terminate on reasonable notice. This is said to be particularly likely where ongoing payments are being made. However, in other cases the words used and surrounding circumstances will dictate a different conclusion (citing *Llanelly Railway v LNWR* (1873) LR 7 HL 550).
- 5.10 In the current case, the Respondent contends that the factual matrix points away from such an inference. It claims, inter alia, in this respect that:
- (i) the arrangement reached in correspondence between the parties made provision for future difficulties by allowing the Complainant to revisit the form of the relevant banner; and
 - (ii) the relevant agreement was a settlement agreement and such settlements “are usually expected to be final”.
- 5.11 So far as the requirements of the Policy are concerned, the Respondent accepts that the Complainant is the owner of the trade marks claimed, although it asserts that the validity of the UK marks is “questionable”. It denies that the Domain Name is identical to any of the Complainant’s trade marks, but concedes that the Domain Name is similar to the UK registered trade marks and that this is sufficient to give the Complainant standing to bring a Complaint under the Policy.
- 5.12 The Respondent denies that the Domain Name is a blocking registration, claiming that it registered it for its own commercial use as a reseller. It also denies that the Domain Name has led to confusion on the part of the public, and notes that no evidence of such confusion is enclosed with the Complaint.
- 5.13 The Respondent denies that there is infringement of any of the Complainant’s marks, claiming primarily that its actions were consented to under the Agreement and that in any event its actions are “exempted from infringement” by sections 10(6) and 11(2)(b) of the Trade Marks Act. Passing off is similarly denied.

Reply

- 5.14 In its Reply the Complainant contends that the extract from *Chitty* cited by the Respondent supports its position. In particular it asserts:

“Following *Chitty*, the Complainant agrees with the Respondent that it is important to determine the “common intention” of the parties. However, no evidence has been submitted by the Respondent (at Annex A or elsewhere) that it was the “common intention” of the parties that the May 2007 agreement would not be capable of

termination. The relevant "factual matrix" should consider that the Respondent's construction of the Agreement requires that the Complainant would be, by the Agreement, effectively licensing important rights to use its trade mark to the Respondent in perpetuity. This would be extremely rare and commercially damaging being an extremely onerous term. This is clearly unlikely to be the Complainant's intention unless expressly stated. Licenses of intellectual property rights are of a nature such that they are usually deemed to be (and the Complainant maintains that the Agreement must be considered to be) capable of termination upon reasonable notice. This is consistent with the citations which the Respondent has provided from Chitty."

- 5.15 The Complainant also contends, in response to the Respondent's allegation that there is no evidence of confusion, that there is no need to provide such evidence. However, it exhibits an email chain which is said to provide evidence that there has been confusion by customers. This email is heavily redacted and it is not particularly clear from this material what form this alleged confusion took.

6. Discussions and Findings

- 6.1 To succeed under the Policy, the Complainant must prove on the balance of probabilities, first, that it has Rights in respect of a "name or mark" that is identical or similar to the Domain Name (paragraph 2(a)(i) of the Policy) and second, that the Domain Name is an Abusive Registration in the hands of the Respondent (paragraph 2(a)(ii) of the Policy). The Complainant is required to prove to the Expert that both elements are present on the balance of probabilities (paragraph 2(b) of the Policy).
- 6.2 Abusive Registration is defined in paragraph 1 of the Policy in the following terms:
- "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 took unfair advantage of or was unfairly detrimental to the Complainant 's Rights."
- 6.3 Were it not for the dispute between the parties regarding the status of the Agreement reached between them, this would be a not particularly difficult case to decide. The Respondent rightly accepts that the Domain Name is sufficiently similar to the Complainant's United Kingdom trade marks to give the Complainant standing to commence these proceedings. The Complainant satisfies the requirement of paragraph 2(a)(i) of the Policy.
- 6.4 Whilst this is not an entirely uncontroversial conclusion, I am also of the view that, in the absence of any agreement or consent by the Complainant as to the use of the Domain Name, this would be a case of abusive registration

within the scope of paragraph 2(a)(ii) of the Policy. The Respondent is, or at least has been, a reseller of the Complainant's products and has for this purpose been using a Domain Name that comprises the HERITAGE mark in combination with the word "Bathrooms", which is descriptive of the Complainant's products. The issue of whether or not a reseller can legitimately use a domain name that incorporates the mark of a product that it sells (and contains no additional distinguishing term) is one that was considered by a Nominet Appeal panel back in 2002 in *Seiko UK Limited v Wanderweb* DRS 00248.

6.5 Recently in *Björn Borg Brands v Giorgio Timarco* DRS 6806 I commented both on the *Seiko* decision and more generally on the issue of reseller use as follows:

"6.8 In *Seiko UK Limited v Wanderweb* DRS 00248 the respondent registered, inter alia, the domain name <seiko-shop.co.uk>, which it used to sell genuine Seiko products. Nevertheless the Appeal Panel in that case held that the registration was abusive. Further, in *Hanna-Barbera Productions, Inc -v- Graeme Hay* DRS 00389 the registration <scoobydoo.co.uk> was held to be abusive where the domain name was registered and used in connection with an unofficial fan website.

6.9 These were the first two Appeals under the Nominet system and there are aspects of the reasoning in each of these decisions that have been subject of further discussion and debate (for example, the section 60 analogy in the *Seiko* decision). Nevertheless, in my view the outcome in each of these cases was correct.

6.10 In each case the domain name either comprised the entirety of another's mark or that mark with some non-distinguishing addition. Therefore, essentially these were both cases of impersonation. The registrant had sought to take advantage of the reputation of the relevant mark to draw internet users who thought that the domain name was operated by, or otherwise officially associated with, the trade mark owner to the registrant's website. Registration and use of a domain name with the intent of taking advantage of that "initial interest confusion" was sufficient for the registration to be abusive under the Policy even if when the internet user reached the website it became clear that it was operated by some "unauthorised" entity."

6.6 Although the evidence of actual confusion provided by the Complainant as an exhibit to the Reply is less than compelling, for the reasons I gave in *Björn Borg Brands* it does not actually matter in the present case. I am satisfied that (subject to the question of whether the use was authorised by the Complainant) the Complainant has shown sufficient "circumstances indicating" relevant confusion for the purposes of 3(a)(ii) of the Policy.

6.7 The screenshots from the Complainant's website also suggest that the Complainant also may offer for sale other branded products on the website operating from the Domain Name. This has not been expressly alleged by the Complainant in the Complaint and therefore I decline to make any finding on this point. However, if this is occurring, then such activity, in the absence of agreement from the owner of the mark, would be a clear cut case of abusive use within the scope of 3(a)(ii) of the Policy.

- 6.8 However, the existence of any agreement in which the Complainant has consented to the Respondent's use, would radically change that assessment. Use of another's trade mark in a domain name with the trade mark owners consent cannot involve an abusive registration. A use cannot take "unfair advantage" or be "unfairly detrimental" to a complainant's rights, if the complainant has agreed to that activity.
- 6.9 Both parties also make various allegations and counter allegations in their submissions as to whether the Respondent's actions constitute trade mark infringement or passing off. Neither takes the discussion of abusive use much further.
- 6.10 First, as a matter of trade mark and passing off law, if there has been consent to the relevant use, that is likely to provide a complete answer to the allegations of infringement.
- 6.11 Second, and more fundamentally, rarely are such arguments particularly useful so far as the Policy is concerned. In *Seiko* the Appeal panel stated:

"The question of trade mark infringement is, as both parties (and the Expert) agree, one for the courts to decide. The question of abusiveness is for the Expert to decide. The two jurisdictions co-exist alongside each other, and no doubt there will be considerable overlap. However there may well be factual scenarios in which an abusive registration under the Policy would not be an infringement of trade mark under the 1994 Act, and where an infringement of trade mark under the 1994 Act would not be an abusive registration under the Policy. The safest course for parties and Experts is simply to address the terms of the Policy."

The Appeal Panel in *C.I.V.C. (Comité Interprofessionnel du Vin de Champagne) v Steven Terence Jackson DRS 4479* endorsed these comments and suggested that they applied with equal force to claims of passing off.

- 6.12 So ultimately the outcome of this case turns upon which of the parties is right when it comes to the status of the Agreement and in particular whether it was terminated by reason of the Complainant's February 2009 letter. Therefore, I am essentially being asked to determine a contractual dispute between the parties.
- 6.13 The question of whether or not experts can and should decide contractual disputes is one which has been the subject of some debate in many decisions under the Policy. On the one hand, the Policy was not intended to provide a general mechanism to resolve all disputes relating to domain names, but merely to provide a remedy in respect of certain types of abusive use. On the other hand, there are aspects of the Policy which suggest that at times an expert can and should make contractual judgments (for example paragraph 4(a)(iii) of the Policy expressly requires an expert to form a judgment on whether the holding of a domain name is consistent with an express term of a written agreement).

- 6.14 As a consequence, generally the approach of experts under the Policy has been to approach such questions with some caution. In appropriate cases experts have been prepared to decide contractual questions but if the issue was legally complex or the facts uncertain, the tendency has been to leave the issue to be determined by the courts.
- 6.15 The issue was also considered at some length by the Appeal Panel in *David Munro v Celtic.com Inc* DRS 4362. The contractual dispute in that case was somewhat different to that currently before me. In particular, the complaint was based upon a claim that the respondent had failed to transfer a domain name pursuant to a contractual agreement. This in itself raised a number of difficult questions under the Policy (such as whether a contractual claim is a sufficient right for the purposes of the Policy) that are not issues in the present case.
- 6.16 Nevertheless, in *David Munro* the Panel made the following comments about contractual claims that are arguably of relevance in the present case:

“The members of the Panel consider that the parties in this case may well have entered into a contract in respect of the Domain Name so that in refusing to transfer the Domain Name to the Complainant the Respondent is in breach of contract. But the members of the Panel each recognise that they were not appointed as experts in the law of contract. This Panel happens to comprise three experienced Intellectual Property lawyers. Their experience outside that specialist field is variable. A significant minority of the body of Experts are not lawyers at all.

Although it may be said that at first sight the contractual issues in the case are apparently straightforward, the dispute between the Complainant and the Respondent has raised a number of contested legal issues. These concern questions such as jurisdiction, was a binding and enforceable contract entered into, where was any contract made, what is the proper law of the contract, what are the terms of any contract, and what statutory provisions might govern the enforceability of the contract.

The members of the Panel are not in a position to come to a clear view on the contractual issues. The Panel is well aware that other Experts will be at least as uncomfortable on the topic. Had Nominet contemplated that pure, possibly complex, contractual disputes would fall to be resolved under the Policy, its system for selecting and appointing Experts to cases would have been very different and the procedure for dealing with the disputes more comprehensive than the simple paper-based system it is.”

- 6.17 I therefore read this decision as suggesting that whilst it is open to me to construe a contract in any decision under the Policy, I should be wary of doing so if the case raises a substantial question of contractual interpretation. Only in a case where I have formed a “clear view” on a contractual issue would it be appropriate for me to decide a case on that basis. Even then, if it is likely that a significant number of my fellow experts (some of which are without formal legal training) would not consider the answer to be of equal clarity, it may be that I should still decline to decide that question.

- 6.18 Paragraph 10(c) of the Policy states that Appeal decisions “do not have precedent value, but will be of persuasive value to Experts in future decisions”. As I stated in *Oasis Stores Limited v J Dale* DRS 6365, in my view that persuasive value is a high one. Where it is clear that an Appeal Panel has considered in depth a difficult issue under the Policy, a single expert should be reluctant to depart from that decision, even if he might have decided the case in a different manner. Due weight needs to be paid to the fact that experts should aim at consistency between expert decisions.
- 6.19 In the present case I have ultimately come to the conclusion that the present case is not sufficiently clear cut in the sense described in the *David Munro* decision. I accept the Respondent’s contention that the question of whether or not the Agreement is capable of termination is one of construction (see *Chitty on Contracts*, 30th Edition, para 13-027) and that as Lord Hoffman stated in *Chartbeook Ltd v Persimmon Homes Ltd* [2009] UKHL 38 the test 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”.
- 6.20 Given this, I am far from certain that I am in possession of all the relevant background knowledge in this case. For example, the exact circumstances that led to the Complainant’s letter of 17 May 2007 are far from clear.
- 6.21 Even if I am wrong in this respect and I am in possession of sufficient knowledge clearly to decide the contractual interpretation issue, I am doubtful whether this would actually assist the Complainant. I accept the Respondent’s contention that it is for the Complainant to show why a right to terminate should be inferred. In the words of Goff LJ in the *Staffs Health Authority* case relied upon by both parties:
- “Therefore [the party claiming that there is a power to terminate] have to show, and the onus is on them, why, there being no express power to determine this agreement, one should be inferred, but there is no presumption either way; the onus is not the heavy one of rebutting a presumption to the contrary. This being so, one has to consider the surrounding circumstances as well as what the parties have said or left unsaid in the agreement itself” ([1978] 3 All ER p 778 j to 779 a).
- 6.22 In my view the Complainant has failed to satisfy even that minimum onus described in the *Staffs Health Authority* case.
- 6.23 Also, so far as I can tell, the letter of 17 May 2007 was part of a settlement of some pre-existing dispute in relation to the use of the Domain Name. If so, the Respondent’s argument that the Complainant’s consent as to future use of the Domain Name could not be arbitrarily withdrawn, strikes me as a persuasive one.
- 6.24 The Complainant contends that since the Agreement involves an intellectual property licence, then this points away from a finding that the Agreement is not capable of termination. I am prepared to accept that so far as many commercial licences of intellectual property rights are concerned, one would expect the licence to be terminable. They will often provide for exploitation of the licensor’s rights as part of an ongoing commercial relationship where

neither party would expect that relationship to be perpetual. Further such agreements will often provide for the payment of ongoing periodic licence fees. As was discussed by Goff LJ in the *Staffs Health Authority* case, and as the Respondent accepts, the payment of ongoing fees is a factor that suggests that an agreement is not perpetual.

- 6.25 However, I do not accept that merely because an agreement contains a licence element, then this *per se* suggests the agreement is terminable. It all depends on the facts. In this case the fact that the licence appears to form part of a settlement agreement is significant. For example, it is not uncommon in co-existence agreements settling intellectual property disputes for one party to grant a licence to the other that is essentially perpetual.
- 6.26 I am not going so far as accepting the Respondent's contention that breach of contractual terms might be the only good ground for termination of the Agreement. There may well be others. For example, at first sight it seems probable (although it is important to record that there was no evidence or argument before me on this issue) that the Agreement would be terminable if the website operating from that Domain Name ceased to promote the Complainant's products. It seems reasonably clear that the licence granted was in the context of the Respondent's reseller activities. These activities are, for example, expressly mentioned in the letter of 17 May 2007. However, for present purposes the point is that the Complainant alleges no breach of the Agreement or any change of pertinent circumstances that would justify termination. It merely has argued that it is, without more, contractually entitled to terminate the Agreement on reasonable notice.
- 6.27 In conclusion, ultimately I am of the view that these issues are better determined in a court than through the medium of the proceedings under the Policy. Even if it were appropriate to decide this question under the Policy, I am of the view that the Complainant has failed to make out its position that the Agreement was capable of being and has been validly terminated.
- 6.28 Since the Complainant has failed to satisfy me that the Agreement was terminated in this case, it necessary follows that the Complainant has failed to make out its case of abusive registration within the meaning of paragraph 2(a)(ii) of the Policy. As a consequence, the Complaint must fail.

7. Decision

- 7.1 For the reasons set out above, the Complaint is dismissed.

Signed: Matthew Harris

Dated

2nd November 2009