

DISPUTE RESOLUTION SERVICE

D00018551

Decision of Independent Expert

Spreadfast, Inc.

and

Mr Kenneth Cho

1. The Parties:

Complainant: Spreadfast, Inc.
200 W. Cesar Chavez Street, Suite 600
Austin
Travis County, State of Texas
78701
United States

Respondent: Mr Kenneth Cho
1115 Wild Basin Ledge
Austin
Texas
78746
United States

2. The Domain Name(s):

spreadfast.co.uk
spreadfast.co.uk

3. Procedural History:

I can 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, that need be disclosed as they might be of a such a nature as to call in to question my independence in the eyes of one or both of the parties.

23 February 2017 15:44 Dispute received
28 February 2017 13:52 Complaint validated
28 February 2017 13:58 Notification of complaint sent to parties
17 March 2017 01:30 Response reminder sent
21 March 2017 16:44 Response received
21 March 2017 16:45 Notification of response sent to parties
24 March 2017 14:59 Reply received
24 March 2017 14:59 Notification of reply sent to parties
03 April 2017 14:14 Mediator appointed
03 April 2017 14:14 Mediation started
19 May 2017 14:13 Mediation failed
19 May 2017 14:22 Close of mediation documents sent
01 June 2017 02:30 Complainant full fee reminder sent
05 June 2017 10:48 Expert decision payment received
19 June 2017 Expert makes 17.1 request for additional documents
21 June 2017 Parties provide additional documents

4. Factual Background

The Complainant is a US corporation that provides a software service platform. It has operated worldwide under the name Spredfast since April 2011. It uses the domain name spredfast.com and operates a website at www.spredfast.com.

The Complainant has operated a UK subsidiary, Spredfast Limited, since 23 December 2013.

The Respondent was a co-founder of the Complainant. He was employed by the Complainant from 10 April 2010 until 31 December 2013 at which point his employment terminated. He no longer performs any duties for the Complainant.

The Complainant and the Respondent are parties to an Employee Proprietary Information Agreement dated 13 April 2010 and a Separation Agreement and Mutual Release executed on 13 February 2014 (the Agreements). The Agreements are confidential. Following a request by the Expert under Paragraph 17.1 of the Nominet Dispute Resolution Policy (the Policy), redacted copies of the Agreements have been provided by the Parties solely for this Decision. The Agreements are governed by the law of the State of Texas.

The Respondent registered the Domain Names on 3 February 2012 while in the employ of the Complainant. It is common ground between the Parties that the Domain Names have not been put to active use. A screenshot of the Domain Names provided by Nominet show that they were parked by the domain name service provider as at 28 February 2017.

5. Parties' Contentions

Rights

The Complainant asserts Rights in the SPREDFAST mark.

It relies on a registered trade mark in the US (RN:4469197; SN:85859869) for the SPREDFAST mark and the fact that it is in the process of applying for a European Union trade mark. It also asserts common law rights in the UK based on a UK trading presence.

The Respondent disputes that the Complainant has a registered trade mark.

Abusive Registration

The Complaint

The Complainant asserts that the Domain Names are Abusive Registrations in the hands of the Respondent, based on the points summarised below.

1. The Respondent has no legitimate right to the Domain Names. They were registered in 2012 in the course of the Respondent's employment on behalf of the Complainant and at its direction. The registrations were made to enable the Complainant to launch a website targeted at a European customer base. The Complainant was given valuable consideration for registering the Domain Names through salary and equity compensation. The registration fees were also reimbursed.
2. The Agreements contain covenants providing that all intellectual property and other property, including anything resulting from the Respondent's work product or efforts as an employee, are the Complainant's property. The Respondent has been asked verbally and by email to transfer the Domain Names to the Complainant. He has refused to do so.
3. Given that (a) the Domain Names were registered as part of the Respondent's employment with the Complainant, (b) the Respondent was given consideration to do so and (c) the Agreements compel the Respondent to return the Domain Names to the Complainant, the Respondent has no legitimate interest in the Domain Names and his refusal to transfer them is unfairly disrupting the Complainant's business. It is actively doing business in

the UK but is unable to expand its operations in an effective way without the spreadfast.co.uk domain name.

4. The Complainant seeks to hold title to the spreadfast.co.uk domain name because it bears a confusing similarity to its Spredfast mark and it is important to prevent confusion and the potential abuse by others of such a domain name. The word "spreadfast" is often mistaken by the Complainant's customers and potential customers for "spredfast".

The Response

1. The Respondent does not specifically dispute that he registered the Domain Names in the course of employment. He submits that he is not required to transfer the Domain Names to the Complainant under the terms of the Agreements because they were not part of the materials and assets included in the Agreements. The Complainant told the Respondent at the time of the Separation Agreement that the Complainant was not then doing business in the UK and he speculates that this is the reason why the Domain Names were not included at that time.
2. The Respondent has not behaved abusively and has no intention to do so. He has retained the Domain Names for nostalgic reasons linked to the fact that he founded the Complainant. He is planning to launch a blog for his personal use using the Domain Names. The blog will focus on his entrepreneurial experiences and difference in business cultures.

Additional Submissions from the Reply

1. The Respondent's construction of the Agreements is disputed. There was no carve out of the Domain Names under the Agreements and no exclusive list of properties to be transferred that would have excluded the Domain Names.
2. The Respondent's nostalgic reasons are not a legitimate reason for him to retain the Domain Names. Nevertheless, the Complainant would be happy to create an alternative appropriate memento for the Respondent to satisfy any nostalgic needs.

6. Discussions and Findings

Under Paragraph 2 of the Policy, to succeed the Complainant must establish on the balance of probabilities, that:

it has Rights in respect of a name or mark which is identical or similar to the Domain Name, (2.1.1) and

the Domain Name, in the hands of the Respondent, is an Abusive Registration (as defined in Paragraph 1 of the Policy) (2.1.2).

Rights

Rights are defined in Paragraph 1 of the Policy 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."

The Complainant has established common law rights in the SPREDFAST mark through its business presence in the UK. The Complainant has traded across the world since 2011 (including the UK) and has a UK subsidiary which was incorporated on 23 December 2013. This business activity is sufficient to generate goodwill in the UK and confers unregistered Rights on the Complainant under the Policy. However it should be noted that the Complainant only just gets over the line on establishing its passing off rights. It provides no supporting evidence other than its assertion of trading in the UK, supported by evidence in the form of a signed declaration (which is headed 'affidavit' but does not appear to be sworn) from the CEO of the Complainant. This fact, combined with the fact that the Respondent does not deny the existence of UK business at the date of this Complaint, just about makes out the case on Rights on the balance of probabilities.

The Rights relate to a name which is identical to one of the disputed Domain Names -spreadfast.co.uk- it being customary to disregard the .co.uk suffix. The Rights also extend to the other disputed Domain Name- spreadfast.co.uk, it being confusingly similar to the SPREDFAST mark.

In relation to the Complainant's case on registered Rights if there were a European Union trade mark application in existence (which the Respondent disputes) it would not in itself confer Rights. The validity of any such application has not yet been determined and the application affords the proprietor no legal right to prevent others from using the mark.

The US trade mark registration would confer Rights if its existence and currency were proved. The Complainant has provided registration numbers. Nominet provides an Experts Overview document for Parties which explains that a copy of the registration certification or a printout of the registry database will normally establish registration. If a Complainant does not present prima facie evidence to support its assertion of registered trade mark rights, it cannot expect the Expert to look up alleged trade marks as a matter of routine. However, in this case, a check of the USPTO database establishes that the claimed US trade mark registration does exist and confers registered Rights which satisfy the Policy.

The first requirement of the Policy has accordingly been satisfied and unregistered and registered Rights have been established.

Abusive Registration

An Abusive Registration is defined in Paragraph 1 of the Policy 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. is being or has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights".

This Complaint is not based on the original registration/acquisition of the Domain Name (which was done with the Complainant's approval), but effectively argues that the Respondent's refusal to transfer the Domain Names amounts to "use" in a manner which has been unfairly detrimental to the Complainant's Rights.

Detriment

The Expert accepts the Complainant's submission that the Respondent's retention of the spreadfast.co.uk domain name is disrupting the Complainant's business by hindering its further expansion into the UK and Europe. It is also blocking its ability to acquire a domain name which is relevant to its business. The Expert also accepts that the securing of the spreadfast.co.uk domain name would be a prudent marketing strategy for the Complainant. The fact that the Complainant cannot control a domain name that is likely to be linked to it would be detrimental to its Rights.

The Respondent's ownership of the Domain Names is therefore detrimental to the Complainant's Rights. The issue for determination under the Policy is whether the detriment is unfair.

Unfairness

It is common ground that at the time the Domain Names were registered the Respondent was employed by the Complainant. The Respondent has not objected to the submissions that (i) he registered the Domain Names as an employee, (ii) the registration was made on the instructions of the Complainant for the purpose of its expansion into Europe and (iii) he was paid to register the Domain Names and reimbursed the registration fees.

It is also therefore common ground that the Complainant caused the Respondent to register the Domain Names for the Complainant's sole benefit pending its launch into the European market. The incorporation of the UK subsidiary took place on 23 December 2013 before the termination of the Respondent's employment. If the Respondent were now allowed to retain the Domain Names it would frustrate the specific purpose which the Complainant had instructed and paid the Respondent as its employee to achieve. It is this factor that renders the detriment that the Complainant is suffering from as unfair. The Respondent's continued ownership of the Domain Names for his own purposes and his refusal to transfer them are abusive for the purposes of the Policy.

The Agreements, which set out the Parties' rights and obligations after the employment ended, do not alter this finding for the purposes of the Policy. The Respondent does not assert that the Agreements grant him any positive rights, merely that they do not deprive him of any he already had (and the above finding establishes that he had none).

In any event, there is a dispute between the Parties about the meaning and effect of the Agreements. They would appear on their face to support the Complainant's position that the Respondent was required to transfer the Domain Names as company property. However, there is an alternative interpretation raised by the Respondent. The Expert is not equipped, and the Policy is not an appropriate vehicle, to perform legal analysis of complex contracts that are governed by the law of another jurisdiction. The Expert therefore makes no determination on the effect of the Agreements other than to note that they present as neutral documents that do not change the underlying position that the Domain Names were registered on behalf of and for the benefit of the Complainant.

The Respondent's explanation that he is holding onto the Domain Names for nostalgic reasons does not override the Expert's findings. The Complainant has in any event offered to meet this need in an alternative way which the Respondent is encouraged to pursue. In relation to the Respondent's plans to launch his blog the transfer of the Domain Names would not impede the substance of this objective and the Respondent would be able to register alternative domain name(s) to achieve it.

7. Decision

The Expert finds that the Complainant has Rights in respect of a name or mark which is identical or similar to each of the Domain Names and that the Domain Names are both Abusive Registrations. The Expert orders that the Domain Names be transferred to the Complainant.

Signed Sallie Spilsbury

Dated 3 July 2017