

DISPUTE RESOLUTION SERVICE

D00014507

Decision of Independent Expert

Hy City Enterprises LLC

and

Jim Degnan

1. The Parties

Complainant: Hy City Enterprises LLC
333 Holtzman Road
Madison
Wisconsin 53713
United States

Respondent: Jim Degnan
Essex
United Kingdom

2. The Domain Name

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

3. Procedural History

Nominet checked that the complaint received on 11 July 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 31 July. On 5 August, the Complainant replied to that response. The same day, a mediator was appointed to help resolve the dispute informally. Mediation proved unsuccessful so, on 13 October, 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 21 October.

On 21 October 2014 I, Mark de Brunner, agreed to serve as an expert under the Policy and Procedure. I have confirmed 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

The Domain Name resolves to a holding page, with contact details for 'The Village Websmith', which explains:

This site is not currently visible. Through changed requirements, or at the request of the domain name registrant, we have removed the content.

I have visited the Complainant's web site at nutraease.com and its corporate web site, hycite.com.

From the complaint, the response, the reply, those visits and the administrative information routinely supplied by Nominet, I accept the following as facts.

The Complainant manufactures a wide range of household products, including cookware, dinnerware and cutlery, selling them through a number of brands, including 'NUTRAEASE'. It was founded in 1959 and now has customers in Canada, Mexico, Bolivia, Dominican Republic, Argentina, Venezuela, the Philippines, Brazil, India, Columbia, Peru, Ecuador and Europe. The Complainant launched the NUTRAEASE brand in the United States during the Spring of 2010 and, in the UK, in December 2012. Currently, there are over forty NUTRAEASE distributors throughout the world, including one in the UK.

The Complainant has advertised the NUTRAEASE brand through its web site, nutraease.com (registered in October 2009), through its corporate web site, hycite.com and through its network of distributors. It also promotes NUTRAEASE at European and international trade shows. On 12 July 2012 the Complainant applied to register the name NUTRAEASE and a related logo as trade marks with the UK Intellectual Property Office.

Since 2012, NUTRAEASE products in the UK have generated turnover of around 200,000 US dollars (£120,000).

On 12 April 2012, a Ms Emaan Syed entered into a distributor agreement with the Complainant. The agreement allows authorised distributors to use the Complainant's intellectual property, while the agreement is in force, for the marketing of the Complainant's products.

In June 2012 the Respondent also showed interest in becoming a distributor and on 25 July that year he registered the Domain Name.

The Complainant did not respond directly to the Respondent's interest in becoming a distributor, but arranged for his details to be forwarded to Ms Syed. The relationship between the Respondent and Ms Syed is not completely clear. It seems that the two were contemplating the possibility of the Respondent's becoming the distributor of the Complainant's products in the South East of England. The Respondent also appears to have worked with Ms Syed on the content of the web site at the Domain Name: correspondence during August 2012 and April 2013 between Ms Syed and the Complainant makes clear that both Ms Syed and the Respondent were concerned to ensure that the Complainant approved the web text. But solicitors acting for the Respondent say there is 'no connection' between the two and Ms Syed says that there was no agreement between her business and the Respondent for the sale of the Complainant's products. In any event, the Complainant confirms that the Respondent has never been one of its authorised distributors.

In March 2014 the Complainant terminated the distributor agreement with Ms Syed on the basis that there had been no contact from her for several months. It offered to buy back any unused stock and asked Ms Syed to take down the web site at the Domain Name. It subsequently asked for the transfer of the Domain Name and agreed to reimburse the costs associated with that.

In May 2014, the Complainant heard from solicitors acting for the Respondent, offering to sell the Domain Name for £10,000. The letter says:

If your clients are not willing to pay this price to purchase the domain name from our client then he will keep the domain name and renew it annually...

Our client is the legal owner of the domain name that he purchased speculatively as he has done with other domain names in the hope that in the future it may have some value.

5. Parties' Contentions

Complaint

The Complainant says it has rights in the name NUTRAEASE and that the Domain Name is an abusive registration because:

- (i) it was intended to exploit the Complainant's rights in the NUTRAEASE brand, as evidenced by the Respondent's subsequent offer to sell the Domain Name to the Complainant for £10,000
- (ii) it was meant as a blocking registration
- (iii) it has at least the potential to cause confusion among internet users who might believe wrongly that the Domain Name is connected with the Complainant.

Response

The Respondent argues that this is not an abusive registration because:

- (i) the Domain Name was acquired by the Respondent in good faith, as a distributor of the Complainant's products
- (ii) alternatively, the Domain Name was registered speculatively, in the hope that in future it might have some value
- (iii) in commenting on the wording of the text to be used on the web site at the Domain Name, the Complainant effectively approved the registration
- (iv) in any event, the web site is not currently being used and the Respondent has no intention of using it in future.

Reply

In reply to the first and third elements of the response, the Complainant points out that

- (i) the Respondent was not, in fact, an authorised distributor of its products
- (iii) the Complainant was only content with the use of the Domain Name on the basis that the web site was being operated by an authorised distributor, Ms Syed.

6. Discussion and Findings

To succeed in this complaint, the Complainant must prove, 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; and that
- the Domain Name, in the hands of the Respondent, is an abusive registration.

Rights

The Complainant has registered rights in the name NUTRAEASE. It has also invested in the brand globally, including in the UK, over several years, establishing unregistered rights.

Ignoring the .co.uk suffix as merely a generic feature of the domain name register, the Domain Name is identical with the name in which the Complainant has rights.

The Complainant therefore has 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 Complainant's argument is that the Respondent registered the Domain Name to exploit its rights in the global NUTRAEASE brand, as confirmed by his subsequent offer to sell it to the Complainant for £10,000; that this was meant as a blocking registration; and that it might cause confusion. The Respondent's position is that he had valid reasons for the registration and that the Domain Name is not now going to be used by him anyway.

The Policy contains a non-exhaustive list of factors that may be evidence that a domain name is an abusive registration and the complaint reflects some of those factors. There is an equivalent non-exhaustive list of factors that may point the other way, but none is raised directly in the response. At the outset, however, the Policy definition of an abusive registration distinguishes between the acquisition of a domain name and its use.

Unambiguous evidence of the Respondent's motive at acquisition is not available. For that reason, I attach little weight to the claim that this is a 'blocking' registration. The Respondent himself offers alternative possibilities, though: that the registration was merely speculative, in the hope that it would be of value in the future; and that he acquired the Domain Name in

anticipation of becoming an authorised distributor of the Complainant's products.

Acquiring domain names speculatively is not of itself objectionable, as the Policy (paragraph 4 d) makes clear when it confirms that domain name trading is a legitimate activity. In *Hanna-Barbera Productions, Inc v Graeme Hay* (DRS 00389), the appeal panel said:

The fact that a demand for money may be in excess of the out of pocket expenses of the registrant cannot of itself constitute abusive use of the domain name...Ordinarily, the price put upon a domain name by a registrant is simply evidence of what the registrant regards as being its market value. Many generic names command high prices.

But there remains an over-riding requirement that the registration should not take unfair advantage of or be unfairly detrimental to a complainant's rights. If the registration here was speculative, it is hard to see how that could do anything other than take unfair advantage of the Complainant's rights – because the name is not generic and any value in it derives from the Complainant's worldwide investment in those rights. If the registration was connected with the Respondent's becoming a distributor for the Complainant, arguably there would not necessarily be a conflict with the Complainant's rights. But even then, once it became clear that there was to be no agreement with the Complainant, the question of use fell to be considered (see below).

The Respondent says that, in commenting on the wording of the text to be used on the web site at the Domain Name, the Complainant effectively approved the registration. The Complainant says it was only content with the Domain Name on the basis that the web site was being operated by an authorised distributor, Ms Syed. That seems to me clearly correct.

Turning to the use of the Domain Name, the Complainant points out the potential for confusion, given that, ignoring the generic internet suffix (.co.uk), the Domain Name is identical to the name in which it has rights. It seems to me that the position is as described in section 3.3 of the *Experts' Overview* (partially quoted, though without acknowledgment, in the complaint):

Commonly, Internet users will visit web sites either by way of search engines or by guessing the relevant URL. If the domain name in dispute is identical to the name of the Complainant and that name cannot sensibly refer to anyone else, there is bound to be a severe risk that a search engine, which is being asked for the Complainant, will produce high up on its list the URL for the web site connected to the domain name in issue. Similarly, there is bound to be a severe risk that an Internet user guessing the URL for the Complainant's web site will use the domain name for that purpose.

In such cases, the speculative visitor to the registrant's web site will be visiting it in the hope and expectation that the web site is a web site "operated or authorised by, or otherwise connected with the

Complainant.” This is what is known as ‘initial interest confusion’ and the overwhelming majority of Experts view it as a possible basis for a finding of Abusive Registration, the vice being that even if it is immediately apparent to the visitor to the web site that the site is not in any way connected with the Complainant, the visitor has been deceived.

The Respondent says he is not going to use the Domain Name. The implication is that, because there is no anticipated use, there can be no abuse. I do not agree, for two reasons. First, the Domain Name *has* been in use (though it seems clear that the Complainant wrongly thought that it was being used by its authorised distributor, rather than – as things turned out – a third party with whom neither it nor its authorised distributor had any contractual relationship). Secondly, the Respondent’s holding of the Domain Name – which cannot sensibly refer to anyone other than the Complainant – constitutes a threat hanging over the Complainant, or the continuing potential for the kind of confusion mentioned in the complaint. The Respondent was evidently sensitive to the Complainant’s concerns about the text on a web site at the Domain Name, so the risk is acknowledged even by him.

The Policy makes clear (paragraph 3 b) that

failure on the Respondent’s part to use the Domain Name for the purposes of email or a web site is not *in itself* evidence that the Domain Name is an Abusive Registration (*my emphasis*).

But it does not follow that non-use of a domain name can never be abusive. In a situation such as this one – where the Domain Name is identical with the name in which the Complainant has rights and those rights pre-date the registration – it seems clear that the threat represented by the Respondent’s holding of the Domain Name effectively renders that holding ‘use’ for the purposes of the Policy.

It seems to me that there are two possibilities: either the acquisition itself took unfair advantage of the Complainant’s rights (so the nature of the Domain Name’s use is irrelevant, the abusive character of the registration having already been established); or the acquisition was legitimate but the use of the Domain Name has taken or takes unfair advantage of the Complainant’s rights. Either way, my conclusion is that at some point the Respondent has taken unfair advantage of the Complainant’s rights.

7. Decision

I find that the Complainant has 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 Complainant.

Mark de Brunner

8 November 2014