



CPR Institute for Dispute Resolution

COMPLAINANT

I & J Fisnar Inc.
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File Number: CPR 0113

Date of Commencement: September 28, 2001

Domain Name(s): Fisnar.com

Registrar: Network Solutions, Inc.

vs.

RESPONDENT

Almond Techniek
Tuindorpweg 56 A
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Before Edward C. Chiasson, Q.C., Joseph J. Ferretti, Esq. and Steven M. Weinberg, Esq., Panelists

PROCEDURAL HISTORY

The Complaint was filed with CPR on September 26, 2001 and, after review for administrative compliance, served on the Respondent on September 28, 2001. The Administrative Panel was appointed pursuant to the Uniform Domain Name Dispute Resolution Policy (“UDRP”) and Rules promulgated by the Internet Corporation for Domain Names and Numbers (“ICANN”). The Respondent filed a Response dated December 13, 2001. The Administrative Panel directed that the Complainant could file a Reply if it wished to do and it. The Administrative Panel reserved its decision concerning to the extent to which, if at all, it would consider the Response and the Reply.

Having considered the matter, the Administrative Panel decided to accept the late-filed Response and the Reply and takes their content into account in this decision.

Because the case concerned an issue of apparent first impression concerning the requirement for bad faith registration and use— continued use of a domain name after permission to use a trade mark had been revoked – the Administrative Panel gave the parties an opportunity to provide further comments. The Respondent did so. The Complainant did not. The time for the delivery of this decision was extended appropriately.

BACKGROUND

The following information is derived from the Complaint.

The Complainant sells automatic liquid dispensing systems for use in industrial applications, comprising automatic dispensing machines, articulated arm guides, vacuum pick-up pens, storage stands, adapters, dispensing tips, cartridges, barrel loaders, barrel storage caps, barrel adapters, O-rings, barrel pistons, barrel tip caps, barrel finger switches, clean room filters and mufflers.

On September 3, 1991, the Complainant registered the trade mark I & J FISNAR INC. under number 1655230.

The Respondent was a distributor of the Complainant. By a fax dated May 10, 1999, the Complainant cancelled the distributorship.

On a date not specified, the Complainant "...was made aware that [the Respondent] has been using the Internet address www.fisnar.com and the trademark FISNAR" and on August 8, 2001 the Complainant's lawyer wrote to the Respondent demanding that it cease and desist using the subject domain name and that it transfer it to the Complainant. The record does not contain a response to this letter.

The internet address to which the subject domain resolves, directs users to the Respondent's web-site. The site contains reference to the Complainant and its products.

The following information is derived from the Response.

The subject domain name was registered by the Respondent on July 23, 1997 and has been in use since then.

The Respondent was not appointed a distributor of the Complainant, although it frequently asked for a distributorship agreement. It acted as a representative of the Complainant in the Netherlands.

The Respondent has invested much time and money promoting the Complainant and its products. It uses its web-site to do so.

By fax dated August 19, 1997, the Respondent was given permission by the Complainant "...to use the 'I&J COMPANY LOGO'...." under certain conditions, which included a requirement that the "Registered Trademark of I&J Fisnar Inc. [be written] somewhere on the page".

The president of the Complainant "...made clear to...[the Respondent] that the Complainant's name is I&J Fisnar Inc. and not Fisnar". For this reason, the Respondent registered the subject domain name and for four years no complaint for doing so was made to the Respondent by the Complainant.

On May 7, 1999 the Complainant sent a fax to “resellers” of its product listing cancelled distributorships. Because the Respondent was not a distributor, the notice should have stated that it no longer was a “preferred supplier”. The Respondent was not prohibited from selling the Complainant’s products or from the use of the subject domain name.

The Complainant did not have a clear domain name policy and as of September 5, 2001, there were many possible domain names using the word “fisnar” that remained available. The only domain names then registered were ijfisnar.com by the Complainant and fisnar.com by the Respondent. Since that time the other possible domain name have been registered, “probably by [the Complainant]”.

The Complainant now has a domain name strategy as is evidenced by its construction of various websites.

The Complainant is attempting to “push [the Respondent] out of this specific business”. If the Complainant were to have contacted the Respondent, it would have been willing to discuss transferring the subject domain name to the Complainant. It remains willing to do so, but would require compensation for past investments “made in this sales channel” and future lost sales.

The August 8, 2001 letter from the Complainant’s lawyer was sent to third party suppliers who supply products, which have nothing to do with the Complainant.

The following information is derived from the Complainant’s reply to the Respondent.

The Respondent was a distributor for the Complainant in the Netherlands and not a representative. The distributor agreement was oral as is customary in the industry.

The Complainant provided considerable financial and other support to the Respondent to promote the Complainant’s products with the understanding that the Respondent was representing the Complainant’s interests. The Complainant provided logos to the Respondent with it agreeing to represent and market the Complainant’s products.

The distributor agreement was eventually terminated for cause effective May 7, 1999 and the Complainant ceased supplying products to the Respondent. Despite the termination, the Respondent continued to use the Complainant’s name.

The Respondent initially was permitted to use the subject domain name when it was an authorized company distributor. The relationship ceased and the continued use of the domain name is unauthorized. The Respondent was directed to cease using the FISNAR name.

For years, the Complainant has had a recognized and effective website and recently has revised its marketing strategy to emphasize internet business.

The purpose of the website was to convert potential Fisnar clients to other products offered by the Respondent. The Complainant has discovered that its Belgium distributor is supplying some

products to the Respondent, but this is minimal compared to the business being redirected away from the Complainant.

The following information was derived from the Respondent's further comments on the bad faith issue.

The Respondent reiterates its position that it was not appointed as a distributor. It has invested time and money promoting the Complainant's products in The Netherlands and has sold the Complainant's products through its web-site. The Respondent continues to do so.

In 1997, the Respondent offered to register the subject domain name in the in the name of the Complainant, but was told that the Complainant's name was not simply "Fisnar". There was no express time or relationship limitation place on the Respondent's use of the subject domain name.

Although the commercial relationship between the parties was cancelled in May 1999, there was exception to the Respondent's use of the subject domain name until August 2001.

The Complainant "is not dominantly present..." on the web-site to which the subject domain name resolves. Other companies and products are noted.

As a service to former customers, the Respondent offers maintenance items that relate to the Complainant's products. Sales of genuine Complainant products by the Respondent have been in Euros have been: 1999 – 96,150; 2000 - 100,000; 2001 – 45,5000. The Respondent anticipates that sales will return to the 2000 level.

Upon the written submitted record the Administrative finds as follows:

FINDINGS

The Respondent registered the subject domain name on July 23, 1997. In registering the name it agreed to submit to this forum to resolve any dispute concerning the domain name, pursuant to the UDRP.

The UDRP provides, at Paragraph 4(a), that each of three findings must be made in order for a Complainant to prevail:

- (i) Respondent's domain name is identical or confusingly similar to a trademark or service mark in which Complainant has rights; and
- (ii) Respondent has no rights or legitimate interests in respect of the domain name; and
- (iii) Respondent's domain name has been registered and is being used in bad faith.

Paragraph 4(b) provides for the implication of evidence of bad faith in a number of circumstances:

- (i) circumstances that indicate that the Respondent has registered or has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of the Complainant, for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly related to the domain name;
- (ii) registration of the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the Respondent has engaged in a pattern of such conduct;
- (iii) registration of the domain name primarily for the purpose of disrupting the business of a competitor;
- (iv) by using the domain name, intentionally attempting to attract, for commercial gain, Internet users to the Respondent's web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of the web site or location or of a product or service on it or a location.

These are illustrative and do not represent the only circumstances from which may arise evidence of bad faith.

The resolution of this dispute takes place in the context of a consideration of the requirements of Paragraph 4(a) of the Policy.

IDENTITY/CONFUSING SIMILARITY:

The Complainant alleges that subject domain name is identical or confusingly similar to the Complainant's trademark, I & J Fisnar Inc

The Complainant has a trademark, which is based on the word "fisnar".

The inquiry for the Administrative Panel is, in large part, objective. Although sometimes relevant, the issue in this case is not whether customers subjectively might be confused. In this case, it is clear that the subject domain name essentially is identical to the Complainant's mark. It was created to promote the Complainant's products.

The Administrative Panel concludes that the subject domain name is identical or confusingly similar to the Complainant's mark.

RIGHTS AND LEGITIMATE INTERESTS:

The Complainant contends, without elaboration, that the Respondent does not have a legitimate interest in the subject domain name.

UDRP Paragraph 4(c) provides that Respondent's rights or legitimate interests in a domain name may be demonstrated, without limitation, by (a) before notice to Respondent of the dispute, Respondent's use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or (b) Respondent has been commonly known by the domain name; or (c) Respondent is making legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

It is clear that when the subject domain name was registered, the Respondent had a legitimate interest in it. It no longer does.

Whatever the relationship was between the parties, it has ended. The Complainant no longer agrees to the Respondent's use of the Complainant's mark and does not agree to the Respondent using the subject domain name for any purpose, including ostensibly promoting the Complainant's products.

There are circumstances when the use of a mark contrary to the wishes of an owner does not lead to a conclusion that the user does not have a legitimate interest in the domain name. Generally, they involve a use, which incorporates the mark into a domain name that connotes a use apart from the owner's commercial interests. Sites that criticize are examples.

When a user incorporates an owner's mark without qualification and the owner objects, the use is not legitimate. The owner has the right to decide what use is to be made of its mark in the promotion of its products.

The Administrative Panel concludes that the Respondent does not have rights or legitimate interest with respect to the subject domain name.

BAD FAITH:

As to bad faith, the Complainant asserts that the Respondent is using the subject domain name to divert customers from the Complainant and that it now is prevented from registering the domain name. It also notes that the Respondent has indicated that it would be prepared to transfer the subject domain name to the Complainant, but at compensation in excess of its documented out of pocket costs related directly to the subject domain name. It does not address directly the registration of the subject domain name.

The Policy provides for the implication of evidence of bad faith when a respondent is "...using the domain name, intentionally attempting to attract, for commercial gain, Internet users to the Respondent's web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of the web site or location or of a product or service on it or a location".

It is clear that the Respondent was authorized to attract and is seeking to attract potential customers using the subject domain name. It is less clear that the other potential ingredients for an implication of bad faith are present.

The Policy also provides for the implication of evidence of bad faith when there are:

“...circumstances that indicate that the Respondent has registered or has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of the Complainant, for valuable consideration in excess of the Respondent’s documented out-of-pocket costs directly related to the domain name”.

The facts of this case do not go as far as the Policy example, but, as noted, the examples are illustrative and do not represent the only circumstances from which may arise evidence of bad faith.

The Respondent states that it would be willing to transfer the subject domain name to the Complainant, but for consideration that goes beyond the costs that relate directly to the subject domain name. Standing alone, this position supports bad faith, but the Complainant drew a distinction between the subject domain name and the Complainant’s corporate name and the information provided to the Administrative Panel suggests that the Respondent has invested considerable time and effort in the development of a market based on the use of the subject domain name. In addition, it is clear that the Respondent did not register the subject domain name primarily to sell it to the Complainant. Its subsequent conduct does not alter that fact.

The Respondent’s use of the Complainant’s mark derived from a commercial relationship that has ended. The Complainant does not want the Respondent to use the mark. Its ability to prevent this from occurring is not absolute, but insofar as the use is for the purpose of attracting customers to the Respondent, the Policy is engaged. Holding the subject domain name hostage for consideration in excess of direct costs, also engages the Policy.

The majority of the Administrative Panel, Messrs. Ferritti and Weinberg, conclude that the Respondent is using the subject domain name in bad faith.

They note that the relationship between the parties that resulted in the Respondent’s authorization to use the Complainant’s mark and the subject domain name has ended and thus the continued use and maintenance, including any renewal of the subject domain name by the Respondent would be in bad faith. Since the Respondent’s “right” to register the subject domain name was derived entirely from the Complainant it would be antithetical to the Policy for the Respondent to have continued rights in the subject domain name preventing the admitted owner of the underlying mark from rightfully owning a registration of the subject domain name which is comprised of a licensed mark in which a terminated licensee/agent no longer has any legitimate rights.

The next question is whether the subject domain name “has been registered” in bad faith. It was particularly on this point that the Administrative Panel invited the parties to provide additional comments

Paragraph 2 of the UDRP is instructive on the issue of registration. It states:

“By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.”

The majority of the Administrative Panel, Messrs. Ferretti and Weinberg conclude that the subject domain name has been registered in bad faith.

It is their opinion that, when Respondent registered the subject domain name it was unable to satisfy sub-paragraph 2(b). Sub-paragraph 2(b) requires that the Respondent represent that “to your knowledge, the registration of the domain name *will not* infringe upon or otherwise violate the rights of any third party.” (emphasis added). This provision of the UDRP has two components: one, that the representation is to be made based upon “your knowledge”; two, because the paragraph says “will not,” as opposed to “does not,” the registrant is required to make a representation and warranty of future non-infringement, not simply present non-infringement – i.e. that to the best of the registrant’s “knowledge” the domain name will not infringe or otherwise violate the rights of a third party in the future. The representation required under the UDRP about future non-infringement can only apply for the term of the domain name registration.

Whatever the status of the relationship between the parties, the rights that flowed from it were revocable. The Complainant had the authority to revoke the relationship and all rights that flowed therefrom during the term of the subject domain name registration. Neither party contends that such status and rights were not revocable at that time. During the term of the domain name registration, the Respondent’s rights to use the subject domain name were, in fact, revoked by the Complainant. Upon revocation the Respondent’s ownership and use of the subject domain name constituted an infringement and violation of the Complainant’s rights. Because the Respondent knew that its rights were revocable, the Respondent could not accurately represent and warrant that “the domain name will not infringe upon or otherwise violate the rights of any third party.” To the extent the parties’ relationship had an irrevocable duration that extended past the term of the domain name registration, that is, guaranteeing that the Respondent would not infringe the Complainant’s rights during the term of the domain name registration, the Respondent’s representation and warranty would have been accurate and there would be no bad faith registration. This was not the case here. The Respondent knew at the time of its registration of the subject domain name that its rights from the Complainant could be

revoked during the term of the subject domain name registration resulting in an infringement and violation of the Complainant's rights.

Because the Respondent knew that the rights conferred upon it were revocable during the term of the domain name registration, its representation and warranty under paragraph 2(b) of the UDRP constituted a misrepresentation and the majority finds that the subject domain name "has been registered ... in bad faith".

The minority of the Administrative Panel, Mr. Chiasson, concludes that the Respondent is not using the subject domain name in bad faith and that it has not been registered in bad faith.

A domain name dispute is not a forum for the resolution of commercial disputes or for the determination of contested rights to intellectual property. In this case, the Respondent was authorized to use the Complainant's mark, but the Complainant purportedly ended that right. The consequences of so doing may give contract or other claims to both sides, but this dispute must be decided by the Administrative Panel within the confines of the Policy.

The conclusions that a respondent does not have a legitimate interest in a domain name that is identical or confusingly similar to a complainant's mark, does not in and of itself establish that the registration and use of the domain name has been or is in bad faith, but the facts that lead to those conclusions may be relevant to the bad faith issue.

The minority recognizes that in most circumstances the continued use of a domain name after permission to do so has been revoked would suggest bad faith, but the fact that after the Complainant cancelled the commercial relationship it delayed taking exception to the Respondent's continued use of the subject domain name is relevant to the Administrative Panel's consideration of the issue because it is apparent that the actual, initial registration of the subject domain name was not in bad faith.

The language of the Policy leaves it open to construe the registration requirement as fluid, not static. That is, has the registration at any time been in bad faith. Once the authorization for the use of the Complainant's mark was revoked, the root of the registration was undermined. The continued use of the subject domain name exposed the Respondent to a finding of bad faith use.

In his opinion, bad faith use cannot be equated with use after a revocation of authorization. Although, in this case such use leads to the conclusion that the Respondent does not have a legitimate interest in the subject domain name, to determine whether the use is bad faith requires a consideration of the actual use. The information presented to the Administrative Panel does not establish that the Respondent seeks to mislead potential customers of the Complainant or to draw them away from the Complainant. There is no evidence that this has occurred. The Respondent states that its purpose is to service its existing customers and provides data to support its assertion.

Similarly, revocation of authority and continued use is not *per se* bad faith registration. This would be so even if the use were considered to be bad faith.

The majority concludes that the Respondent could not warrant that "to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party". No information was provided to the Administrative Panel that the parties had any expectation that their relationship or the Complainant's permission to use its mark would end during the life of the subject domain name. Even if it could be said that the Respondent should have known that permission might be revoked, it would beg the question to conclude that the Respondent would continue to use the subject domain name, or if it were to do so that such continued use would infringe or violate rights of the Complainant. In the absence of information to support *mala fides* at the time of registration, the minority does not accept the proposition that use after revocation of permission retroactively renders a respondent incapable of giving the required warranty at the time of registration.

The minority does not accept the proposition that the Respondent made a misrepresentation because it knew that its rights were revocable. Such a conclusion is premised on the Respondent's knowledge that the rights conferred on it were revocable, but there is nothing in the information to suggest that either party gave any thought to that possibility or its implications at the time of registration. In the absence of compelling information supporting *mala fides*, the minority would be very reluctant to conclude that a respondent has been guilty of misrepresentation.

The Complainant is obliged to establish both that the registration of the subject domain name has been in bad faith and that it is being used in bad faith. The fact that the authority to use the Complainant's mark is revoked does not make the registration bad faith simply because the domain name is continued to be used, but it might do so if the continued use were in bad faith.

In the circumstances of this case, the minority concludes that the present use is not bad faith, but if there were a renewal of the subject domain name after the expiry of its present term, a different conclusion might be warranted. In most circumstances, the use being in bad faith, the registration would be tainted similarly.

In reaching its conclusion, the minority focuses on the fact of this case. He does not purport to opine on other circumstances.

In summary, the minority is not prepared to conclude that the revocation of permission to use a mark, must result in a finding of bad faith registration and use if a respondent were to continue to use a domain name that originated in a commercial relationship that a complainant has terminated

The decision of the Administrative Panel is that the Complainant has established the requirements of paragraph 4(a)(iii)

In light of the findings above that (a) the subject domain name is identical or confusingly similar to the Complainant's protected mark; (b) the Respondent does not have rights or legitimate interest with respect to the subject domain name; and (c) subject domain name has been registered and is being used in bad faith, as that term is defined in the ICANN Policy, the Administrative Panel finds in favor of the Complainant.

