

DISPUTE RESOLUTION SERVICE

D00014926

Decision of Independent Expert

Polymer Technologies Systems, Inc.

and

Fitech UK Ltd

1. The Parties:

Complainant: Polymer Technologies Systems, Inc.
7736 Zionsville Road
Indianapolis
USA
46077
United States

Respondent: Fitech UK Ltd
Hancock House
2nd Floor
WINCHESTER
HAMPSHIRE
SO23 8RY
United Kingdom

2. The Domain Name:

cardiochek.org.uk

3. Procedural History:

I confirm that I am independent of each of the parties. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, which need be disclosed as they might be of such a nature as to call in to question my independence in the eyes of one or both of the parties.

27 October 2014 14:27 Dispute received
28 October 2014 11:04 Complaint validated
28 October 2014 11:08 Notification of complaint sent to parties
14 November 2014 01:30 Response reminder sent
15 November 2014 01:30 Response reminder sent
17 November 2014 17:30 Response received
17 November 2014 17:30 Notification of response sent to parties
20 November 2014 01:30 Reply reminder sent
20 November 2014 14:02 Reply received
20 November 2014 14:03 Notification of reply sent to parties
20 November 2014 14:04 Mediator appointed
24 November 2014 16:54 Mediation started
10 December 2014 10:01 Mediation failed
10 December 2014 10:01 Close of mediation documents sent
15 December 2014 09:47 Expert decision payment received

4. Factual Background

The Complainant is an entity incorporated in the state of Indiana, USA. It sells CARDIOCHEK branded analysers which measure certain aspects of human blood chemistry (such as cholesterol). It sells those to a network of exclusive distributors in various countries, including a distributor in the United Kingdom.

The Respondent is a reseller of the Complainant's analysers (as well as other similar and competing products). It buys the Complainant's products from the Complainant's UK distributor, BHR. It registered the Domain Name cardiochek.org.uk in February 2013, and uses the Domain Name to point to part of its www.fitech.eu website, on which it advertises the Complainant's products (and other similar and competing products).

The Respondent was asked by the Complainant's lawyers to hand over the Domain Name in 2014, but would only do so on conditions, which are set out below, and which were unacceptable to the Complainant.

5. Parties' Contentions

The Complainant

The Complainant does not set out the full extent of its trade in CARDIOCHEK products, but says that it has been selling them through its distributor network "for over 10 years", and that it sells its analysers in over 120 countries. It has taken steps to protect its CARDIOCHEK brand through trade mark registrations and pending applications in 20 countries, including registered trade mark protection in the United Kingdom in class 10 (dating from 2005), and a Community Trade Mark, also in class 10, dating from 2007. It is apparent from those registrations that evidence of acquired distinctive character was provided during the registration process.

The Complainant has also registered some 35 domain names incorporating its brand, including cardiochek.com and cardiochek.eu, each of which is pointed to the Complainant's www.ptsdiagnostics.com website.

The Complainant says that it takes all reasonable measures to protect its brand, and "almost without exception" does not allow its distributors to register CARDIOCHEK as a trade mark or domain name.

In the Respondent's case, the Complainant understands that there has for some time been a dispute between the Respondent and its distributor in the UK. However, it does not want to be involved in that dispute, and instead just wants to assert its control over its brand, consistent with its position elsewhere. It would like nothing better than for the Respondent to keep buying its branded analysers rather than being in dispute with it, but the principle of retaining control of its brand protection is paramount.

The Respondent was asked to transfer the Domain Name to the Complainant some time in 2014. However, the reply in an email dated September 2014 (which is exhibited as an attachment to the Complaint), sought to attach conditions to the offer to transfer, and in particular, the following, which were to be backed by what the Respondent described as "a breach of warranty of \$100,000";

- The domain points only to PTS main corporate site with no favouritism for any other reseller/distributors
- Retail price agreement (effectively requiring the UK distributor to observe the recommended retail price (RRP) in its own direct sales)
- Minimum reseller margin of 35% on the official RRP.

This use of the Domain Name as a bargaining chip to gain an edge with the Complainant's distributor was "abusive and detrimental" to the Complainant, and rejected. It considers that it has the right to control how its brand is used. It points to the use of its CARDIOCHEK brand by the Respondent in the

Domain Name to draw consumers to the Respondent's website, where a variety of other products appear (such as the competing BENECHCK cholesterol test strips, glucose test strips and meter), as patently detrimental to the Complainant.

The Respondent

The Respondent does not contest the Complainant's assertions in respect of its brand, and the extent of its reputation. Indeed, it acknowledges that it has sold the Complainant's CARDIOCHEK products, as a reseller through official channels, since 2002. It buys its products from the Complainant's single UK distributor, although that distributor also sells directly to end users, and thereby competes with the Respondent. Having developed its market since 2002, recently the Respondent has found that some of its customers are buying directly from the distributor at prices which undercut the Respondent and the market generally.

It was because of that "unfair competition" that the Respondent sought to attach conditions to its offer to transfer the Domain Name. The Respondent says that it registered the Domain Name and has used it in what it says is a "fair and equitable way" in an effort to retain its market share. Its own website is clearly branded as Fitech. It makes no effort to mislead the buyer that it is Cardiochek/PTS. The website is strongly orientated to selling CARDIOCHEK products at the UK recommended price.

The Respondent also points out that the Complainant already owns the relevant top level domain names incorporating the CARDIOCHEK brand.

Reply

In its Reply, the Complainant points out that the Respondent only contracts with its distributor, not with it. The Complainant sells the CARDIOCHEK products to the distributor, and the distributor can sell the products to anyone. It is not involved itself in subsequent sales, but at the same time it retains an obligation to those who buy from it to protect the brand.

The conditions which the Respondent sought to impose on the offer to transfer the Domain Name would have had the effect of placing the Complainant in the middle of the dispute with the distributor. Although the Respondent seeks parity with other resellers as part of its conditions, its continued control of the Domain Name without action from the Complainant would effectively favour the Respondent over other resellers, and would endanger the CARDIOCHEK brand.

The Complainant seeks the transfer of the Domain Name to itself.

6. Discussions and Findings

In order to succeed in its Complaint, in accordance with the Policy, the Complainant needs to establish:

- “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.”*

The Complainant needs to establish both elements on the balance of probabilities.

The definition of Abusive Registration under the Policy is as follows:

“Abusive Registration means a Domain Name which either:

- i. was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights; or*
- ii. has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights”.*

The definition of Rights under the Policy is as follows:

“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.”

In this case, the Complainant has provided evidence of registered trade mark protection in the United Kingdom for the name or mark CARDIOCHEK, and has asserted that it has an extensive international distribution network. Although it does not put any figures on its sales, and is vague as to quite what level of sales are involved, its contentions are not disputed by the Respondent, which acknowledges its own lengthy course of dealing in the Complainant's products. Therefore, disregarding the suffix .org.uk, it seems clear that the Complainant has Rights in the name or mark CARDIOCHEK, which is identical to the Domain Name.

As to abusive registration, although it can be understood why the Respondent is unhappy at being undercut by the distributor involved, and losing clients to the distributor, the distributor is not party to this Complaint. The Respondent has effectively acknowledged that it has sought to use the Domain Name as a lever to engineer an improvement in its current position vis-a-vis the distributor, and other resellers, which cannot be said to be a legitimate or fair use of the Domain Name. It is not clear whether this was always in its mind when it registered the Domain Name, possibly not. However, the Respondent does not deny that it has used the Domain Name in this way (and can hardly

do so, given that the Complaint exhibits its own email). Furthermore, even if that was not its original intention when the Domain Name was registered, the Respondent admits that its registration was with a view to “an effort to retain our market share”. The Domain Name uses the Complainant’s brand, without adornment. The Respondent was of course well aware of the repute of the Complainant’s brand (having sold CARDIOCHEK products since 2002), and by registering the Domain Name the Respondent was hoping to drive traffic to its own website. It may have been the case that the aim was to attract more sales of the Complainant’s products, but the website also sells competing products. Therefore, a user anticipating finding a site devoted to selling the Complainant’s products will instead be faced with alternatives, which could lead to those potential sales being lost to a competitor of the Complainant.

In this case, therefore, the unadorned use of the Complainant’s brand in the Domain Name is combined with the use in respect of a website also advertising competing products. The combination of those two factors without any relevant extenuating circumstances would of itself mean that a finding of confusing use within 3.a.ii of the DRS Policy arising out of initial interest confusion on the part of a prospective customer is inevitable (see paragraph 3.3 of the Experts’ Overview, and the cases cited). The Respondent’s subsequent use of the Domain Name as a bargaining chip in relation to a separate commercial dispute makes a finding of abusive registration unarguable. Therefore, the Complaint succeeds.

7. Decision

The Expert finds that the Complainant has Rights in the name or mark CARDIOCHEK which is identical to the Domain Name, and 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 Bob Elliott

Dated 31 December 2014