

DISPUTE RESOLUTION SERVICE

D00014071

Decision of Independent Expert

Swatch Ltd and The Swatch Group Ltd

and

Mr Silvan Dayan

1. The Parties

Lead Complainant: Swatch Ltd
Jakob-Stämpflistrasse 94
2500 Biel 4
Biel
Switzerland

Complainant: The Swatch Group Ltd
Seevorstadt 6
2501 Biel / Bienne
Biel / Bienne
Switzerland

Respondent: Mr Silvan Dayan
London
United Kingdom

2. The Domain Name

swatchonline.co.uk ('the Domain Name')

3. Procedural History

Nominet checked that the complaint dated and received on 9 April 2014 complied with its UK Dispute Resolution Service ('DRS') Policy ('the Policy') and the Procedure for the conduct of proceedings under the Dispute Resolution Service ('the Procedure'). It then notified the Respondent of the complaint and invited him to file a response, which was received on 7 May. On 16 May, the Complainant replied to that response. The same day, a mediator was appointed to help resolve the dispute informally. Mediation proved unsuccessful so, on 20 June, Nominet advised both parties that the matter would be referred to an independent expert for a decision, on payment of the appropriate fee. Nominet received that fee on 26 June.

On 27 June 2014 I, Mark de Brunner, agreed to serve as an expert under the Policy and Procedure. I confirm that I am independent of each of the parties and that there are no facts or circumstances that might call into question my independence.

4. Factual Background

I have visited the web site at the Domain Name and the Complainant's web site at swatch.com. From the complaint, those visits and the administrative information routinely supplied by Nominet, I accept the following as facts.

The Complainants, associated companies established in Switzerland, are in the business of making and selling watches under the 'Swatch' brand. The first 'Swatch' watch appeared in 1983. By the end of 2006, three hundred and thirty three million such watches had been produced. The Lead Complainant is a wholly owned subsidiary of the Complainant. It holds numerous UK trade mark registrations, made between 1982 and 2008, comprising or incorporating the name 'Swatch'.

The Complainants' promotional activities include sponsoring a 'Proteam' of sports people (representing sporting activity as diverse as surfing, snowboarding, beach volleyball, free-skiing and freestyle motocross), the Swatch Freeride World Tour (2012-2014) and the FIVB Beach Volleyball Swatch World Tour.

The Complainants' corporate web site is at the domain name swatch.com, to which traffic to swatch.co.uk is also directed.

The Respondent is an entrepreneur who for several years ran a textile business in Turkey. Finding himself in possession of some ten thousand 'Swatch' watches in full or partial settlement of a business debt owed by ERGSAN (a company that was the Complainants' distributor in Turkey) he sought a sales outlet. It seems clear that he never became an authorised distributor for the Complainants, but he registered the domain name swatch-online.com, which resolved to a web site selling what appeared to be 'Swatch' watches. (I have no reason to doubt that these were 'Swatch' watches, but

the Complainants are understandably not in a position to confirm their authenticity.)

The Complainants objected to the Respondent's use of swatch-online.com to sell the watches and made a complaint to the National Arbitration Forum under the Uniform Domain-Name Dispute Resolution Procedure (UDRP). That complaint was successful. The Respondent then pursued the matter before the District Court in Arizona, United States (the relevant jurisdiction of the domain registrar, GoDaddy), but the action was eventually dismissed and, in April 2012, this domain name and one other were transferred to Swatch Group's United States representatives in accordance with the UDRP decision.

In the light of that transfer, in May 2012 the Respondent registered the Domain Name and arranged for it to resolve to the web site to which swatch-online.com had resolved. The web pages at the Domain Name contain images of what appear to be different kinds of 'Swatch' watch. The landing page contains the Complainants' 'Swatch' logo and, underneath, the words 'The Un Official Site'. At some stage (though not at the time of writing) there was also a further disclaimer which said:

Swatchonline.co.uk has no affiliation or legitimate interest with (*sic*) the official Swatch AG company.

There is disagreement between the parties about whether the Complainants originally knew about the Respondent's approach to the selling of the watches, and - implicitly or explicitly - approved it. The Respondent says he tried to explain what he was doing and that the Complainants' representative led him to believe that the Complainants had no issue with it. The Complainants deny that their representative offered any such reassurance.

5. Parties' Contentions

Complaint

The Complainants say they have rights in the name 'Swatch' and that this is an abusive registration because the Respondent's registration or use of the Domain Name

- (i) is likely to cause people to be confused into believing that it is connected with the Complainants. They say that the disclaimer (the label sitting underneath their logo that describes this as 'The Un Official Site') is inadequate and that, in any event, it is too late: by the time internet visitors arrive at the web page that contains the disclaimer, they will already have experienced 'initial interest' confusion.
- (ii) was motivated by the desire to disrupt their business unfairly.

- (iii) reflects bad faith on the part of the Respondent, in that the registration of the Domain Name here was designed to frustrate the National Arbitration Forum decision in relation to swatch-online.com.
- (iv) is part of a pattern in which the Respondent has registered domain names which correspond to well known names or trade marks in which he has no apparent rights. They point to the Respondent's registration of swatch-online.com and the National Arbitration Forum's finding that that was not legitimate.

Response

(The numbering here corresponds as far as possible with the numbering in the *Complaint* section above.)

In responding to three of the four main elements of the complaint, the Respondent says this is not an abusive registration because

- (i) the 'Un Official Site' disclaimer clears up any confusion.
- (ii) the sales here are not disrupting the Complainants' business because this is old fashioned or vintage stock, rather than the Complainants' more recent, trendy stock.
- (iii) at no stage has he acted in bad faith. By contrast, the Complainants misled the National Arbitration Forum and are effectively reverse domain name hijacking.

Beyond that, and without addressing the claim (iv) that there is a relevant pattern here, the Respondent says

- (v) he was in communication with the Complainants about what he was doing and, not only did they not stop him, they effectively gave him permission. The facts are disputed but, by the Respondent's account, he

was encouraged to make an agreement with the Complainant's distributor and became a legal reseller and dealer of Swatch AG. Straight after that [he] contacted Complainant, for them to take over the products that had not related to his main business, but not only were they not interested, they portrayed a view that they wouldn't even care how [he] would sell the watches. In one of the conversation (*sic*), Complainant's representative suggested to [the] Respondent...that he could 'now play with 10 000 Swatch watches as he wishes'.

- (vi) given that he had a large number of the Complainants' watches to sell, he could only reasonably do so online and, in order to ensure a sufficiently prominent position in Google search hits, he had to make use of the Complainants' trade mark.

- (vii) he only sells 'Swatch' goods on the web site at the Domain Name.

Reply

(The numbering here corresponds to the numbering in the *Response* section above.) The Complainants reply that

- (i) there is less of a disclaimer on the web site at the Domain Name than the Respondent asserts.
- (iii) the Respondent's admission that he used their trade mark to attract customers is evidence of his bad faith. That the Domain Name was registered immediately following the National Arbitration Forum appeal decision is further evidence. By contrast, the Complainants did not mislead the National Arbitration Forum.
- (v) they did not agree to, still less encourage the Respondent's becoming a 'legal reseller' of their goods. They have nothing to do with the Respondent's relationship with the party who supplied the watches in satisfaction of the trade debt.

6. Discussion and Findings

To succeed in this complaint, the Complainants must prove, on the balance of probabilities, that

- they have rights in respect of a name or mark which is identical or similar to the Domain Name; and that
- the Domain Name, in the hands of the Respondent, is an abusive registration.

Rights

The Complainants have been making and selling watches under the 'Swatch' brand for over thirty years. During that period they have evidently invested significant sums of money advertising and promoting 'Swatch' and they have numerous trade mark registrations for the name. They clearly have both unregistered and registered rights in the name 'Swatch'.

The domain name is swatch-online.co.uk. Ignoring the .co.uk suffix as simply a generic feature of the Nominet registry, the Domain Name comprises the name in which the Complainants have rights and a generic descriptor. I conclude that the Complainants have rights in respect of a name or mark which is identical or similar to the Domain Name.

Registration

As defined by the Policy, an abusive registration is a domain name which:

- 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
- has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the complainant's rights.

The Policy contains a non-exhaustive list of factors that may be evidence that a domain name is an abusive registration and the Complainants' main arguments reflect some of those factors, notably that use of the Domain Name here could cause confusion and that registration was motivated by a desire to disrupt the Complainants' business and is part of a pattern involving domain names corresponding to well known names in which the Respondent has no apparent rights.

The Respondent says there is no confusion (his web pages include a disclaimer making clear that the web site is 'unofficial') and he intends no disruption to the Complainants' business (he is merely trying to sell their watches – and 'vintage' styles at that, rather than more recent models).

At the heart of this is a question about the extent to which it is legitimate for someone other than the owner of rights in a name to refer to that name as part of a domain name. The *Experts' Overview* (section 4.8) contains a helpful summary of the approach usually taken within the DRS:

This issue crops up most commonly in the so-called 'reseller' cases, the cases where the domain name registrant is using the domain name to sell the trade mark owner's goods. The generally accepted principles to be derived from the cases, as reviewed by the appeal panel in *Toshiba Corporation v Power Battery Inc* (DRS 07991) <toshiba-laptop-battery.co.uk> are:

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" 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.

Though I cannot be sure that the goods for sale through the web site at the Domain Name are genuine Swatch watches, for the present purpose I am prepared to accept that the Respondent is not selling goods made by competitors of the Complainants.

By reference to the principles above, therefore, the key question is whether the domain name falsely implies a commercial connection with the Complainants – even if only initially, before the internet visitor arrives at the web site.

The Domain Name here consists of the Complainants' trade mark and a generic internet trading label. It was not the internet presence chosen by the Complainants themselves for their own online shop, but it could have been. I think it is plain that the Domain Name here implies a connection with the Complainants. The disclaimer is too little, too late. That certainly creates the potential for confusion. Even accepting that the Respondent intended no disruption to the Complainants' business, that element of confusion seems to me to be conclusive of the character of the registration here. I also think it is clear – from the absence of any supporting evidence to the contrary – that the Complainants did not give the Respondent permission to use their trade mark in the way that he has.

For completeness, I can now review the other arguments advanced by the parties.

Bad faith – (iii)

The Respondent's admission that he used the Complainants' trade mark to attract customers does not seem to me to be evidence of bad faith. If anything, I take as a sign of good faith the Respondent's candour about his motivation for that. Similarly, his registering of the Domain Name immediately following confirmation of the National Arbitration Forum transfer decision (by the District Court in Arizona) is not evidence of bad faith but of reacting rationally to an adverse decision in relation to one domain name by switching to another in a different registry.

For the avoidance of doubt, I should deal with one other point related to the claim of bad faith made against the Respondent. The UDRP Policy requires that a complainant prove three elements to obtain an order that a domain name should be cancelled or transferred. One of those elements is that the domain name has been registered and is being used in bad faith. But the UDRP and Nominet's DRS are not identical and it does not follow, from an adverse finding under the UDRP, that there has inevitably been 'bad faith' for the purposes of the DRS Policy.

I accept that the Respondent has not been acting in bad faith.

Equally, I do not believe that the Complainants are engaged in reverse domain name hijacking: they have made out a valid case that this Domain Name is an abusive registration, which – on the balance of probabilities – I

accept. Nor have I seen any evidence that the Complainants misled the National Arbitration Forum in relation to the decision about swatch-online.com.

Pattern – (iv)

The Complainants assert that the Domain Name is part of a pattern in which the Respondent has registered domain names which correspond to well known names or trade marks in which he has no apparent rights. The only evidence of that which they advance is the adverse UDRP finding in relation to swatch-online.com. But I do not find that persuasive. Ignoring the hyphen and the .com and .co.uk suffixes, the domain names that have been the subject of complaints under the UDRP and the DRS are identical. The character of the registration has simply been tested, sequentially, under different policy rules and dispute resolution procedures. I do not regard that as constituting a relevant pattern of suspect registrations.

Legitimate reason – (vi)

The Respondent clearly feels he had no option but to refer to the Complainants' trade mark in the Domain Name if he was to be able to advertise the watches effectively. I take no view about that, but the question for me is whether the use of that trade mark here took unfair advantage of the Complainants' rights.

In my judgement, the Respondent is using the Complainants' trade mark, for commercial purposes, in a way that wrongly suggests a connection between the Complainants and the Domain Name. That being the case, in both the registration and the use of the Domain Name it seems to me that he has clearly taken unfair advantage of the Complainants' rights.

7. Decision

I find that the Complainants have rights in respect of a name which is identical or similar to the Domain Name and that the Domain Name, in the hands of the Respondent, is an abusive registration.

In the light of that, I direct that the Domain Name be transferred to the Lead Complainant.

Mark de Brunner

22 July 2014