

DISPUTE RESOLUTION SERVICE

D00021556

Decision of Independent Expert

Trades Centre Ltd t/as Flooring Centre

and

Mr Diyan Kolarov

1. The Parties:

Complainant: Trades Centre Ltd t/as Flooring Centre
158 Coles Green Road
London
NW2 7HW
United Kingdom

Respondent: Mr Diyan Kolarov
Flat 2, Homington Court
Albany Park Road
Kingston
Surrey
KT2 5SP
United Kingdom

2. The Domain Name:

sanding.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 to 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.

27 June 2019 17:16 Dispute received
03 July 2019 15:43 Complaint validated
03 July 2019 15:46 Notification of complaint sent to parties
04 July 2019 12:09 Response received
04 July 2019 12:09 Notification of response sent to parties
08 July 2019 10:38 Reply received
12 July 2019 11:21 Notification of reply sent to parties
12 July 2019 11:24 Mediator appointed
12 July 2019 13:30 Mediation started
19 July 2019 15:26 Mediation failed
19 July 2019 15:27 Close of mediation documents sent
31 July 2019 02:30 Complainant full fee reminder sent
06 August 2019 10:13 Expert decision payment received

4. Factual Background

I have taken the following summary from the contents of the parties' submissions, their supporting documents and Nominet's records for the Domain Name :

- The Complainant is in the business of supplying and fitting wooden, laminate and vinyl flooring. The Respondent was previously one of two directors and shareholders of the Complainant.
- The Domain Name was registered on 10 June 2014. The Registrant was stated to be "Flooring Centre", which is the trading name of the Complainant, but the contact details associated with the registration were those of the Respondent, who was a director and shareholder at the time.
- On 5 June 2018 the Respondent left the Complainant and ceased to be a director or shareholder. He subsequently set up a competing business.
- On 16 September 2018, the Complainant applied to register "sanding.co.uk" as a UK trade mark.
- On 10 October 2018, a written agreement was entered into between the Complainant (and its associated company) and the Respondent ("the Agreement"). It contained a clause which provided that, as between the parties, "*the title and interest*" in various named domain names and their associated websites "*will solely be owned by* [the Respondent]". One of the listed domain names was <sanding.co.uk> but the Agreement appears to make no express mention of the then pending application to register it as a trade mark or of the Domain Name itself.
- The Respondent's current business provides floor sanding services and has a website at www.sanding.co.uk using the <sanding.co.uk> domain name to resolve to it.

- On 30 November 2018 the Complainant's application to register "sanding.co.uk" as a UK trade mark was accepted and was entered on the register. The Complainant is still named on the Trade Marks register as the registered proprietor of it and the Complainant relies upon it as being its "Rights" for the purposes of this complaint under Nominet's Dispute Resolution Service ("DRS").
- On or about 25 June 2019, the Domain Name was transferred from the Complainant's trading name into the name of the Respondent as Registrant (although his first name is spelled as "Dian" rather than "Diyan"). It seems that this was done on 25 June 2019 as that is also the date when the "IPS-tag" for the Domain Name was changed from the Complainant's domain name Registrar, 123-Reg, to a new Registrar called Enom and the date when the registration was "last updated" according to Nominet's WHOIS record for the Domain Name. This was all somehow done without the Complainant's knowledge or consent. 25 June 2019 (at 6am) was also the expiry of Nominet's 5-year 'reserved right' period for new .uk domain names to which the Respondent refers in his Response. During that period, the owner of an existing qualifying .co.uk domain name had the exclusive right to register the corresponding new .uk domain name.
- The Domain Name does not appear to have been put to any use by the Complainant during the period when it was the Registrant. It is currently being used to resolve to a holding page advertising the services of 123-Reg.

5. Parties' Contentions

In summary, in its Complaint, which was supported by various documentary annexures, the Complainant made the following points:

- The Respondent is a previous director and shareholder of the Complainant.
- The Complainant is the registrant and rightful owner of the Domain Name as, despite having the Respondent's contact details when it was registered in 2014, it was registered through the Complainant's company account with 123-Reg, was paid for in full by the Complainant and registered in the Complainant's trading name of "Flooring Centre" as the Registrant.
- In June 2018 the Respondent left the Complainant and ceased to be a director or shareholder of it and its associated company, Flooring Centre Ltd.
- The Complainant has a registered trade mark for the identical name which gives it the legal right to own the Domain Name.
- After the Respondent left the Complainant, Mr Vesov, its remaining sole director and shareholder, was not "tech aware" and did not change the registration details for the domain names owned by the Complainant.
- On or about 25 June 2019, the Domain Name "disappeared" from the Complainant's domain name account with 123-Reg, just a few weeks after it had been successfully renewed by the Complainant.
- The Complainant assumed there had been a problem with the renewal and contacted 123-Reg but was told that the Domain Name had had its "IPS-tag" changed by an unknown third party and was no longer under its control.
- The Respondent has taken control of the Domain Name by a form of hijack and theft, without attempting to contact the Complainant or express any claim over it.

In summary, in his Response, which was supported by various documentary annexures, the Respondent made the following points:

- The Respondent is the rightful owner of the domain name <sanding.co.uk> and its associated website to which it resolves and seeks rights to own the Domain Name pursuant to Nominet's 5-year 'reserved right' period that ran until 25 June 2019, during which time the owner of an existing qualifying .co.uk domain name had the exclusive right to register the corresponding new .uk domain name.
- The Respondent is entitled to ownership of the domain name <sanding.co.uk> by virtue of the Agreement made between the parties when the Respondent left the Complainant, which had been jointly owned by him and Mr Vesov. Under the terms of the Agreement, Mr Vesov received the Respondent's 50% shareholding in the Complainant and in return the Respondent retained some of the web assets that had been jointly owned through the Complainant.
- While <sanding.co.uk> is in the Respondent's full control, the Domain Name is still in the control of the 123-Reg account controlled by Mr Vesov / the Complainant.
- The Domain Name is a variation of the Respondent's <sanding.co.uk> domain name and business asset, in which he has invested heavily and would like to protect from competitors like Mr Vesov / the Complainant, who, despite the terms of the Agreement and after signing it, registered a trade mark for the <sanding.co.uk> domain name when he is not the rightful owner.
- Clause 3.6 of the Agreement states *"The parties agree not to bring claims against each other or any Associated Company for which the parties are directors, shareholders, agents and or officers with regards to any intellectual property developed or further enhanced prior to commencement of employment, during the course of employment or post termination."*
- The Complainant and the Respondent's respective businesses provide the same services and operate in the same geographical area. The Respondent cannot think of any reason for the Complainant to object to releasing the Domain Name, other than it is planning to use the Domain Name to mimic the Respondent's existing website, or to use it in some other negative way for the Respondent's business.

In summary, in its Reply the Complainant made the following points:

- The Respondent has confirmed in his Response that the Domain Name was in the Complainant's control before being unlawfully transferred to him.
- That constitutes a form of theft and if the Respondent had any sound reasons to claim the Domain Name he would have done so through Nominet's DRS, as the Complainant rightfully did.
- The application to register the "sanding.co.uk" trade mark was filed well before the Agreement was signed, so the Respondent's claims are not valid.
- The Complainant does not want to acquire any property of sanding.co.uk, but just wants to have the Domain Name, which was rightfully owned by the Complainant, returned to it.

- The Respondent has made some presumptions about the Complainant's future use of the Domain Name which are far from the truth. Its main purpose will be to populate a website for sanding supplies, of which the Complainant is a leading supplier.
- The Respondent should stop contemplating further thefts from the Complainant's accounts that he still has access to and return the Domain Name to the Complainant without delay.

6. Discussions and Findings

In order to succeed the Complainant must prove, on the balance of probabilities, two matters, namely that:

1. the Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and
2. the Domain Name, in the hands of the Respondent, is an Abusive Registration.

These terms are defined in the Nominet DRS 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.
- **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 took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

Does the Complainant have Rights?

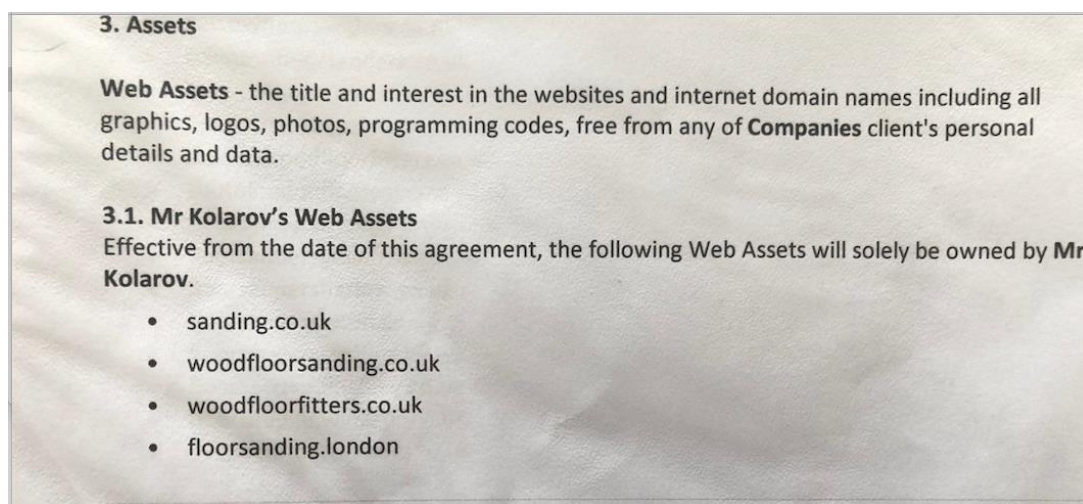
The Complainant is the registered proprietor of a UK trade mark (number 3338803) for "sanding.co.uk" which is registered in respect of floor sanding services. That registration, currently registered in its name as the proprietor, is presumed to be valid under the Trade Marks Act and therefore gives the Complainant prima facie rights under the Trade Marks Act in respect of that mark.

Being the registered proprietor of a relevant trade mark would normally be sufficient to decide, in favour of a complainant, the issue of whether or not a complainant has Rights for the purposes of the DRS. But even if the "sanding.co.uk" trade mark registration is still recorded in the trade marks register in the name of the Complainant, it cannot constitute Rights for the purposes of the DRS unless the registered trade mark is actually enforceable by the Complainant.

Whether or not the registered trade mark rights are actually enforceable in practice by the Complainant is a questionable issue. That is due to the terms of clause 3.1 of the Agreement. The issue is of some significance to the Complainant's complaint under the DRS because the

trade mark registration for “sanding.co.uk” is the only reference made by the Complainant to having any possible relevant Rights in respect of a name or mark which is identical or similar to the Domain Name. It made no claim or reference in its Complaint or Reply or any of its exhibited documents to any prior use of the Domain Name, the <sanding.co.uk> domain name, any similar domain name or to any use of any other SANDING trading name that, despite its generic nature in isolation, might have been sufficient to give it Rights for the purposes of the DRS.

The relevant extract from the Agreement exhibited by the Respondent is copied below:



In the Agreement, the Companies were the Complainant and its associated company, Flooring Centre Limited, and the Respondent was referred to as Mr Kolarov.

At the time the Agreement was entered into, the Complainant's trade mark application to register “sanding.co.uk” was still pending and no mention of it appears to have been made in the Agreement. However, the title and interest in a pending trade mark application can be transferred to another person in the same way as it can be once registered.

I have only been supplied with extracts from the Agreement by the Respondent and not the whole of the Agreement. However, I note that the Complainant failed to mention the Agreement at all in its Complaint and, in its Reply, did not take any issue with the references made to it by the Respondent in his Response or point to any other terms of the Agreement that might have undermined the Respondent's reliance upon it.

Even though the Agreement does not appear expressly to mention the pending “sanding.co.uk” trade mark application, the Complainant's “title and interest” in the <sanding.co.uk> domain name was transferred into the Respondent's sole ownership. The Respondent might therefore have a strong claim that the terms of clause 3 of the Agreement were sufficient also to transfer the equitable ownership of the then pending trade mark application from the Complainant to the Respondent, in addition to the domain name registration itself. If so, the subsequently completed registration of the trade mark would also be caught by the terms of the Agreement as, under UK trade mark law, the subsequent successful registration of the application on 30 November 2018 is deemed to have been made as from the application date of 16 September 2018.

If the Respondent could make that claim successfully, it would mean that the legal title to the “sanding.co.uk” trade mark registration is held in trust by the Complainant for the Respondent and give the Respondent the right to call for an assignment of the legal title to him. I also note that the Complainant, in its Reply, states that it does “*not want to acquire any property of sanding.co.uk*”. That statement would seem to be incompatible with any continued claim to be the rightful owner of the sanding.co.uk trade mark registration.

However, I have been provided with only a few extracts from the Agreement and given very little information by either of the parties as regards the background to or the intentions and terms of the full Agreement. I am left to speculate as to why, judging from the extracts I have seen, the “sanding.co.uk” trade mark application (and indeed the Domain Name itself) appear not to have been expressly dealt with or even mentioned in the Agreement. In the circumstances, I have concluded that there is insufficient evidence before me in this DRS complaint to rebut the presumption of statutory rights that normally attach to the registered proprietor of a trade mark registration. As such, the Complainant is entitled to rely on the “sanding.co.uk” trade mark registration held in its name as being Rights for the purposes of this DRS complaint.

The Complainant made no express claim to have any other Rights upon which to base its complaint under the DRS. However, I have considered whether support for the existence of any other relevant Rights is indicated in or can be implied from the rather sparse information I have been provided with or the general circumstances of the case.

There is an implication from the terms of clause 3 of the Agreement that the <sanding.co.uk> domain name may have previously been put to use by the Complainant to resolve to an active website. Any such use may have generated passing off rights in respect of the name. But the Complainant has not mentioned any such use and in any event, it would seem that the interest in any passing off rights that had been generated by the Complainant by use of the domain name (if any) will also have passed to the Respondent by virtue of clause 3 of the Agreement.

The only other rights that could have any relevance relate to Nominet’s 5-year ‘reserved right’ period for .uk domain names, to which the Respondent has referred. During that period, which ended at 6am on 25 June 2019, the owner of an existing qualifying .co.uk domain name had the exclusive right to register the corresponding new .uk domain name. That reserved right was a ‘one-off’ right which applied to the first registration of the Domain Name, and that right was exercised in 2014 by the Complainant as the then rightful owner of the corresponding sanding.co.uk domain name. The Respondent, as current registrant of the sanding.co.uk domain name, cannot exercise the same right again for a second time. Under the rules relating to the 5-year reserved right period, once a .uk domain name had been registered at some time during the 5-year period, it could then, from its registration date, be dealt with like any other domain name registration and transferred to a third party by the registrant or it could be cancelled by the registrant and then immediately be available to any third party on a ‘first come’ basis.

The Complainant had those rights to transfer or cancel the Domain Name as the Registrant of it from its registration date on 10 June 2014. But those rights attach to the owner of the registration of a domain name and by the time this DRS complaint was filed the registration of the Domain Name was in the name of the Respondent, not the Complainant. However, it could be strongly argued that if the transfer of a domain name registration to a respondent was achieved by inequitable or nefarious means, then it would be unconscionable to allow that respondent to continue to benefit from it.

However, in my view, whoever owns them, rights to deal with the registration of a domain name do not of themselves constitute relevant Rights for the purposes of the DRS as they are not rights in respect of the name or mark itself.

Are the Rights under the registered trade mark in respect of a name or mark which is identical or similar to the Domain Name?

The Complainant stated in its Complaint that the “sanding.co.uk” trade mark registration was identical to the Domain Name. When making the comparison, it is normally right to ignore the suffix to the domain names in question and concentrate on the prefix. But in this case, the .co.uk suffix has expressly been made an integral part of the trade mark registration and it would seem to be a material element required to give the overall mark distinctive character in respect of “floor sanding” services.

In the circumstances, it is not identical to the Domain Name. However, in my view, it is clearly similar to it.

Is the Domain Name, in the hands of the Respondent, an Abusive Registration?

The Respondent has made reference to Nominet’s 5-year ‘reserved right’ period which ended on 25 June 2019 and seems to have been what prompted the Respondent to somehow effect the transfer to himself of the registration of the Domain Name as from that date.

The first registration of the Domain Name in 2014 was by the Complainant as the then rightful owner of the corresponding <sanding.co.uk> domain name. As such, that cannot have taken unfair advantage of or have been unfairly detrimental to the Complainant's Rights. But whatever the Respondent believed that the ending of the reserved right period on 25 June 2019 would mean as regards the registration of the Domain Name, the manner of the Domain Name’s acquisition by the Respondent on that date is much more questionable.

I note that the Respondent says in his Response that the Domain Name is not under his control but is still controlled through the Complainant’s account with 123-Reg. I believe he is being entirely disingenuous when saying that. The Registrar for the Domain Name is now Enom not 123-Reg, the registration is now in the name of the Respondent as Registrant and the relevant contact details held by Nominet are the Respondent’s Gmail email address and a postal address that appears to be an address from which the Respondent’s business trades.

The Complainant exhibited correspondence from 123-Reg which confirmed that it had not changed or authorised the change of Registrar to Enom on 25 June 2019 and that the Complainant’s online control panel account with 123-Reg had not been accessed by anyone on that date in order to make the change. That would normally be the only way the Registrar ‘tag’ could be changed other than by Nominet itself taking such action, either unilaterally or at the request of a new registrant.

However, I understand from my own background knowledge that it normally takes 12-24 hours for any such change instruction made via the 123-Reg control panel to update and show on the record. 123-Reg does not appear to have checked whether anyone accessed the Complainant’s control panel on 24 June 2019, which in practice is the date when any change instruction via the Complainant’s control panel with 123-Reg is likely to have been made. The Registrar change could also have been effected by someone logging in to the Complainant’s

online account with Nominet, purporting to be the Complainant or authorised by it, and initiating a change of Registrant of the Domain Name, and the new Registrant then giving instructions to Nominet to change the Registrar.

On the evidence before me, the only plausible explanation as to how the change of Registrar from 123-Reg to Enom and the change of Registrant from the Complainant to the Respondent was achieved with effect from 25 June 2019 is that the Respondent caused it to happen by surreptitiously accessing the Complainant's control panel account with 123-Reg and/or its online account with Nominet.

The issue is whether or not that action taken by the Respondent at that time took unfair advantage of or was unfairly detrimental to the Complainant's Rights. The Respondent's only possible justification for doing so is if the terms of the Agreement of 10 October 2018 somehow allowed him to short circuit the obvious route that was open to the Respondent to claim the Domain Name for himself by lodging his own DRS complaint seeking a transfer of the Domain Name to him. The Complainant says this is what the Respondent should have done, rather than stealing it.

The Agreement gave all rights to the <sanding.co.uk> domain name and any associated website to the Respondent, but the parts I have seen do not expressly mention the <sanding.uk> Domain Name. That may have been an oversight or it may have been deliberate and neither party has addressed the issue in its submissions. In general terms, where a domain name prefix is largely generic or descriptive, such as 'sanding', it is common for different top level domain name variants to be owned and used by different, often competing, parties. In my view, the terms of the Agreement would have had to have been very clear if it was to purport to authorise the Respondent to effect a transfer of the Domain Name to himself a year after he had parted company with the Complainant and become an active competitor. I have seen nothing in the extracts of the Agreement exhibited by the Respondent that come remotely near authorising or justifying such actions.

Absent express authorisation by the Complainant, I cannot condone the Respondent taking such 'self-help' action, regardless of how strong a claim to the registration of the Domain Name he believed the Agreement may have given him or what he thought the end of the reserved right period on 25 June 2019 might have meant as regards the registration of the Domain Name. He should have gone through the proper process to claim the registration of the Domain Name by filing his own DRS complaint. But his resort to unauthorised self-help to effect the transfer of the Domain Name to himself was, in the language of Paragraph 5.1.1.3 of the DRS Policy (which is one of a non-exhaustive list of factors which may be evidence that the Domain Name is an Abusive Registration) an unfair disruption to the Complainant's business.

One final point to mention is that, in his Response, the Respondent purported to quote Clause 3.6 of the Agreement as follows: *"The parties agree not to bring claims against each other or any Associated Company for which the parties are directors, shareholders, agents and or officers with regards to any intellectual property developed or further enhanced prior to commencement of employment, during the course of employment or post termination."*

I do not know whether the Respondent was putting this forward to say the Complainant should not have brought its claim against the Respondent in relation to the Domain Name under the DRS, but in any event he has materially mis-quoted the relevant clause which did in fact state as follows: *"The parties agree not to bring claims against each other or any Associated Company for which the parties are directors, shareholders, agents and or officers*

with regards to any digital content further developed or enhanced after the Termination Date". The Termination Date was 9 June 2018. In my view, this clause of the Agreement is entirely irrelevant to any issue relating to this complaint under the DRS. Even if the Agreement did contain a clause as quoted by the Respondent, it would not change my conclusion.

7. Decision

For the reasons outlined above, I find that the Complainant has proved, on the balance of probabilities, that the Complainant has 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.

In the circumstances I order that the Domain Name be transferred to the Complainant.

Signed

Dated 23 August 2019

Chris Tulley