

SEIKO UK LIMITED

= v =

DESIGNER TIME/WANDERWEB

Nominet UK Dispute Resolution Service

DRS 00248

Decision of Appeal Panel

Dated this 19th day of July 2002

1. **Parties:**

Complainant/ Respondent: Seiko UK Limited

Address: SC House
Vanwall Road
Maidenhead
Berkshire
Postcode: SL6 4UW
Country: UK

Contact Details:

Contact Name: Ms Victoria Walls
Business Name: Baker & McKenzie
Address: 100 New bridge Street
London
Postcode: EC4V 6JA

Respondent/Appellant: Designer Time/Wanderweb

Address: Wootton
Bridgnorth
Shropshire
Postcode: WV15 6EA
Country: UK

Contact Details:

Contact Name: Theodore Goddard
Business Name: Ms Nathalie McIntyre
Address: 150 Aldersgate Street
London
Postcode: EC1A 4EJ

2. **Domain Names:**

<seiko-shop.co.uk>
<spoonwatchshop.co.uk>

3. **Procedural Background**

A Complaint regarding the above two disputed domain names was first received by Nominet.UK (“Nominet”) under its Dispute Resolution Service Policy (“the Policy”) on 13 February, 2002.

There was no resolution of the Complaint under Nominet’s Informal Mediation procedure and so, on 17 April, 2002, Nominet invited one of the Experts from its List of Experts (Mr. Keith Gymer) to provide a Decision in the case. Following his confirmation to Nominet that he knew of no reason why he could not properly accept the invitation to act in this case, and of no matters which ought to be drawn to the attention of the parties which might appear to call into question his independence and/or impartiality, Nominet duly appointed him as the Expert with effect from 23 April, 2002.

The Expert issued his Decision on 8 May, 2002 and it was notified to the parties on 10 May, 2002, although not in fact received by all the parties until 14 May 2002.

Following a query from the Respondent regarding the procedure for a possible Appeal, the dispute process was suspended by Nominet for two days.

The Respondent/Appellant filed a Notice of Appeal on 23 May, 2002, having paid the required fee to Nominet in respect of the same.

On 31 May 2002 Nominet appointed Mr. James Bridgeman, Mr. Philip Roberts and Mr. David Tatham as an Appeal Panel of Experts (“the Panel”) to determine the appeal. The case file was duly sent to each of them by Nominet on the same day, following their individual confirmation to Nominet that they knew of no reason why they could not properly accept the invitation to act in this case, and of no matters which ought to be drawn to the attention of the parties which might appear to call into question their independence and/or impartiality.

For the reasons set out below in section 4, on 13 June, 2002 the Panel issued the following Notice –

“The only reference to Appeals in Nominet’s Procedure for the conduct of proceedings under the Dispute Resolution Service (hereinafter “the DRS Procedure”) is paragraph 18 which reads:

‘Either Party shall have the right to appeal a Decision by submitting written grounds for appeal to us not exceeding 2000 words together with the appropriate fees under paragraph 21(e) within five (5) Days of the date that the Decision has been communicated to the Parties pursuant to paragraph 17 above. The appeal will be determined as soon as is practically possible by a

panel of three Experts appointed by us at our sole discretion from our list of experts’

As will be seen, there is nothing in this concerning the right of the other party to an Appeal to file a response. This Panel feels it would be inequitable in this case if Seiko UK Limited (hereinafter "the Complainant") were to be denied that right.

Under paragraph 13 of the DRS Procedure, an Expert "may request further statements or documents from the Parties".

Accordingly we, the three Experts comprising this Panel request the Complainant, if it is so minded, to file a written Response to the matters raised in the Notice of Appeal. The Response, if any, shall be submitted to Nominet UK in both electronic form and in hard copy (which should be signed). The deadline for receipt of the electronic copy by Nominet shall be 5.00 pm (British Summer Time) on Friday June 21, 2002 and copies should be sent by the Complainant to the Respondent at the same time.

In the event that the Complainant files a Response, Wanderweb (hereinafter "the Respondent"), if it so minded, may file further brief and limited written submissions. Such further submissions, if any, shall be limited to matters strictly in reply to the matters raised in the Complainant's Response. The deadline for receipt of the electronic copy by Nominet shall be 5.00 pm (British Summer Time) on Friday June 28, 2002 and copies should be sent by the Respondent to the Complainant at the same time.

Neither party shall be permitted to file any submissions except as set out above and neither Party shall communicate directly with any member of this Panel. If either party decides not to file a submission as set out above, such decision shall be immediately communicated to Nominet, to the other party, and to the Panellists."

On 21 June, 2002 the Complainant/Respondent filed a Response to the Respondent/Appellant's Notice of Appeal.

On 28 June, 2002 the Respondent/Appellant filed a Reply to the Complainant/Respondent's Response.

The deadline for submitting the Panel's Decision was set by Nominet as 3 July, 2002 but in view of the above notice it was extended to 17 July, 2002. Owing to exceptional circumstances, at the request of the Panel. It was further extended to 22 July, 2002.

4. Formal/Procedural Issues:

The Panel finds that the formalities of the Complaint and the Appeal have duly complied with Nominet's procedure for the conduct of proceedings under the Dispute Resolution Service ("the Procedure").

The reasoning behind the Panel's Direction of 13 June 2002 (set out above) inviting further submissions from the parties is as follows:

The Procedure lays down a number of quite detailed procedural rules governing the operation of the Dispute Resolution Service. However the large majority of those procedural rules relate to the Expert Decision at first instance rather than the Appeal stage beyond. The only such provision in the Procedure explicitly relating to Appeals is contained in paragraph 18 (set out in full above).

The Panel considered in this case that, in accordance with considerations of natural justice and fundamental rights, the Respondent to the Appeal should also have an opportunity to make submissions in relation to the Appeal, in order that the Panel could hear both sides of the argument as to whether the Expert's Decision at first instance should be reversed or upheld (whether for the reasons given by the Expert or on for different reasons).

As this is the first Appeal to be decided under the Dispute Resolution Service, the Panel would like to take this opportunity to recommend to Nominet that the directions for a Respondent's notice and an Appellant's reply be adopted as standard procedure in appeals in the future; rather than relying upon the initiative of the Panel to issue formal directions on a case-by-case basis.

5. **The Issues**

The case involves the two domain names <seiko-shop.co.uk> and <spoonwatchshop.co.uk>. Seiko UIK Limited argues that Designer time/Wanderweb has no right to these names, incorporating as they do Seiko's extensively used trade marks SEIKO and SPOONWATCH. Wanderweb on the other hand alleges that it has only ever used the names as a means of promoting and thereby increasing the sales of Seiko watches and so the registrations are not abusive.

In his Decision, the Expert described Wanderweb's use as "*nominative fair use*" and, with guidance from the United Kingdom law on trade marks, from several decisions under the ICANN Uniform Dispute Resolution Policy (hereinafter "UDRP"), from decisions by the High Court and the European Court of Justice (hereinafter "the ECJ") proceeded to conclude that Wanderweb's use strayed too far over the line that had to be drawn between what is fair use and what is unfair.

A copy of the Expert's Decision (hereinafter "the Decision") is attached hereto. As can be seen, his conclusion was: "*Having concluded that the Complainant has rights in respect of marks which are similar to the Domain names at issue and that the Domain Names in the hands of the Respondent are Abusive Registrations, the Expert determines that the Domain Names Seiko-shop.co.uk and SpoonWatchShop.co.uk should be transferred to the Complainant.*"

The Respondent submits that the Expert has erred in concluding that the Domain Names were Abusive Registrations and requests the Appeal Panel to reverse the Decision of the Expert.

The Complainant asks the Panel to confirm the Decision of the Expert that the use of the Domain Names take unfair advantage of or are detrimental to the Complainant's rights and amount to Abusive Registrations, and to order the transfer of the Domain Names to the Complainant.

6. **The Facts**

The facts appear from the copy of the Decision annexed hereto.

7. **The Standard of Review**

'Appeals' can and do take many different forms in the various courts, inquiries and tribunals which sit in the United Kingdom.

At one end of the spectrum there are bodies which hear appeals by way of a re-hearing *de novo*. Those bodies make up their own minds on the submissions and evidence before them without significant reference to the first instance decision under appeal, and it is not necessary for the appellant to suggest that the first instance decision was wrong in fact or law – the appellant may appeal simply in the hope that the impression formed by the appeal body will be different from that formed below.

At the other end of the spectrum there are bodies which require it to be demonstrated that the first instance tribunal has come to a decision to which no reasonable tribunal could have come. In such cases the first instance tribunal is afforded a significant margin of appreciation and an appellant must identify and demonstrate significant errors of principle in the decision below.

The Panel has no statutory or inherent jurisdiction. Its jurisdiction is entirely contractual and governed by the Procedure and Policy. Paragraph 9a of the Policy provides that "*The appeal panel will consider appeals both on the basis that a matter be re-examined on the facts, and that procedure has not been correctly followed*" and the Panel considers that this wording envisages a standard of review somewhere midway between the two extremes described above.

The Panel will therefore approach this Appeal on the following basis:

- (a) the Panel will consider and evaluate the Parties' submissions at first instance and on Appeal, by reference to the evidence accompanying those submissions.
- (b) the Panel will consider and evaluate the Expert's Decision at first instance in the light of those submissions and evidence.

- (c) where the Panel believes that the Expert directed himself wrongly in his general approach or in the specific considerations which he took into account, the Panel will correct those errors.
- (d) the Panel will only interfere with the Expert's evaluation of, and conclusion on, the primary facts if and in so far as the Panel is satisfied that the Expert was wrong (as opposed to merely considering that they themselves might have taken a different view).

8. The Parties' Contentions

The Appeal contained arguments under 8 separate headings and in summarising the parties' contentions below, the Panel will use the same nomenclature, summarising under each heading the arguments in the Appeal, in the Complainant's Response (if any) and the Respondent's reply (if any).

8.1. The Purpose of Nominet's Dispute Resolution Service

The Appeal

The Respondent contends that its registration and use of the Domain Names has been and continues to be in good faith for the purpose of legitimate trade in the Complainant's goods and that this is to the benefit, not the detriment, of the Complainant's business.

There is nothing in the Policy, or in the documented consultation process before the DRS came into being, to suggest that the purpose of the DRS is to enable "*the trade mark owner to control the use of their mark as a trading style on the internet in a consistent manner*" as the Expert stated in paragraph 7.30 of the Decision.

On the contrary, Nominet has specifically stated that the DRS is "*designed to help protect individuals and smaller businesses from powerful companies that abuse their dominant position*". The proper forum for a complaint by a trade mark owner which considers that its right to control the use of its mark on the internet has been infringed is the Courts.

Complainant's Response

The DRS was set up not only to deal with cybersquatting, but also more generally to achieve a resolution to domain name disputes through the intervention of an Expert able to make a final decision based on the facts if no mediated solution is possible. The principle of "first come first served" in the registration of .co.uk domain names is an accepted system of registration, but it can lead to problems other than cybersquatting, where a registrant applies for a domain name incorporating the registered trade mark of a third party. The very nature of the Policy shows that it is intended to deal with all types of abusive registrations.

The Complainant contends that the Respondent's registration and use of the Domain Names has been unfair. It does not dispute the fact that the web-sites attached to the disputed Domain Names sell genuine goods originating from the Complainant, but it has at all times sought to separate the commercial reality from the dispute over the Domain Names.

The Respondent has not used the Seiko Company trade marks in a descriptive manner but in the course of its trade together with entirely non-distinctive suffixes ("-shop" and "watchshop").

The business of the Complainant is the sale of watches and the running of a distribution system in the UK. The registration of the Domain Names has interfered with the smooth running of this distribution system, and is causing other authorised members of the system some concern - as is evidenced by the letters produced by the Complainant in its Reply. This is a clear example of the registration of the Domain Names "primarily for the purpose of unfairly disrupting the business of the Complainant", as is set out at paragraph 3(a)(i)(C) of the Policy.

Without prejudice to its rights to take action for trade mark infringement and passing off in the High Court, the Complainant continues to maintain that the DRS is the appropriate forum for the Complainant's complaint. The remedy sought is the transfer of the Domain Names.

While the Expert recognised that the Respondent is a legitimate trader in the Respondent's goods, which the Complainant does not dispute, he certainly has not acknowledged, even implicitly, that the Respondent's registration and/or use of the Domain Names has been in good faith. Indeed the Expert explicitly states at paragraph 7.28 of the Decision that the Respondent's arguments with regard to its acting in accordance with honest practices are "not convincing".

Respondent's Reply

The Respondent agrees that the DRS was intended to deal with all types of abusive registrations, but the test for an Abusive Registration is a two-stage test, the purpose of which is to "substantiate whether a registration has been made in bad faith." The Respondent strenuously denies that it registered or used the Domain Names in bad faith and the Complainant has adduced no evidence to the contrary. Its sole purpose was to use the Domain Names in connection with its legitimate trade in the Complainant's products and it has always used them in this connection.

The Complainant's submission that the Respondent's registration and use of the Domain Names has been "unfair" is irrelevant to these proceedings. The test for an Abusive Registration is not whether the registration or use of a Domain Name has been "unfair" but whether it has been "unfairly detrimental to the Complainant's Rights" or whether it has taken "unfair advantage" of those rights. In the Respondent's submission, the Complainant has failed to show, on a balance of probabilities, that this test has been met.

Since the Complainant concedes that the Respondent has used the Domain Names in connection with a genuine offering of goods and services, this

brings it within paragraph 4(a)(i)(A) of the Policy.

The test is not whether “registration of the Domain Names has interfered with the smooth running” of the Complainant’s distribution system, but whether they were registered primarily for that purpose. The Complainant has adduced no evidence as to the Respondent’s “primary purpose” in registering the Domain Names.

Nor has the Complainant adduced any evidence of disruption to its business caused by the Respondent’s registration or use of the Domain Names and its assertions of such disruption in future are purely speculative.

The DRS is the appropriate forum for the Complainant’s complaint only to the extent that it is based on an Abusive Registration and not on infringement of statutory trade mark rights.

8.2 Onus of proof

The Appeal

Under the Policy the onus of proof is on the Complainant to prove on the balance of probabilities *inter alia* that the registration or use of the domain name is an Abusive Registration. It therefore follows that where (as in this case) the Respondent is able to satisfy at least one of the factors set out at paragraph 4(a) of the Policy to demonstrate that the domain name is not an Abusive Registration, the Complaint must fail.

In the alternative, since the presumption is that the registration is not abusive, in balancing any evidence of an Abusive Registration against evidence that the registration/use is not Abusive, any doubts should be resolved in favour of the current registrant. Evidence of Abusive Registration does not necessarily trump evidence pointing the other way.

Since it is common ground that the Respondent has in fact satisfied the criterion set out at paragraph 4(a)(i)(A) of the Policy, the Respondent submits that the Decision is perverse, and/or the Expert has failed to give any, or any proper, consideration to the Respondent’s contentions in this regard, and/or has given undue weight to the Complainant’s contentions.

Complainant’s Response

The Complainant disputes that the Respondent has satisfied any of the factors listed in paragraph 4(a) of the Policy. If this is read in full, it is clear that the list of factors is non-exhaustive and not determinative. Paragraph 4(a) explicitly states that these factors “may” be evidence that the domain name is not an abusive registration, not that satisfaction of a factor is conclusive proof of non-abusive registration. Furthermore, as the Respondent has stated, the standard of proof is “on the balance of probabilities”, which implies that a balancing act between the parties’ arguments must be carried out.

Respondent’s Reply

The balance of probabilities standard of proof does not require, as the Complainant asserts, a “*balancing act between the parties’ arguments*”. It requires the Complainant to show that it is more probable than not that the Respondent’s registration and/or use of the Domain Names was an Abusive Registration.

Although the Complainant now appears to dispute that the Respondent has satisfied any of the factors in paragraph 4(a) of the Policy, in paragraph 4 of its Response, the Complainant admits that the websites to which the Domain Names resolve sell genuine goods, and has produced no evidence to show that the Respondent’s use of the Domain Names does not fall within paragraph 4(a)(i)(A) of the Policy.

8.3 Irrelevant considerations

The Appeal

The Procedure clearly states in paragraph 16(a) that the Expert “*will decide a complaint on the basis of the Parties’ submissions, the Policy and the Procedure*”.

However the Decision relies heavily on legal principles which it should not have relied on, including: UK trade mark case law and statute (with particular reference to the Trade Marks Act 1994), decisions of the European Court of Justice (in particular *BMW v. Deenik* Case C-63/97), and decisions of WIPO panellists under the UDRP.

By contrast with the UDRP, which expressly permits its panellists to take into account “*any rules and principles of law that it deems applicable*” (UDRP Rules, paragraph 15(a)), the Procedure contains no such provision. Indeed paragraph 16(a) of the Procedure plainly prohibits the Expert from taking such legal principles into consideration.

“Rights” for the purposes of paragraph 1(ii) of the Policy are defined as including “rights enforceable under English law”. Under the Policy, the Expert is therefore entitled to look to principles of English law solely for assistance in determining whether the Complainant has rights enforceable under English law.

What is not permissible, however, is for the Expert to look to English law for assistance in deciding whether paragraph 1(ii) of the Policy is made out, i.e. whether the Respondent’s use of the Domain Names amounts to taking unfair advantage of or causing unfair detriment to those rights. In so doing, the Respondent submits, the Expert has erred.

Paragraph 7.37 of the Decision also places reliance on the fact that the Respondent has registered a number of other domain names incorporating the names of other watch manufacturers. Having found that registration/use of the Domain Names is Abusive, the Expert “would be prepared to consider such registrations as potentially Abusive”. This reasoning is circular. The Expert is not entitled, in making a finding of Abusive Registration, to take into

account a pattern of abusive registration of other comparable domain names where registration of those domain names is only Abusive if registration/use of the Domain Names in issue is itself Abusive.

The Complainant's Response

The Complainant denies that the Decision has relied too heavily on legal principles. The Dispute Resolution Service ("the DRS") is founded on the principles of intellectual property rights. It applies where a Complainant has rights enforceable under or recognised by English law in the name used in the disputed domain name and where the registration is abusive. An abusive registration is defined in terms of unfair advantage or unfair detriment to those rights. One of the considerations which is taken into account here is confusion. This and the other elements mentioned above are all intrinsically linked to the basic tenets of trade mark law. This has been implicitly recognised by the Chairman of Nominet's Experts in the first ever Nominet DRS decision *Eli Lilly and Company v David Clayton (DRS 0001)*, where it was said;

"It is convenient to mention here that not all Experts appointed to make decisions under the Policy will be trade mark specialists, so if Complainants are proposing to rely on propositions commonly deployed in trade mark disputes, they would do well to flesh them out with evidentiary support and in a fashion comprehensible to someone not well-versed in that practice area".

It is not unusual for an Expert to consider legal principles, case law, statute, and ICANN decisions. In *Nokia Corporation v Just Phones Limited (DRS 0058)* the Expert said:

"From a trade mark perspective, in these circumstances, the combination "NOKIA ringtones" would therefore certainly be considered as "confusingly similar" to NOKIA. The Expert sees no reason to suggest that the Policy requirement be construed any more narrowly."

This opinion clearly rebuts the Respondents' notion that legal principles are prohibited from being taken into consideration.

Also cited in Decision No. DRS0058 referred to above were the cases of *British Telecommunications plc and Others v One in a Million Ltd and Others*, *BMW v Deenik*, the Swedish case of *Volvo Personvagnar AB v Scandinavian car Tuning AB* and *WHSmith Ltd v Peter Colman*.

Paragraph 16(a) of the Procedure explicitly states that the Expert will decide a complaint on the basis of the Parties' submissions - both of which in this case included references to *BMW v. Deenik*. How then can the Respondent now submit that the Expert should not have considered this case?

The Complainant submits that it would make a mockery of the whole system if it were not possible for the Expert to look to English law for assistance in

deciding whether the Respondent's use or registration of the Domain Names amounts to an abusive registration.

Finally, the Complainant would draw the Panel's attention to the fact that the Expert has not relied upon the potentially abusive nature of the other registrations made by the Respondent in reaching his decision. From paragraph 7.37 of the Decision it is clear that the Expert would consider those registrations abusive if they were made without the consent of the relevant registered trade mark owners. This is consistent with the rest of the Expert's decision in respect of the Domain Names, rather than being a circular argument.

Respondent's Reply

The Respondent reiterates that the Expert is entitled to look to principles of English law solely for assistance in determining whether the Complainant has rights enforceable under English law and not in deciding whether paragraph 1(ii) of the Policy has been made out, regardless of the parties' submissions. In paragraph 7.4 of his Decision, the Expert correctly summarised the position when he said that "any decision in these proceedings is purely an administrative conclusion based on the contractual terms of the Nominet Registration Agreement and provisions of the DRS Policy itself".

The Respondent also submitted a press cutting from the 27 June 2002 issue of *Law Society Gazette* which it alleged made it clear that complaints must be based on the DRS Policy and Procedure or risk being invalid and argued that consequently making a decision in accordance with the provisions of the DRS Policy and Procedure would not "*make a mockery of the whole system*". Previous DRS decisions do not have precedential value. In any event, no reliance need be placed by an Appeal Panel of Experts on any such 'first instance' decisions.

8.4 Issues of fact

The Appeal

The Respondent did not admit that the domain name *seiko-shop.co.uk* was "causing a degree of confusion in the market place" as was alleged in paragraph 6.14 of the Decision. The Respondent has never received inquiries from consumers or other businesses looking for a Seiko authorised website, nor has it ever directed consumers looking for repair services to its own repair department, for the simple reason that it does not have one.

Also, the Respondent did not agree to transfer the Domain Names to the Complainant and then renege on that agreement as was alleged in paragraph 6.16 of the Decision. The truth of the matter is that the Respondent took legal advice on the Complainant's proposals, following which it decided not to transfer the Domain Names as the Complainant had demanded because it considered that it was not in law required to do so.

Complainant's Response

The Complainant has already set out its version of the facts in both the Complaint and its Reply. These are based on telephone calls between Mr Law of the Respondent and Mr Innes of the Complainant and were reported in a contemporaneous e-mail from Mr Innes to his solicitors. The Complainant's subsequent correspondence to the Respondent was based on the premise that the Respondent had in fact agreed to transfer the Domain Names.

Respondent's Reply

For the purpose of these proceedings, it is irrelevant whether or not the Respondent at one stage agreed to transfer the Domain Names to the Complainant.

8.5 Taking unfair advantage of or causing detriment to Complainant's Rights

The Appeal

It is for the Complainant to prove on the balance of probabilities that the Domain Names have been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights (Policy, paragraph 1(ii)).

In making a finding of Abusive Registration, the Expert has in essence based his reasoning on:

- the Complainant's contention, pursuant to paragraph 3(a)(ii) of the Policy, that there are circumstances indicating that the Respondent is using the Domain Names in a way which has confused people or businesses into believing that the Domain Names are registered to, operated or authorised by, or otherwise connected with the Complainant;
- the Expert's finding, on the basis that the factors set out in paragraph 3(a) of the Policy are not exhaustive, that the Respondent expressly chose the Domain Names with a view to obtaining an unfair advantage over other Seiko retailers; and
- the Expert's further finding, also on the basis that the factors set out in paragraph 3(a) of the Policy are not exhaustive, that the Respondent had *"pre-empted the trade mark owner's exclusive right to control use of its marks and appropriated to itself the exclusive rights in a preferred domain name for on-line shops for SEIKO products"* and had thereby prevented the trade mark owner from controlling *"the use of their mark as a trading style on the internet in a consistent manner"*.

Complainant's Response

In both the Complaint and its Reply the Complainant set out why both the registration and use of the Domain Names amounts to Abusive Registrations. Further, the Complainant has provided sufficient evidence to show that there are circumstances indicating unfair disruption, confusion and other potential abusive registrations.

The Complainant totally disagrees with the Respondent's submission that the production of two letters is not sufficient evidence of circumstances indicating confusion.

Not only do these letters indicate confusion, on the part of those who would necessarily be harder to confuse, but also they provide evidence of the fact that the Complainant's business is being disrupted. The Complainant has a network of wholesalers and/or retailers who expect to be treated fairly. If any of the Complainant's customers feel that others have an unfair advantage, or that the Complainant is stepping into their business field, they will be less co-operative and may decide to promote another manufacturer's watches more heavily, to the detriment of the Complainant.

It is symptomatic of the Complainant's wish to treat its customers fairly that it has not sought to take court action against the Respondent, and is continuing to supply the Respondent. The only issue is that the Respondent should not have sought to usurp the Complainant's rights through the abusive registration of the Domain Names. It is for this reason that the author of the letter dated 14 March 2002 did not discuss the matter with the Respondent's principal, as it was part of the Complainant's policy to keep the commercial issue separate from the Domain Name issue.

The Complainant is the entity which is licensed to use the Seiko Company trade marks in the UK. Therefore any rights at issue here can only be those of the Complainant. In its Reply the Complainant explained that it is not a manufacturer, but a distributor of watches in the United Kingdom. The Complainant has not set up a franchise in which all the retailers would be allowed to call themselves "SEIKO". It has established a network of independent retailers, all of whom have the same rights to advertise that they sell SEIKO watches, but who do not have the right to usurp the rights in Seiko Company registered trade marks themselves. The trading advantage gained by the Respondent through the abusive registration of the Domain Names thus disrupts the business of the Complainant.

Respondent's Reply

The Complainant bases its contention that the Respondent's use or registration of the Domain Names amounts to an Abusive registration on circumstances which it claims indicate (i) unfair disruption of the Complainant's business; (ii) confusion; and (iii) other potential Abusive Registrations by the Respondent. Only one of these factors is relevant to these proceedings: confusion.

Disruption of the Complainant's business is not a relevant factor without showing that such disruption was the Respondent's "primary purpose" when it registered the Domain Names.

Under the Policy, the only occasion on which a Respondent's registration of other domain names may be of relevance is where the Complainant can "demonstrate that the Respondent is engaged in a pattern of making Abusive Registrations" (paragraph 3(a)(iii) of the Policy). The Complainant has not

done so.

The Respondent notes that the Complainant does not own the registered trade marks in the names SEIKO and SPOON, which are owned by Seiko Kabushiki Kaisha, trading as Seiko Corporation. However, in its original Complaint, the Complainant defines Seiko Corporation and Seiko Watch Corporation as “Seiko Company” and in its pleadings it refers to and seeks to rely on “Seiko Company trade marks”, “Seiko Company’s goodwill” and “Seiko Company intellectual property”. The Complainant’s submissions in this respect are confusing because “Seiko Company” does not exist and neither Seiko Watch Corporation nor the Complainant owns any trade marks in the names SEIKO or SPOON.

The Complainant asserts that it has a licence to use the trade marks SEIKO and SPOON but has not produced a copy of the licence agreement or any evidence of its terms. Without knowing the terms of the licence agreement (including whether the Complainant is an exclusive licensee), the Respondent can make no further submissions in this regard, save to draw the position in this regard to the Panel’s attention.

8.6 Confusion

The Appeal

It is clear from paragraph 3(a)(ii) of the Policy that the Complainant is required to prove that there has been actual confusion, not merely that there is a likelihood of confusion. Accordingly the Expert’s finding that the evidence adduced by the Complainant “*is at least indicative of a likely problem*” (emphasis added) falls short of satisfying that requirement.

Further, on the normal principles of interpretation, in order for there to be “circumstances indicating” actual confusion, the Complainant must adduce evidence of a sufficient number of persons and/or businesses having been confused.

In the Respondent’s submission, the Complainant has not in this case discharged its burden of proof in that regard, for the following reasons:

- the Complainant has produced only two letters alleging confusion;
- both allegations of confusion were made by or on behalf of direct commercial competitors of the Respondent;
- neither letter constitutes primary evidence of confusion; both reported an allegation of confusion made by a third party or parties;
- both letters (dated 14 and 18 March 2002 respectively) were written during the week when the Complainant’s lawyers were preparing its Reply which was filed on 20 March 2002;

- the author of the letter dated 14 March 2002 frequently meets the Respondent's principal and had never previously indicated to the Respondent that the Domain Names have caused any confusion.

In the circumstances, the Expert should not have given so much, or any, weight to such evidence and erred in finding that the Complainant had discharged its burden of proof in relation to paragraph 3(a)(ii) of the Policy.

Complainant's Response

According to the Expert, the most relevant principle in paragraph 3a(ii) of the Policy in this case is confusion. The Expert has determined that the evidence provided shows that there has been confusion. However, as the list of factors is non-exhaustive, the Expert goes on to state that the critical issue is whether the registration and use of the Domain Names by an authorised dealer in the Complainant's goods without the authorisation of the Complainant takes unfair advantage of the Complainant's rights.

The Expert was right that such registration and use does take unfair advantage of the Complainant's rights, and that the Respondent's arguments that such registration was in accordance with honest practices in such matters are not convincing.

Respondent's Reply

The Complainant's statement that the Expert "*determined that the evidence provided shows that there has been confusion*" is misleading. The Expert did not determine that the evidence submitted by the Complainant showed that there had been confusion. He found that it was "*indicative of a likely problem*". The Respondent reiterates its submission that there must be evidence of a sufficient number of persons and/or businesses having been confused. In the Respondent's submission, the Complainant has not, in this case, discharged its burden of proof in that regard.

8.7 Taking unfair advantage of other retailers

The Appeal

Paragraph 1(ii) of the Policy is concerned with the situation where a domain name has been used in the manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

Even if, which is not accepted, the Respondent's use of the Domain Names gave it an unfair advantage over other Seiko retailers, as was alleged in paragraph 7.22 of the Decision, or the Respondent was "*taking unfair advantage of the Complainant's mark to set itself above the others* [i.e. other Seiko retailers]" as was alleged in paragraph 7.30 of the Decision, that would not constitute an Abusive Registration because such use does not interfere with the Complainant's rights.

Indeed, there is no scope for any trading advantage gained by the Respondent to interfere with the Complainant's rights in this respect because the

Complainant does not itself sell its products over the internet (or otherwise). There is no overlap between the Complainant's and the Respondent's respective trading activities. The former is a manufacturer, the latter a retailer.

Accordingly, this is not a proper basis for a finding of Abusive Registration.

8.8 Infringement of trade mark

The Expert's finding that the Respondent's use of the Domain Names "pre-empted the trade mark owner's exclusive right to control use of its marks" is supported by extensive reliance on the Trade Marks Act 1994, UK and European trade mark case law, and also decisions reached under the UDRP.

However, the Policy is not intended to protect trade marks *per se*. Accordingly, the fact that a trade mark owner may have been prevented from "*controlling the use of their mark as a trading style on the internet*" does not mean that a Respondent falls foul of the Policy.

Indeed, under the Policy it is permissible to use the trade mark of another in a manner which might, as a matter of strict trade mark law, constitute trade mark infringement (see e.g. Policy, paragraph 4(b)). If the Decision were correct, it would have the surprising result that the Respondent's use of the Domain Names in connection with a legitimate business which is benefiting the Complainant would be "unfair", whereas if the Respondent had registered *seikosucks.co.uk* and was using that domain name in connection with a site critical of the Complainant, such use could be "fair" pursuant to paragraph 4(b) of the Policy.

Further, paragraph 7.28 of the Decision concedes that the Respondent might with impunity register different versions of the Domain Names incorporating the Complainant's trade marks.

Complainant's Response

The references to trade mark infringement serve to show how the Respondent's abusive registrations have taken unfair advantage of and have been detrimental to the Complainant's rights. As the rights in question are registered trade mark rights or common law rights of passing-off, it is quasi-impossible to consider how there might be unfair advantage or detriment being caused to these rights, without considering trade mark law.

The ability for a Registrant to register the name or trade mark of a third party in order to comment on or criticise that third party is part of the fundamental principles of free speech, which must be permitted in any intellectual property right system. The Respondent is not exercising a right of free speech, but is trading off the reputation of its supplier in an unfair manner.

Under trade mark law, the Complainant could not take issue with the use of Seiko Company trade marks in a descriptive manner as this would not take unfair advantage of or be detrimental to the Complainant's rights, the Expert has rightly stated that this would not amount to an abusive registration. This is not the case here.

Respondent's Reply

The Complainant states that it is “*quasi-impossible to consider how there might be unfair advantage or detriment being caused to these rights, without considering trade mark law*” but does not explain why it takes that view, nor does it provide any authority for that assertion from the Policy or the Procedure.

The Complainant appears to be seeking to import into the DRS proceedings extraneous legal principles, and this is not only incorrect but also unnecessary. There is no need to look any further than paragraph 4 of the Policy to see how the Respondent may demonstrate that the Domain Names are not Abusive Registrations.

9. **Discussion and Findings**

General Remarks

Because the original Complainant (Seiko UK Limited) has now become the Respondent in this Appeal, and the original Respondent (Designer Time/Wanderweb) has now become the Appellant, for the avoidance of any misunderstanding, the Panel will depart from the practice of the parties in their submissions during this Appeal, as well as the Notice which the Panel issued after being appointed, and will in this section of its Decision refer to the Complainant/ Respondent as “Seiko” and the Respondent/Appellant as “Wanderweb”.

Paragraph 2 of the Policy requires a Complainant to prove, on the balance of probabilities, that:

- i. he has rights in respect of a name or mark which is identical or similar to the disputed Domain name; and
- ii. the disputed Domain Name is an Abusive Registration.

Regarding the first of these requirements, the Decision by the Expert found that the disputed domain names and the trade marks in which the Complainant alleged it had rights were similar. Wanderweb has not appealed this part of the decision. However Wanderweb has suggested, in the concluding paragraph of its Reply to the Complainant's Response, that the Complainant has not demonstrated rights in the marks and that, without seeing a copy of the Licence Agreement between Seiko UK Limited and its ultimate parent company Seiko KK, who owns the trade mark registrations of SEIKO and SPOON, the Expert and this Panel are not in a position to decide whether Seiko UK Limited has the right to bring the action in the first place.

The requirement to demonstrate ‘rights’ is not a particularly high threshold test. It is satisfied in our view by the assertion of Seiko UK Limited that it is duly authorised by the trade mark owner to use the mark and to bring the

Complaint. Where a complainant is a subsidiary or associated company of the trade mark proprietor, such an assertion will in our view generally be sufficient to demonstrate ‘rights’ in the absence of any good reason to doubt the veracity of that assertion. Wanderweb have not made out any such reason.

Therefore, the only question which it remains for this Appeal Panel to decide is whether the disputed Domain Names are or are not Abusive Registrations.

According to paragraph 1 of the Policy, an 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.”*

In this Appeal, the parties have raised a number of issues, not all of which are relevant, but we believe that the essence of what we have to decide in this case was expressed correctly by the Expert in paragraph 7.16 of his Decision, namely “*whether or not the registration and use of a domain name, incorporating a supplier’s registered trade mark together with other non-distinctive characters, by a legitimate trader in that supplier’s goods, but without the approval of the supplier, takes unfair advantage of the Complainant suppliers rights.*”

In summary, Seiko takes the view that what Wanderweb has done is dishonest, and, although it has no quarrel with Wanderweb’s desire to promote and sell Seiko’s own watches, the registration of the disputed Domain Name and the operation of the resulting website is a step too far.

Seiko say that they have at all times sought to exclude any commercial arguments, preferring to concentrate solely on the domain name issue. Whilst sympathising with this desire, we find it difficult to see how this can be done, given the fact that Wanderweb’s sites are used for the sale through commerce of Seiko’s watches, which is not disputed.

Wanderweb’s view, on the other hand, is that its activities are legitimate, that it merely uses the domain names to identify truthfully the goods which it legitimately sells, and that it has acted throughout in good faith.

We shall return to this later, but first it is necessary to address some of the other issues raised by the Appeal.

Onus of Proof

Both parties accept that the burden of proof is on a Complainant but there are differences between them as to where the ‘balance of probabilities’ lies and indeed what the ‘balance of probabilities’ is. Wanderweb says that a Complainant is required to show that it is more probable than not that the Respondent’s registration and/or use of a disputed Domain Name was an

Abusive Registration. It also asserts that if there are any doubts, they should be resolved in favour of the current registrant of a disputed Domain Name. The Panel agrees, but in our opinion the ‘benefit of the doubt’ should only be given if the scales are evenly balanced.

Wanderweb is keen to point out that the considerations under paragraph 3 of the Policy are illustrative and non-exhaustive. Seiko is keen to point out that the considerations under paragraph 4 of the Policy are illustrative and non-exhaustive. Both parties are correct. It follows that Wanderweb is not correct in its apparent contention that provided a Respondent can satisfy one of the requirements of paragraph 4(a) of the Policy, a complaint must fail. This would be to overlook the fact that this paragraph is non-exhaustive, and that it also uses the word ‘may’. Paragraphs 1(a) A, B and C are therefore merely examples of what could constitute an abusive registration, and the wording of paragraph 4 does not preclude there being other examples.

The Purpose of Nominet’s Dispute Resolution Policy

There is much dispute between the parties about the relationship between the DRS, the UDRP and the 1994 Act. Wanderweb also complains that the Expert placed too much reliance on decisions under the DRS and by the UK courts and the ECJ.

Morover Wanderweb puts a great deal of emphasis on its own good faith. Not only did it register the disputed domain Names for the legitimate sale of Seiko’s watches, but that is exactly what the website has been used for. In other words, Wanderweb says that it has used the names for the purpose of, and in the course of legitimate trade.

This Panel considers that questions of good or bad faith are unhelpful, as they do not figure in the Policy or the DRS. However good/bad faith is a concept which is one of the cornerstones of the Uniform Dispute Resolution Procedure (“UDRP”). Whilst it is understandable why parties allude or refer to such concepts in the Nominet DRS Complaints, it is nevertheless important to recognise that the two procedures are different in their wording and their approach.

The Policy prefers to base its analysis of abusiveness on ‘unfair advantage’ and ‘unfair detriment’. These are familiar terms to any UK trade mark lawyer, as they appear in Sections 5(3), 10(3) and 10(6) of the United Kingdom Trade Marks Act 1994 (hereinafter “the 1994 Act”). It is wholly appropriate that the Policy, which is designed for the participants in a United Kingdom procedure, should be informed by concepts founded in a UK Statute.

Unfair advantage and unfair detriment can arise in a number of different factual circumstances; including the practice which has become known as ‘cybersquatting’. However, the DRS is not limited in its application to cybersquatting’, and we note that in its Reply, Wanderweb appears to accept this, having previously argued otherwise.

We do not believe that, in coming to his Decision, the Expert misdirected himself or relied excessively on UDRP Decisions. He refers to the UDRP on two occasions. The first was to point out that the same question as needs to be addressed in this Appeal has also figured in a number of UDRP Decisions. In the second reference, the Expert refers to a specific UDRP Decision (No. D2001-0160) only to point out that he disagrees with the majority view of the Panel in that Decision. He then goes on to emphasise the differences between the UDRP and the DRS. We do not see either of these references as a reliance by the Expert on the UDRP in order to come to his Decision.

The 1994 Act is another matter, and it is perhaps worth repeating the quotation, referred to by Seiko in its Response to the Notice of Appeal, of a comment by the Chairman of the Panel of Experts (Mr. Tony Willoughby) in the first Decision under the DRS (*Eli Lilly and Company v. David Clayton DRS 0001*) –

“It is convenient to mention here that not all Experts appointed to make decisions under the Policy will be trade mark specialists, so if Complainants are proposing to rely on propositions commonly deployed in trade mark disputes, they would do well to flesh them out with evidentiary support and in a fashion comprehensible to someone not well-versed in that practice area”.

As we said above, the DRS has adapted some of its wording from the 1994 Act, and we see no reason why an Expert should not refer to and consider trade mark decisions by the courts in the United Kingdom as being persuasive but not necessarily binding. Until such time as the UK courts come to construe the provisions of the DRS, no authority will be binding upon an Expert. At this point it is worth pointing out that this includes Decisions under the laws of Scotland and Northern Ireland and not just English law as has been asserted on occasions by both parties.

The same applies to DRS Decisions, and to Decisions relating to trade marks by the ECJ which seek to interpret the First Council Directive to approximate the laws of the member states relating to trade marks No. 89/104/EEC of 21 December, 1988 – a directive upon which the 1994 Act is based.

The complaint by Wanderweb that the Expert should not have placed reliance upon the ECJ Decision in the *BMW v. Deenik* case is clearly unjustified since it was Wanderweb themselves who mentioned this particular case in the first place. Also their reference to the ECJ case of *S.A. Société LTJ Diffusion v. S.A. SADAS* as being a Decision by the ECJ when the quotation comes only from an Opinion by the Advocate-General, as well as their selective quotation from this Opinion, was regrettable.

Wanderweb quotes from paragraph 16(a) of the DRS Procedure that an Expert “will decide a complaint on the basis of the Parties’ submissions, the Policy and the procedure”. However given the close affinity between Article 1 of the

Policy and the 1994 Act (as we pointed out above) it is hard to see how an Expert can fail to look to decisions under this Act (and the ECJ) for guidance in interpreting the parties' submissions. We believe that Wanderweb goes too far in asserting that an Expert is entitled "*to look to principles of English law solely for assistance in determining whether the Complainant has rights enforceable under English (sic) law*" (emphasis added). Rather the Panel prefers the submissions of Seiko when it asserts that the DRS "*is founded on the principles of intellectual property rights. It applies where a Complainant has rights enforceable under or recognised by English law in the name used in the disputed domain name and where the registration is abusive*" and that "*it would make a mockery of the whole system*" if it were not otherwise.

Having said all of this, the Panel does not wish to encourage the massive citation of authority which bedevils civil litigation in the UK. The Panel considers that parties and Experts should not be overly concerned with whether or not an allegedly abusive registration also constitutes an infringement of registered trade mark. The question of trade mark infringement is, as both parties (and the Expert) agree, one for the courts to decide. The question of abusiveness is for the Expert to decide. The two jurisdictions co-exist alongside each other, and no doubt there will be considerable overlap. However there may well be factual scenarios in which an abusive registration under the Policy would not be an infringement of trade mark under the 1994 Act, and where an infringement of trade mark under the 1994 Act would not be an abusive registration under the Policy. The safest course for parties and Experts is simply to address the terms of the Policy.

Issues of Fact

Wanderweb disagrees with the finding of the Expert that it reneged on a verbal agreement to transfer the disputed domain names to Seiko. However it has not disputed the account of the telephone conversation that took place between two representatives of the parties, and it is hard to find another word to describe Wanderweb's subsequent refusal to transfer the disputed domain names. The fact that this refusal was as the result of obtaining legal advice does not alter the fact that Wanderweb had at first agreed to transfer the domain names and then declined to do so. However we do not regard this as being a highly relevant consideration in the overall assessment of unfair detriment or advantage, and attach little weight to it.

Paragraph 3(a)(iii) of the Policy refers to a Respondent being "*engaged in a pattern of making Abusive registrations*". Seiko adduced some evidence that Wanderweb had registered the names of other brand names for watches as domain names. There was no evidence that these were necessarily abusive, or that Wanderweb had taken out these registrations for any other reason than why they had registered the domain names which are the subject of this case. The argument that the present registrations must be abusive because the other registrations are abusive is potentially circular. Without further evidence we make no finding in this regard.

Taking unfair advantage or causing detriment

We come now to the crux of this case.

There are many different traders who may wish to make use of the trade mark of a third party e.g. the proprietor's licensee (exclusive or non-exclusive), a distributor of the proprietor's goods (authorised, unauthorised or 'grey market'), the proprietor's franchisee, or the proprietor's competitor engaged in comparative advertising. There are an infinite array of different factual circumstances which could arise under each of these categories.

Accordingly, we are not able to – and we are not going to attempt to – lay down any general rules governing when a third party can make 'legitimate' use of the trade mark of a third party as a domain name. All we can do is decide whether the Expert came to the right conclusion on the evidence and submissions before him.

Essentially Seiko's complaint is that Wanderweb's registration of the Domain Names has gone beyond making the representation "we are a shop selling Seiko / Spoon watches" and is instead making the representation(s) "we are *The Seiko/Spoon watch Shop*" or "we are the official UK Seiko/Spoon watch shop". The latter form of representation is what we understand the ECJ to be referring to when, in the ECJ case C-63/97 *BMW v. Deenik*, it speaks of creating "*the impression that there is a commercial connection between the other undertaking and the trade mark proprietor*". An example of a domain name which, in the opinion of some members of the Panel, would make the former but not the latter representation was given by the Expert in paragraph 7.28 of the Decision: "we-sell-seiko-watches.co.uk".

The Panel agrees that if there is support in the evidence for the suggestion that the Domain Names make, or are liable to be perceived as making, the latter representation (i.e. that there is something approved or official about their website), this would constitute unfair advantage being taken by Wanderweb or unfair detriment caused to Seiko.

Seiko allege that Wanderweb's actions have disrupted their business and there is some evidence for this, submitted by Seiko, in the form of two letters from other customers which between them recount three instances of confusion.

The parties disagree about whether these two letters are or are not sufficient evidence of confusion. The Expert referred to them as being "*not substantial, but ... indicative of a likely problem*". Wanderweb attempts to downplay them on the basis that they were only written just prior to Seiko's Reply to their Response. However we are not prepared to reject this evidence out of hand. It may represent the only confusion which has in fact occurred, it may just represent the 'tip of the iceberg'. However, for present purposes we believe that the Expert was right to conclude that the letters are sufficient to satisfy the burden of proof that Seiko bears.

There is also a difference of opinion as to how to interpret the word ‘primarily’ where it appears in paragraph 3(a)C of the Policy. In our view ‘primarily’ is not the same as ‘only’ and although a domain name registrant may start out with the best of intentions, if the effect of his actions is to give rise to confusion and to disrupt a Complainant’s business then he has fallen foul of this paragraph in the Policy.

Seiko draw attention to the fact that *“it is not a manufacturer but a distributor of watches in the United Kingdom”* and so *“it has not set up a franchise in which all the retailers would be allowed to call themselves SEIKO”*. These retailers can freely promote and sell SEIKO watches but they *“do not have the right to usurp the rights in Seiko Company’s registered trade marks themselves”*.

That it is unfair for a mere agent to appropriate to himself the trading style of his principal is a well-established principle of UK and international law. Section 60 of the 1994 Act, importing into UK law Article 6 *septies* of the Paris Convention, allows for the refusal of a trade mark application that has been applied for by an agent or representative, if the rightful proprietor of the mark opposes the application.

The Panel takes the view that in the light of the evidence before the Expert and in the light of the submissions before him and on appeal, it is just as unfair for Wanderweb to appropriate Seiko’s trade marks as a domain name..

10. Decision

We confirm and uphold the conclusion of the Expert that both of the disputed domain names are abusive registrations, and we dismiss the Appeal. It is our determination that the domain names <seiko-shop.co.uk> and <spoonwatchshop.co.uk> should be transferred to Seiko UK Limited.

David H Tatham
Presiding Panellist

James Bridgeman

Philip Roberts

