

DISPUTE RESOLUTION SERVICE

D00008988

Decision of Independent Expert

Niagara Conservation Corporation

and

A.L.Challis Ltd

1. The Parties:

Lead Complainant: Niagara Conservation Corporation
45 Horsehill Road
Hanover Technical Center, Suite 106
Cedar Knolls, New Jersey
07962
United States

Respondent: A.L.Challis Ltd
Europower House
Lower Road
Maidenhead
SL6 9EH
United Kingdom

2. The Domain Name:

niagaraconservation.co.uk

3. Procedural History:

The Complaint was submitted to Nominet on 30 August 2010. On 31 August 2010, Nominet validated the Complaint and notified it to the Respondent. The

Respondent was informed in the notification that it had 15 working days, that is, until 21 September 2010 to file a response to the Complaint.

On 8 September 2010 the Respondent filed a Response. On 20 September 2010, the Complainant filed a Reply to the Response. The case proceeded to the mediation stage. On 8 March 2011, Nominet notified the parties that mediation had been unsuccessful and invited the Complainant to pay the fee for referral of the matter for an expert decision pursuant to paragraph 8 of Nominet's Dispute Resolution Service Procedure Version 3 ("the Procedure") and paragraph 7 of the corresponding Dispute Resolution Service Policy Version 3 ("the Policy"). On 11 March 2011, the Complainant paid the fee for an expert decision. On 16 March 2011, Andrew D S Lothian, the undersigned, ("the Expert") confirmed to Nominet that he was not aware of any reason why he could not act as an independent expert in this case. Nominet duly appointed the Expert with effect from 17 March 2011.

4. Factual Background

The Complainant is a New Jersey, USA corporation which has been engaged since 1993 in the development, manufacture, and sale of water and energy conservation products, such as water-efficient toilets and shower heads. The Complainant is the owner of United States registered trade mark no. 2198698 for the word mark NIAGARA CONSERVATION registered on 20 October 1998 in international class 11 for various water conservation products.

The Respondent is a limited company registered in England and Wales having a place of business in Maidenhead, Berkshire. The Respondent specialises in the design, manufacture and distribution of a wide range of water saving products.

Between October 2003 and February 2005 the Respondent ordered various products from the Complainant for resale in the UK. By letter of 8 April 2005, the Complainant proposed to enter into an agreement with the Respondent whereby the Complainant offered to confer upon the Respondent sole distribution rights in the UK, Germany, Spain and South Africa for certain specified products of the Complainant for a nine month trial period, subject to extension at the discretion of the Complainant. The said letter stated that it should be signed by both Parties in order for the trial term to be effective. The Respondent signed the said letter on 26 June 2005. It is not known whether the Complainant signed the said letter.

The Respondent registered the Domain Name on 22 February 2007. As at the date of this Decision, the Respondent is using the Domain Name to point to its corporate website at <www.alchallis.com> on which it offers a wide variety of water conservation products for sale.

5. Parties' Contentions

Complainant

The Complainant asserts that it has rights in a name which is virtually identical to the Complainant's trade name and trade mark. The Complainant has used this name in commerce since 1993 to identify itself and its products in advertising and promotional materials and product labels and packaging. The Complainant markets and sells its products in many countries throughout the world, including the United Kingdom and other European states. The Respondent is also engaged in the business of selling water conservation products from its website at <www.alchallis.com> and is a competitor and former customer of the Complainant.

The Domain Name was obtained to prevent the Complainant from registering its name and trademark with Nominet. The Respondent is using the Domain Name as a link to direct customers and potential customers of the Complainant to the Respondent's website at <www.alchallis.com>. Entering the Domain Name into an Internet browser results in the Respondent's website being returned instantaneously.

The Respondent has no legitimate interest in the Domain Name and has misappropriated the Complainant's name and trademark, and the goodwill associated with them, in order to compete unfairly against the Complainant.

Respondent

Prior to the Complaint, the Complainant never contacted the Respondent to voice any concerns regarding the Domain Name. The Complainant is attempting to hijack the valuable Domain Name for free and is using the DRS in bad faith.

The Respondent is legitimately connected to the Domain Name. The Respondent is and has been for some time a distributor of the Complainant's products within the United Kingdom and has ordered a considerable amount of stock from the Complainant to meet its commitments. The Complainant still holds some of this stock and has a legitimate use for the Domain Name.

The Respondent has committed a great deal of expense and resources to promoting the Complainant's range of products and brand to the Respondent's client base. Part of this promotion involved the purchase of the Domain Name for marketing purposes. As a direct result of the Respondent's efforts the Complainant's brand, products and the Domain Name have a value from which the Complainant seeks to benefit without acknowledging the Respondent's role in creating this. Without such value the Complainant would have no need for the Domain Name as it would have little or no commercial value.

Some of the Respondent's clients are now supplied directly by the Complainant and the Complainant has appointed four distributors to the territory. The Respondent has not objected to this despite availability of legal proceedings. The Respondent has sought no marketing support from the Complainant nor damages regarding its agency activities despite receiving legal advice that it has a valid case.

The Complainant's rights are unenforceable as the Domain Name was registered before the Complainant traded within the United Kingdom. The Complainant has not registered any relevant trade or company name within the United Kingdom. As such the Respondent does not infringe the Complainant's rights and the Domain Name is not an Abusive Registration.

Should the Complainant wish to appoint an alternative distributor to the United Kingdom territory, the Respondent would be happy to open negotiations regarding the transfer of the Domain Name to that party.

Complainant's reply to response

The Respondent does not deny that the Domain Name is virtually identical to the Complainant's well-known trade mark and trade name; that visitors to the Domain Name are instantaneously linked to the Respondent's website; and that the Respondent registered the Domain Name to misdirect actual and potential customers of the Complainant to the Respondent's website. This establishes an Abusive Registration in the Policy both as written and as interpreted by experts in similar though often far less egregious circumstances.

The Respondent claims an entitlement to use the Domain Name because it was a sales agent for the Complainant's products. However, the Complainant never authorised the Respondent to use its trade name and trade mark as if they were owned by the Respondent, nor did it ever authorise the Respondent to use that name and mark in a domain name that instantaneously misdirects and diverts the Complainant's customers to the Respondent's website.

As demonstrated by the invoices submitted by the Parties, the Respondent has not purchased any product from the Complainant since 2005 and the Complainant has had no relations with the Respondent since then. There is no evidence that the Respondent has any inventory of the Complainant's products and a review of the Respondent's website at <www.alchallis.com> proves that it offers no product of the Complainant.

6. Discussions and Findings

General

In terms of paragraph 2(b) of the Policy the onus is on the Complainant to prove to the Expert on the balance of probabilities each of the two elements set out in paragraph 2(a) of the Policy, namely 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.

Complainant's Rights

Paragraph 1 of the Policy provides that 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".

The requirement to demonstrate Rights under the Policy is not a particularly high threshold test. Rights may be established in a name or mark by way of a trade mark registered in an appropriate territory, or by a demonstration of unregistered so-called 'common law rights'.

In the present case, the Complainant has produced evidence that it is the owner of the US registered trade mark for the word mark NIAGARA CONSERVATION noted in the Factual Background section above. The Respondent counters that any rights possessed by the Complainant are unenforceable as the Domain Name was registered before the Complainant traded within the United Kingdom. However, all that a complainant need show in order to demonstrate Rights under the Policy is rights enforceable by it, "whether under English law *or otherwise*" [Expert's emphasis]. Thus, rights enforceable in the United States of America are suitable for this purpose.

The Expert is fortified in this view by paragraph 1.5 of the DRS Experts' Overview which deals with the question as follows:-

"1.5 Can an overseas right constitute a relevant right within the definition of Rights?"

Yes. The rights must be enforceable rights, but there is no geographical/jurisdictional restriction. If the Upper Volta Gas Board can demonstrate rights in respect of its name enforceable in Upper Volta, the Policy is broad enough to deal with a cybersquatter, for example, registering <uppervoltagasboard.co.uk>. If it was otherwise, the '.uk' domain would be likely to become a haven for cybersquatters."

Accordingly, the Expert finds that the Complainant has proved to the satisfaction of the Expert, on the balance of probabilities, that it has Rights in a name which is identical to the Domain Name, white space being impermissible in a domain name, and the first (.uk) and second (.co) levels of the Domain Name being disregarded for the purposes of comparison as is customary in cases under the Policy.

Abusive Registration

Paragraph 1 of the Policy defines “Abusive Registration” 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; or*
- ii. has been used in a manner, which has taken unfair advantage of or has been unfairly detrimental to the Complainant’s Rights;*

This general definition is supplemented by paragraph 3 of the Policy which provides a non-exhaustive list of factors which may be evidence that the Domain Name is an Abusive Registration. Paragraph 4 of the Policy provides a similar non-exhaustive list of factors which may be evidence that the Domain Name is not an Abusive Registration.

In the present case, the Complainant’s submissions focus squarely on the Respondent’s use of the Domain Name. The Complainant asserts, and the Respondent does not deny, that the Domain Name is used to redirect all traffic to the Respondent’s own website at which the Respondent is selling products that compete with those of the Complainant. The Respondent’s position is that it registered the Domain Name in connection with a distribution relationship with the Complainant in terms of which it is legitimately involved in promoting the Complainant’s brand in the United Kingdom and reselling its products within that territory.

In the decision of the Appeal Panel in the case of *Toshiba Corporation v Power Battery Inc.*, DRS 07991, the Panel helpfully summarised the relevant considerations in cases under the Policy involving resellers/distributors of a complainant’s products. The summary was based on principles which the Panel identified in two previous Appeal Panel decisions, namely *Epson Europe BV -v- Cybercorp Enterprises*, DRS 03027, and *Seiko UK Ltd -v- Wanderweb*, DRS 00248. These are as follows:-

1. It is not automatically unfair for a reseller to incorporate a trade mark into a domain name and the question of abusive registration will depend on the facts of each particular case.

2. A registration will be abusive if the effect of the respondent's use of the domain name is falsely to imply a commercial connection with the complainant.
3. Such an implication may be the result of "initial interest confusion" [defined as confusion that may arise, irrespective of the content of the respondent's site, merely as a result of the adoption of a domain name incorporating the complainant's mark] and is not dictated only by the content of the website.
4. Whether or not a commercial connection is implied, there may be other reasons why the reseller's incorporation of the domain name is unfair. One such reason is the offering of competitive goods on the respondent's website.

As far as paragraph 1 is concerned, the Expert considers that the facts of this particular case indicate that there is some doubt as to whether a formal reseller or distribution relationship ever existed between the Parties. It is clear that the Respondent did order goods from the Complainant between 2003 and 2005. It is also clear that in April 2005 the Complainant proposed a trial sole distribution arrangement as narrated in the Factual Background section above for a period of nine months (such period to be capable of extension based upon sales performance). The copy of the agreement which has been provided by the Respondent is only signed by the Respondent itself. However, the Complainant does acknowledge by implication that the initial trial period did take place as it states that this was never extended and "expired by its terms in early 2006".

The Respondent has asserted that the trial period was "verbally extended" but has provided no evidence as to how and by whom this was done. Clearly evidence of the continuing commercial relationship between the Parties, in the form perhaps of product order forms, sales invoices or examples of promotional work done should be readily available and in the Respondent's hands. In the absence of such evidence, the Expert prefers the Complainant's account that the Respondent has not purchased any products from the Complainant since 2005, that the trial period concluded in early 2006 and that the Domain Name was therefore registered some considerable time after the conclusion of commercial relations between the Parties.

In light of the Complainant's submissions as to the current use of the Domain Name, the Expert reviewed the website associated with it in terms of paragraph 16(a) of the Procedure which provides:-

The Expert may (but will have no obligation to) look at any web sites referred to in the Parties' submissions.

The Expert notes that the Respondent is not using the Domain Name for the purpose for which it contends that it was registered, namely to promote the products of the Complainant in terms of the alleged distribution/reseller relationship. Instead, the Domain Name is currently being used to promote the Respondent's business by the redirection of all traffic to the Respondent's

own website. The website appears to be a showcase for the Respondent's business which offers products for sale that compete with those of the Complainant. There is no explanation provided on the Respondent's website as to why the Complainant's trade mark and trading name should be associated with the Respondent's business. The Complainant's products do not appear to feature on the website and if the term 'Niagara' is searched for on the search engine available on the homepage the phrase 'no matches found' is returned. For completeness, the Expert also searched for the term 'Niagara Conservation' but this returned results related to the term 'conservation', none of which appeared to be the Complainant's products.

In the Expert's opinion, while it may not be automatically unfair for a reseller to incorporate a trade mark into a domain name, the facts in the present case point in the direction of Abusive Registration, on the basis that the Respondent does not appear to be using the Domain Name in the manner of a reseller (whether in light of the alleged formal relationship or otherwise) but solely to promote its own business and products.

As far as paragraphs 2 and 3 of the summary in *Toshiba Corporation* are concerned, the Expert considers that the use of the Complainant's trade mark in the Domain Name clearly implies a commercial connection between the Parties. The Respondent is of course contending that there is just such an ongoing connection, however, as noted above it has not produced any evidence to demonstrate that the prior commercial relationship continued beyond 2006. The Respondent asserts that it has retained a stock of the Complainant's products but in the Expert's view this is not material. As noted above, the Respondent does not appear to be using the Domain Name to sell any such stock.

Paragraph 3 of the summary deals with the question of "initial interest confusion". In its consideration of this topic, the Appeal Panel in *Toshiba Corporation* drew a distinction between a domain name containing an "adorned" use of a trade mark (in other words, the addition of qualifying terms to the mark, such as 'laptop' and 'battery' presented alongside the trade mark 'Toshiba') and an "unadorned" use (in other words, the trade mark on its own, as in the present case). With regard to the "adorned" use, the majority of the Appeal Panel considered that this might be less likely to give rise to initial interest confusion in that it would be seen by Internet users as atypical of the usage of major rights owners, who are free to use much shorter unadorned names.

Despite the divergence of opinion on the question of "adorned" use, the Appeal Panel as a whole unanimously found that "unadorned" use of a trade mark in a domain name gave rise to a presumption that Internet users would believe that the domain name concerned belonged to or was authorised by the complainant. The Expert considers that it is reasonable to make such a presumption in the present case and accordingly finds that initial interest confusion is likely to be caused by the Domain Name, irrespective of the actual content of the Respondent's website.

As regards paragraph 4 of the summary, the Expert considers that the Respondent's use of the Domain Name to sell competitive goods on its website is unfair. The Expert considers that this activity is entirely consistent with use in a manner which takes unfair advantage of the Complainant's Rights. As the Appeal Panel in *Toshiba Corporation* put it:-

"...the Panel unanimously considers that, if and insofar as it is fair for a retailer to incorporate a trade mark into its domain name without the trade mark owner's consent, to accord with the principles stated above that fairness is likely to be dependent upon the retailer only selling the trade mark owner's genuine products. To do otherwise is likely to take unfair advantage of the Complainant's rights by "riding on its coat-tails" for the benefit of the Respondent. This element of unfair *advantage* remains, even where little or no *detriment* to the Complainant has been demonstrated."

Accordingly, taking the principles arising from the summary of the Appeal Panel in *Toshiba Corporation* as a whole, the Expert is satisfied that the Domain Name in the present case is an Abusive Registration.

The Respondent states that it has invested heavily in its alleged distribution relationship with the Complainant, albeit that it relies on a bare assertion and produces no supporting evidence of its investment. The Respondent also hints that it may be entitled to various legal remedies. Such matters, even if they had been clearly demonstrated by the Respondent with ample evidence, do not alter the fact that in terms of the Policy the Respondent is not entitled to use the Domain Name to confuse people and businesses or to promote its own products by reference to the Complainant's trade mark. Any alternative remedies available to the Respondent are not a matter for the Expert and would require to be pursued in other *fora*.

7. Decision

The Expert finds that the Complainant has proved that it has Rights in a name or mark which is identical to the Domain Name and that the Domain Name, in the hands of the Respondent, is an Abusive Registration. The Expert therefore directs that the Domain Name be transferred to the Complainant.

Signed
Andrew D S Lothian

Dated 28 March, 2011
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