

DISPUTE RESOLUTION SERVICE

D00007906

Decision of Independent Expert

RED TIGER KARATE LIMITED

and

Melissa Drain

1. The Parties:

Complainant: Red Tiger Karate Limited
39 Moorside Road
Tottington
Bury
Lancashire
BL8 3HP
United Kingdom

Complainant's
Representative: Messrs. Clough & Willis
Solicitors
2 Manchester Road
Bury
Lancashire
BL9 0DT
United Kingdom

Respondent: Melissa Drain
45 Aldermoor Close
Manchester
Greater Manchester
M11 1GF
United Kingdom

2. The Domain Name(s):

redtigerkarate.co.uk

3. Procedural History:

- 22/01/2010 Complaint received
- 25/01/2010 Complaint validated
- 25/01/2010 Complaint forwarded to Respondent
- 11/02/2010 Response received
- 11/02/2010 Response forwarded to Complainant
- 24/02/2010 Reply received
- 26/02/2010 Reply forwarded to Complainant
- 01/03/2010 Commencement of mediation
- 27/03/2010 End of mediation phase (no mediated settlement)
- 9/06/2010 Fees for Expert Decision received
- 16/06/2010 Appointment of Expert

4. Factual Background

- 4.1 The Respondent and the promoter of the Complainant, a Mr. Wolstencroft, and others established the Red Tiger Karate Club in Manchester in June 2007 (the Club). The Respondent and Mr. Wolstencroft were Karate instructors with the Club from its inception until September 2009. The Complainant was incorporated in June 2009 by Mr. Wolstencroft.
- 4.2 The Domain Name was registered on 25 May 2007, by Cobra Martial Arts Association (CMAA) and directed to a website at redtigerkarate.net from June 2007 to September 2009. That Website was used for Club purposes (Club Website). On 30 March 2009 the CMAA transferred the Domain Name to the Respondent.
- 4.3 In or about September 2009, the Respondent and other instructors left the Club. As at 24 June 2010, the Domain Name resolved to a message posted by the Respondent on the Club Website advising of classes taught by the Respondent and other instructors under the name Cobra Karate.

5. Parties' Contentions

Complainant

- 5.1 The Complainant says it has rights in a name or mark identical or similar to the Domain Name and in the hands of the Respondent, the Domain Name is an Abusive Registration.

5.2. As to Rights, the Complainant says it has Rights at common law as follows:

- 5.2.1 Mr. Wolstencroft traded personally under the name Red Tiger Karate from June 2007 to June 2009 for profit and earned income by charging students for Karate lessons. 2007 Bank statements in the name of Red Tiger Karate addressed to Mr. Wolstencroft evidence this. In June 2008 the name Red Tiger Karate was registered to Mr. Wolstencroft under the Business Names Act 1985.
- 5.2.2 The Domain Name was registered in 2007 at Mr. Wolstencroft's request by CMAA, the Karate supporting organisation. CMAA agreed that the Domain Name would be transferred to Mr. Wolstencroft in the future and allowed him to use the Domain Name.
- 5.2.3 The Respondent worked for Mr. Wolstencroft from June 2006 as a Karate instructor. She also maintained the Club Website and she was paid £1,200 for the redesign of the Club Website in 2008, which she then used in her online portfolio. The Domain Name resolved to the Club Website which listed times and locations of lessons. The Domain Name is given on all the literature and marketing material of the Complainant.
- 5.2.4 On 8 June 2009, the Complainant was incorporated and acquired all rights in the business of Mr. Wolstencroft.

5.3 As to Abusive Registration, the Complainant says:

- 5.3.1 In 2009, the Respondent acting on behalf of and at the request of the Complainant arranged for a transfer of the Domain Name from CMAA to the Respondent.
- 5.3.2 In September 2009, a dispute arose between the Respondent and Mr. Wolstencroft and on 19 September 2009, the Respondent terminated their relationship. On or about October 2009, the Respondent posted a message on the Club Website about the breakdown in relations and advised that the Respondent and other former Red Tiger Karate Club instructors were now operating under the name Cobra Karate with information on its classes. This is damaging and unfairly disruptive to the Complainant as the Complainant is unable to use the site for its own classes, the text is critical of the Complainant and invites the Complainant's students to train with the Respondent.
- 5.3.3 The Respondent acquired the Domain Name while acting for/under the instructions of the Complainant and has wrongfully retained it after the Complainant's Solicitors requested the transfer of the Domain Name from the Respondent by letter of 5 October 2009.

Response

- 5.4. The Respondent says she has used the Domain Name in connection with a genuine offering of services since 2007 in connection Karate classes she taught and the website she created.
 - 5.4.1 The Respondent says she and Mr. Wolstencroft were involved with two earlier Karate clubs, the Respondent as a volunteer instructor while Mr.

Wolstencroft earned some income from his Karate instruction. Thereafter the Respondent and Mr. Wolstencroft and other volunteer instructors together began operating under the Red Tiger name and were assisted by CMAA in setting up the Club.

- 5.4.2 The Respondent prepared leaflets and flyers and the Club Website and registered the .net and .org domains and littletigerkarate.co.uk and CMAA registered and then forwarded the Domain Name to the Club Website. The Respondent also created an online marketing campaign which attracted many students to the Club by search engine rankings and established an online Karate equipment store. The Respondent says she did this for herself and for the other 8 volunteer instructors and not for Mr. Wolstencroft.
- 5.4.3 The Respondent says she has never been employed by Mr. Wolstencroft, the Club or the Complainant and taught all her classes for the Club as a volunteer. Fees from the classes and those of some of the 8 other volunteer instructors went to Mr. Wolstencroft. The Respondent denies she was paid £1,200 for the 2008 Club Website redesign and relies on emails sent on behalf of the Complainant in 2009 offering to pay her. The Respondent says she also helped set up the Complainant and advised in June 2009 on protecting “our logo” as referred to in her contemporaneous emails. The Respondent says the Domain Name was never used in her design portfolio and that the Club Website design was removed from her portfolio. She owns the copyright in the Club Website design and logo.
- 5.4.4 In March 2009, the Respondent took on additional classes and decided to charge for Karate lessons and set up a business bank account in the name Red Tiger Karate UK, evidenced by a bank account statement. In August 2009, teaching Karate became her primary occupation.
- 5.5 The Respondent relies on the above and says she has been commonly known by the name Red Tiger Karate since 2007 and implemented the name, mark and brand and taught under it, from March 2009 as a sole trader.
- 5.6 The Domain Name is generic or descriptive of the internationally recognized emblem of Shotokan Karate, the Red Tiger or the ‘Tora no Maki’ symbol and is used by hundreds of clubs in the UK and thousands around the world.
- 5.7 The Respondent made legitimate non-commercial use of the Domain Name as a volunteer instructor and her use of it to criticise the Complainant is fair use. The Respondent says the statement now posted on the Club Website is her opinion and has been replaced by a holding page. The messages as to classes were for her students advising of class details.
- 5.8 The Respondent relies on the above and says the Complainant has not used the Domain Name exclusively as it was also used by CMAA and the Complainant did not pay for its registration or renewal and the Respondent holds it by written agreement of transfer. The Respondent denies she obtained the transfer from CMAA on behalf of the Complainant.
- 5.8.1 The Respondent relies on a letter from Mr. Morrell in support of her Response wherein he confirms that under a written term applicable to the

relationship between CMAA and the Club, the Domain Name would remain the property of CMAA and on leaving the association, the Domain Name would redirect to CMAA.¹ Mr. Morrell also says the logo was also provided by CMAA. Mr. Morrell says no request for the Domain Name was made when the Club left the Association and the Domain Name was redirected to CMAA.

- 5.8.2 Mr. Morrell says he renewed the Domain Name in 2009 as it might have been wanted by some of the other clubs practising Shotokan Karate.
- 5.8.3 Mr. Morrell says that the Respondent told him Mr. Wolstencroft had asked her to buy the Domain Name from CMAA at cost but Mr. Morrell decided to transfer it to the Respondent in her personal capacity for her personal benefit.
- 5.9 The Respondent says she would consider selling the Domain Name to the Complainant for a price that would fairly represent all her teaching and design, branding and marketing work plus compensation for harassment and intimidation she suffered from the Complainant (and reported to the Police).
- 5.10 The Respondent denies she obtained the transfer of the Domain Name for the purpose of disrupting the Complainant's business. The Respondent says she proposes to use the Domain Name in future as an online community or an ecommerce store and says the Complainant is currently using the domain name redtigerkarateclub.co.uk and refers to a newsletter advising that the Club has a brand new website at that domain and no longer has access to the old site.

The Reply

- 5.11 The Reply draws attention to points in the Response and characterises them as notable or as admissions and reasserts and restates points from the Complaint. Much of this is not properly in Reply or new and I regard most of it as inadmissible pursuant to §6b of the Procedure, with the exception of the point below.
- 5.12 The Complainant says in Reply that the offer in the Response to sell the Domain Name at a price in excess of out of pocket costs is evidence of Abusive Registration.

13(a) Request for Information

- 5.13 On 22 June 2010 I made a request to the parties for the following information and documents under 13(a) of the Procedure:
 - (1) The contract/terms between the Red Tiger Karate Club and the Cobra Martial Arts Association during their relationship.

¹ The Clause reads "Website domain names registered by the C.M.A.A. remain the property of the C.M.A.A. at all times. Registration and renewal fees will be invoiced to the club using the domain name at the time the monies become due. In the event that the club fails to pay the fees, leaves the C.M.A.A. or has membership revoked the domain name will be re-directed to the C.M.A.A. site as per the above statement."

- (2) The date on which the Red Tiger Karate Club ceased to be formally associated with/accredited by the Cobra Martial Arts Association.
 - (3) The dates on which the Domain Name was directed to the Cobra Martial Arts Association's website, if any.
 - (4) The Red Tiger Karate Club's membership rules/rules/terms applicable to members/students/instructors from June 2007 to date.
- 5.14 On 23 June 2010, the Complainant advised that as to (1) and (4) there were no such terms. As to (2) Mr. Wolstencroft had purchased licenses and Instructor insurance through CMAA and submitted students to CMAA for black-belt ratification by CMAA until June/July 2007. As to (3) after September 2009, the Respondent linked the Domain Name to CMAA's site.
- 5.15 On 25 June 2010, the Respondent submitted an answer and an email from CMAA. The salient points are: (1) the Respondent does not have terms as between the CMAA and the Club but refers to the email from Mr. Morrell; (2) the Club ceased its connection to the CMAA at the end of November 2007; (3) there was a two week period when the Domain Name was directed to the CMAA site; (4) the Respondent is not aware of any terms or rules pertaining to the Club or its instructors.

6. Discussions and Findings

General

- 6.1 The DRS is designed as a fast, simple alternative to litigation. The starting position is that domain names are registered on a first come, first served, basis and a registration will only be disturbed if it is an Abusive Registration, as defined in the Policy. Paragraph 2(a) of the Policy requires the Complainant prove 2 elements:
- 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."
- 6.2 The Complainant bears the onus of proof and must prove both elements on the balance of probabilities. The DRS's jurisdiction is limited to these issues and the remedies of cancellation, suspension, transfer or amendment of the Domain Name. The DRS is not a forum for determining allegations of trade mark infringement or passing-off per se which are matters for the Courts, as are contractual and/or partnership disputes. The sole issue is whether the Registration is Abusive.

Complainant's Rights

- 6.3 Rights under the Policy include rights to registered and unregistered or common law trade marks protected by the law of passing-off.

- 6.4 The Complainant relies on Mr. Wolstencroft's registration of the name Red Tiger Karate under the Business Names Act 1985 and as a company name in 2009. As to the latter, the majority view of DRS Experts is that the mere registration of a company name does not give rise to relevant rights in a name or mark —as opposed to actual use of a name in trade which may give rise to rights at common law. See *DRS 00228 Active Web Solutions Ltd v Shaw* (“the incorporation of a company under a particular name does not of itself give rise to the right to prevent others using that name—the most that can be achieved by that registration alone is that it will block anybody else attempting to register exactly the same name with Companies House). The 1985 Business Names Act (now repealed) imposed obligations on those trading under a business name to inform the public of the true name of the persons/company using the name and their address for service of legal process, on business papers and at any premises. That Act does not create or grant positive rights in business names as such.
- 6.5 The Complainant also relies on its actual use of the name ‘Red Tiger Karate’ and the goodwill arising from that use from June 2007 to date, in which it claims exclusive proprietary rights. Common law or unregistered rights arise through actual use of a name and the resulting goodwill (the attractive force that brings customers) or reputation. The goodwill and reputation may be national or local. The law will allow a trader to protect his goodwill in an action for passing-off and so rights which are enforceable in passing-off are Rights for the purposes of the Policy. Non profit organisations, professional associations, clubs and charitable and religious organisations have all been able to restrain others from passing-off their goodwill and reputation.
- 6.6 Where the Right claimed is an unregistered or common law right as here, sufficient evidence must be provided to demonstrate the existence of the right and this will ordinarily include evidence that (a) the Complainant has used the name or mark in question for a not insignificant period and to a not insignificant degree (e.g. by way of sales figures, company accounts etc) and (b) the name or mark in question is recognised by the public as indicating the goods or services of the Complainant (e.g. by way of advertisements and advertising and promotional expenditure, correspondence/orders/invoices from third parties and third party editorial matter such as press cuttings and search engine results). In this case, the Complainant has provided only a solitary Bank Account statement (Red Tiger Karate) and two invoices (Red Tiger Karate and Red Tiger Karate Club) plus the Business Names Act certificate (Red Tiger Karate). No evidence has been submitted as to what was claimed to be substantial online trade in Karate and other martial arts equipment or the trading style used for this online trade and we have only bare assertions as to this. I am therefore unable to attach any weight to the ecommerce activities.
- 6.7 Despite the paucity of the evidence, I have no doubt that the Red Tiger Karate Club has a local reputation with its students and their parents and the various schools and others in the local area, all arising from the activities of the Karate club. While the name Shotokan Karate might be descriptive, I am not convinced the name Red Tiger Karate is descriptive in the relevant manner and my view is it is capable of identifying the Club and distinguishing it from other Karate clubs.
- 6.8 The next question is who owns this goodwill and reputation? In other words, of whom is the name Red Tiger Karate distinctive? The Complainant says the Club was a business owned by and run by him, evidenced by his earning income from the other instructors' lessons while they were predominantly volunteers. It does appear the students paid for lessons but most instructors did not draw

remuneration from those fees, although Mr. Wolstencroft did and some others did. The Respondent and other instructors were not employees however. I cannot definitively determine whether the Club was a collection of individual traders or a partnership at will. It seems the volunteer instructors did not share the requisite common profit purpose for a partnership. In the absence of rules, contracts, or assignments of goodwill, in my view the goodwill and reputation in the name Red Tiger Karate would be shared by the independent instructors providing Karate lessons under that name. That is, the name 'Red Tiger Karate' would be distinctive of the individuals, the group of independent instructors offering Karate lessons under that name. If the effect of the arrangements was to be otherwise then in my view, it would need to have been agreed by contract/assignment or meet the requirements for a partnership at will. Owners of a shared or concurrent goodwill while they can sue third parties for passing-off cannot sue each other.² This will be relevant further below.

- 6.9 I also note the Domain Name was owned by CMAA who allowed the Club the use of it probably under an implied licence as a matter of law. Goodwill arising from the use of the Domain Name could accrue to either the licensor or the licensee or both under such an arrangement and if CMAA did acquire any goodwill in the Domain Name it was capable of transferring that goodwill with the Domain Name. I do not need to and cannot on the evidence determine this.
- 6.10 I find then that the Complainant does have Rights in the name and common law mark 'Red Tiger Karate', but that these Rights are not exclusive and are shared with others including the Respondent.
- 6.11 The name 'Red Tiger Karate' and the Domain Name 'redtigerkarate' are identical as the .co.uk suffix is ignored for these purposes and the Complainant therefore has Rights in a name or mark identical to the Domain Name for the first element of the Policy under §2(a).
- 6.12 The second element the Complainant must prove under §2(a) of the Policy, is the Domain Name is an Abusive Registration, as defined in §1, as 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;
- ii. has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant’s Rights.”
- 6.13 §3 of the Policy provides a non-exhaustive, illustrative, list of factors, which may evidence an Abusive Registration. Conversely, §4(a) of the Policy provides a non-exhaustive list of factors which may evidence that a registration is not an Abusive Registration.
- 6.14 Although the Domain Name was originally registered by CMAA and transferred to the Respondent, the registration in the name of the Respondent is a Registration for the purposes of the Policy. This is also the view taken under the UDRP, see

² See *Dent v Turpin* (1861) 2 J & H 139, *Southorn v Reynolds* (1865) 12 L.T. 75, *Parker & Son (Reading) Ltd v Parker* [1965] RPC 323, *Sutherland v V2 Music Ltd* [2002] EWHC 14 (Ch), [2002] EMLR 28 and *Byford v Oliver* [2003] EWHC 295 (Ch), [2003] EMLR 20.

WIPO Case D2004-0016 Ideenhaus Kommunikationsagentur GmbH v. Ideenhaus GmbH (“The Respondent did not register the Domain Name directly with the registrar but became the new owner by way of a transfer after acquiring the Domain Name from its managing director. It is the Panel’s view that this does not mean that the Respondent has not “registered” the Domain Name within the meaning of the Policy, indeed, there is no reason to differentiate between a direct registration and registration after a transfer (see also *Dixons Group Plc v Mr. Abu Abdullaah WIPO Case No. D2000-1406*, and *Société Air France v. Vladimir Federov WIPO Case No. D2003-0639*”).

7. Factors evidencing Abusive Registration

The Domain Name was registered as a result of the parties’ relationship (Policy 3aiv)

- 7.1 The Complainant says CMAA originally registered the Domain Name at Mr. Wolstencroft’s request and it was agreed it would transfer it to Mr. Wolstencroft on his request. It says the Respondent was acting on its behalf and at its request when she arranged the transfer from CMAA but the Complainant did not appreciate the significance at the time of the identity of the Registrant which should have been the Complainant. The Complainant therefore relies on §3(a)(v) of the Policy.
- 7.2 Known as the web designer ground, §3(a)(v) of the Policy provides that where a Domain Name was registered as a result of a relationship between parties and a complainant has used it *exclusively* since registration and paid for the registration or renewal, this may indicate that it is an Abusive Registration in the hands of a respondent. This ground was introduced into version 2 of the Policy in order to cover the specific situation where an unpaid or disgruntled IT or web design company retains a client’s domain (as leverage for payment or otherwise).
- 7.3 The Complainant says the Respondent was a web designer and undertook the design and maintenance of the Club Website — so §3(a)(v) applies. The Complainant also says the Respondent was at the relevant times acting on its behalf and arranged the transfer from CMAA at its request. The Respondent points out that the Complainant cannot meet the second limb of §3(a)(v) of the Policy as CMAA paid the original registration fees and the renewal fees in 2009 and the Respondent paid the transfer fee for the registration into her name, evidenced by the transfer form showing her credit card was used. The Complainant says he paid the Respondent £1,200 for her work on the Club Website but this is denied and the Complainant has not been able to provide evidence of the payment.
- 7.4 The Respondent says the Complainant did not pay the relevant fees for the second limb of §3(a)(v) and submitted emails to support this. I note also the Complainant’s failure to prove its own payment of £1,200 when that evidence should be within its control. On the other hand I note Mr. Morrell’s statement in his letter that the Respondent said Mr. Wolstencroft had told her to buy the Domain Name from CMAA at cost. We cannot get to the heart of those facts in a paper procedure like this however, to my mind none of these points go to the crux of the issue; which is that the Complainant has not used the Domain Name *exclusively* as against the Respondent as already discussed above, as both parties (and the other independent volunteer instructors) used the name in connection with their provision of Karate lessons and acquired a shared goodwill in the name

and therefore the exclusivity required for §3(a)(iv) is absent. I do not find this ground made out.

For the purpose of a sale to the Complainant (Policy 3(a)(i)(A))

7.5 The Complainant relies on the following statement in the Response:

“..I will consider selling the domain name to the complainant for a price that I feel fairly represents over 3 years of karate tuition, tournament refereeing and organising, strategic brand development and marketing, website design, internet marketing and search engine optimisation and continuous website development and maintenance – plus compensation for stress and upset.”

The Complainant says that this is an offer to sell the Domain Name for valuable consideration in excess of the Respondent’s documented out of pocket costs directly associated with acquiring or using the Domain Name and indicates this was a primary purpose of the Respondent in registering or acquiring the Domain Name.

7.6 I note that the Respondent is not legally represented in this DRS proceeding and the offer in the Response is not to my mind a wholly serious one. That aside, under 3(a)(i)(A) of the Policy, the sale must be a primary purpose of the registration and this has to be assessed at the time of the registration—in this case, in March 2009. As noted above, it is not entirely clear in what capacity the Respondent initially approached Mr. Morrell about the transfer, the parties had not fallen out and were both providing Karate lessons at the Club. The Respondent says she wanted the name for the independent instructors (as opposed to for the Complainant). While it is difficult to determine the circumstances, I do not consider that revenue or profit at the Complainant’s expense motivated the Respondent. The Complainant bears the burden on this ground and I do not find it made out.

Unfair Disruption (Policy 3(a)(i)(C))

7.7 The Complainant says that the Respondent registered the Domain Name primarily for the purpose of unfairly disrupting the Complainant’s business. It says it is in fact disrupted by its inability to use or access its website and use it to communicate with its students.

7.8 The issue then in relation to this head is fairness – if there is disruption, and I accept that there is, is it fair? For the reasons already discussed in relation to Rights and discussed further below, as the parties share in the goodwill in the name I do not find unfair disruption.

8 Turning now to the factors evidencing the registration is not an Abusive Registration.

Commonly known by the name (Policy 4(a)(i)(B)) and use in connection with a genuine offering of services (Policy 4(a)(i)(A))

8.1 I will deal with both of these together as they arise from the same facts and raise the same issues. The Respondent says she has been commonly known by the

name Red Tiger Karate since 2007 in connection with her genuine offering of Karate lessons at the Red Tiger Karate Club since 2007. The Respondent says she also began earning income under the name Red Tiger Karate in March 2009 and opened a business bank account in that name and provided a statement.

- 8.2 The essence of the Respondent's argument is that the Claimant does not have exclusive rights in the name Red Tiger Karate as against the Respondent or the other former Red Tiger Karate instructors. The Complainant says to the contrary, Red Tiger Karate was a business owned by and run by him, evidenced by income from other instructors' lessons. What the instructors understood contemporaneously is not clear. The Respondent was aware the fees went to the Complainant but she did not consider the Club was a business owned by the Complainant –rather that she was acting for the benefit of the Club as a group of independent instructors. The realisation that the Complainant saw things differently seems to have inflamed the dispute between them. We are not concerned here with the law of passing-off but with the Policy. The Policy is concerned with Abusive Registrations — those taking unfair advantage of another's rights often where a party with no connection to a complainant seeks to gain from the power of his reputation. This is not such a case but rather a dispute between parties formerly associated and both providing Karate lessons to the public under the same name. It seems that sometime later the Respondent began to use the name Cobra Karate but that may have been on advice and I do not consider she has relinquished her rights. I find the Respondent was commonly known by the name under which she made a genuine offering of Karate lessons since 2007. Both grounds are therefore made out by the Respondent.
- 8.3 It is unnecessary for me to deal with the legitimate non-commercial fair use or descriptiveness points as neither apply. Considering the matter as a whole and taking into account the indicative factors set out in paragraphs 3 and 4 of the Policy, I conclude that the Domain Name is not an Abusive Registration in the hands of the Respondent.

9. Decision

The Domain Name is not an Abusive Registration and therefore no action should be taken in relation to the Domain Name.

Signed Victoria McEvedy

Dated 5 July 2010