

NOMINET UK DISPUTE RESOLUTION SERVICE

DRS 00376

CARDIO THEATER HOLDINGS, INC.

- AND -

ATMOSPHERIC LIMITED

RE: CARDIOTHEATER.CO.UK

*Decision of Independent Expert*

**Parties:**

Complainant: Cardio Theater Holdings, Inc.

Address: 21420-D NW Nicholas Ct.  
Suite 12  
Hillsboro  
Oregon 97124  
United States

Represented by: Ms. Susie Evans  
Davenport Lyons  
1 Old Burlington Street  
London W1S 3NL  
United Kingdom

Respondent: Atmospheric Limited  
Unit 3-4  
Mars House  
Calleva Park  
Aldermaston  
Berkshire RG7 8LA  
United Kingdom

Represented by: Unrepresented.

**Disputed Domain Name:** cardiotheater.co.uk

## **Abbreviations used in this decision:**

<b>Abbreviation</b>	<b>Definition</b>
The Domain Name	cardiotheater.co.uk
CTH Inc.	The Complainant
Atmospheric	The Respondent
The Website	<a href="http://www.cardiotheater.co.uk">Http://www.cardiotheater.co.uk</a>
The Mark	Cardio Theater, CTM Registration 260802 (class 9) owned by CTH Inc.
DRS	Nominet UK's Dispute Resolution Service
DRS Policy	Nominet UK's Dispute Resolution Service Policy
DRS Procedures	Nominet UK's Dispute Resolution Service Procedures
The Expert	Kirsten Houghton

## **Procedural Background:**

1. The Complaint was lodged with Nominet on 25<sup>th</sup> April 2002 and hard copies were received on 7<sup>th</sup> May 2002.
2. Nominet:
  - (a) validated the Complaint on 9<sup>th</sup> May 2002
  - (b) notified Atmospheric the Complaint on 9<sup>th</sup> May 2002 and informed Atmospheric that it had 15 working days within which to lodge a Response. An e-mail was sent to [postmaster@cardiotheater.co.uk](mailto:postmaster@cardiotheater.co.uk) containing the relevant electronic documents, but this address does not appear in the registration information produced to me by Nominet.
  - (c) notified Mr. Jeremy Lewis of 5, Jaxons Court, Hallgate, Wigan, WN1 1LR, listed as the admin, billing and tech contact Atmospheric in the registration information provided to me by Nominet. Mr. Lewis' e-mail address is listed as [dns@netscanuk.com](mailto:dns@netscanuk.com). So far as I am aware, the Complaint was not sent to this e-mail address.

- (d) I have seen letters addressed to both Atmospheric and Mr. Lewis. I have been told by Nominet that the documents relating to the Complaint were sent by post to both addressees in accordance with Clause 2(a)(i) of the DRS Procedures.
  - (e) There is no evidence in the file that the complaint has not been received by or on behalf of Atmospheric.
  - (f) No response has been forthcoming from or on behalf of Atmospheric.
3. Accordingly, on 18<sup>th</sup> June 2002, Davenport Lyons, on behalf of CTH Inc., paid Nominet the appropriate fee for a decision of an Expert pursuant to paragraph 6 of the DRS Policy.
4. On 18<sup>th</sup> June 2002, I confirmed to Nominet that I knew of no reason why I could not properly accept the invitation to act as expert in this case and further confirmed that I knew of no matters which ought to be drawn to the attention of the parties, which might appear to call into question my independence and/or impartiality.

**Outstanding Formal/Procedural Issues (if any):**

5. None.

**The Facts:**

*The Parties - the Complainant*

6. CTH Inc. appears to be a corporation registered in Oregon, USA. I infer from its own website ([www.cardiotheater.com](http://www.cardiotheater.com)) that it manufactures and/or markets and/or licences others to market and distribute the kind of entertainment equipment now commonly found in gyms and other fitness centres consisting of banks of televisions connected to individual audio outlets fitted onto fitness equipment, which permits the user to watch and listen to television and music whilst exercising.

7. Apart from this, I know very little about the CTH Inc., save that it is the owner of a Community Trademark Registration for the mark CARDIO THEATER (no. 260802, class 9), which mark was registered on 25<sup>th</sup> May 1998 (although it is contended that the registration has existed since 1996).

*The Parties - the Respondent*

8. I know even less about Atmospheric, save that:
  - (a) it was incorporated on 15<sup>th</sup> July 1993,
  - (b) its registered address is the same as the address given by CTH Inc. in the Complaint and
  - (c) it has not filed its accounts for the year ending 31/7/01, and they are now overdue.
9. I have obtained this information from the Companies House website ([www.companies-house.gov.uk](http://www.companies-house.gov.uk)).

*Factual Background*

10. It is apparent from the limited information which I have that there is a long history of dispute between the parties concerning the use and alleged infringement of the Mark by Atmospheric.
11. I have very limited information about the dispute, however, it appears that, at some point, Atmospheric may have held a licence to manufacture and/or market some of CTH Inc.'s products.
12. ***Chronology:***

<b>Date</b>	<b>Event</b>
??/??/96	CTH Inc. asserts its trademark registration began

<b>Date</b>	<b>Event</b>
25/5/98	CTM Registration of the Mark on behalf of CTH Inc.
20/1/99	Domain Name registered by Atmospheric
?/1/02	Dispute ongoing from now (at the latest)
18/4/02	Letter from Davenport Lyons to Marcus J. O'Leary, solicitors to Atmospheric, concerning the discovery of the registration of the Domain Name and the link from the website to Atmospheric's own website, in the following terms:

**“Welcome to Cardio Theater UK**

Unfortunately, a dedicated page is not ready for publishing yet!

Please wait while the magic of the internet links you to our Parent Company's home page.

Thanks!”

Davenport Lyons continue:

“...To our client's real concern, the website user is then hyperlinked to your client's introductory page through which access is gained to your client's website (although the URL remains as [www.cardiotheater.co.uk](http://www.cardiotheater.co.uk)).

Quite clearly, the placing on the Nominet register of the CARDIO THEATER mark makes a representation to persons who consult this register that your client is connected or associated with our client. Indeed, the CARDIOTHEATER.CO.UK website as it stands at the moment provides undeniably compelling evidence of this connection. In these circumstances, we have no hesitation in concluding that your client has infringed and is infringing our client's registered mark. In addition, following the decision in *One in a Million* we have little doubt that your client's conduct also constitutes passing off.”

18/4/02	Letter from Marcus J. O'Leary to Davenport Lyons:
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“Our client informs us that this domain name was registered in 1999 for the purposes of the then relationship between our respective clients, with the express agreement of David Gould, of Cardio Theater Inc. With the passage of time, the registration of this domain name had simply been forgotten by both our client and it would appear yours.

We understand that our client has taken immediate steps to remove the link referred to in your facsimile and will cancel the domain name registration with Netnames as soon as practicable.”

19/4/02	Davenport Lyons requests Atmospheric, through Marcus J. O'Leary, to provide undertakings in order to prevent an application for an interim injunction, including undertakings:
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- (a) to remove the link from [www.cardiotheater.co.uk](http://www.cardiotheater.co.uk) to Atmospheric's website at [www.atmospheric.co.uk](http://www.atmospheric.co.uk) and
- (b) to arrange the transfer of the Domain Name to CTH Inc.

<b>Date</b>	<b>Event</b>
25/4/02	Complaint lodged
7/5/02	Hardcopies received in full
9/5/02	Complaint validated
31/5/02	No Response received
18/6/02	Expert Selected
19/6/02	Use of <a href="http://www.cardiotheater.co.uk">www.cardiotheater.co.uk</a> leads to NetNames Atmospheric is still registered as the owner of the Domain Name with NetNames.

***Discussion and findings:***

13. ***Relevant rights:*** For the purposes of the DRS Policy Scheme, "rights" are defined as including but not limited to rights enforceable under English Law.
14. I accept that CTH Inc., has rights, enforceable under English Law, in the Domain Name by reason of the CTM Registration.
15. ***Abusive Registration:*** CTH Inc., must establish, on the balance of probabilities, that the Domain Name, in the hands of Atmospheric, is an abusive registration. Abusive Registration is defined in the DRS Policy as:
- "... 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."
16. Clause 3 of the DRS Policy sets out a non-exhaustive list of factors to which I may have regard in determining whether the registration of the Domain Name is abusive in the hands of Atmospheric. They include:
- (i) Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name:
    - A primarily for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant, for valuable consideration in excess

- of the Respondent's documented out-of-pocket costs directly associated with acquiring or using the Domain Name;
  - B as a blocking registration against a name or mark in which the Complainant has Rights; or
  - C primarily for the purpose of unfairly disrupting the business of the Complainant;
- (ii) Circumstances indicating that the Respondent is using the Domain Name in a way which has confused people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant..."

17. The Complaint submitted on behalf of CTH Inc. is extremely brief:

"I confirm that Domain Name(s) in dispute are identical or similar to a name or mark in which I have Rights.

I confirm that Domain Name(s) in the hands of the Respondent is an Abusive Registration.

The Complainant owns the Community Trade Mark Registration for the mark CARDIO THEATER, registration number 260802 in class 9 in respect of the following goods: "Electric apparatus and instruments (as far as included in class 9), integrated multi-media information and entertainment systems, mainly consisting of a distribution amplifier with user indicator display and individual controller units, for use in health clubs during participants' use of cardio-vascular training devices." The Complainant's registration dates from 1996. The Respondent, a former distributor of the Complainant's products, registered the Domain Name in its own name in 1999. The Respondent has been using the Domain Name to direct traffic to its own company website where it offers identical and/or similar goods and services to those of the Complainant. The registration is therefore abusive and infringes the Complainant's trade mark. The Complainant has been in correspondence with the Respondent concerning the transfer of the domain name but has been unable to reach a satisfactory solution. A copy of the correspondence, including a letter in which the Respondent's legal representatives acknowledge the Complainant's right to the domain name, is annexed."

18. The Complaint does not specifically address any of the criteria or guidance contained in the DRS Policy or Procedures.

19. The Complaint is verified by a statement of truth signed by "Davenport Lyons Solicitors" and not by any identified individual.

20. **Relevant test:** I am not satisfied on the basis of the very limited material which I have seen that CTH Inc. has satisfied the requirements of limb (i) of the definition of abusive registration. There is little or no evidence to suggest that, at the time of registration, Atmospheric took unfair advantage

of CTH Inc.'s rights, or acted in a manner which was unfairly detrimental to them. Indeed, the limited evidence which I have seen tends to suggest the contrary, in particular the suggestion that the Domain Name was registered by Atmospheric whilst the licence agreement was still in force and with the permission of Mr. Gould.

21. In the circumstances, CTH Inc. must establish that the Domain Name has been used in a manner which took unfair advantage of or was unfairly detrimental to CTH Inc.'s Rights (limb (ii)).

22. In this regard, the allegation is simply:

“The Respondent has been using the Domain Name to direct traffic to its own company website where it offers identical and/or similar goods and services to those of the Complainant. The registration is therefore abusive and infringes the Complainant's trade mark.”

23. It is certainly true that, until 19<sup>th</sup> April 2002, at the earliest, the Domain Name was linked to Atmospheric's own website, as set out in Davenport Lyons' letter dated 18<sup>th</sup> April 2002 and evidenced by the prints of the relevant pages.

24. Cases at European level, have established that mere unauthorised use of a trademark should not necessarily be regarded as unfair, as asserted on behalf of CTH Inc. For example, in **BMW –v- Deenik**, Case C-63/97, 23 February 1999, the European Court of Justice held as follows:

“51. The fact that the trade mark is used in a reseller's advertising in such a way that it may give rise to the impression that there is a commercial connection between the reseller and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings, may constitute a legitimate reason within the meaning of Article 7(2) of the directive.

52. Such advertising is not essential to the further commercialisation of goods put on the Community market under the trade mark by its proprietor or with his consent or, therefore, to the purpose of the exhaustion rule laid down in Article 7 of the directive. Moreover, it is contrary to the obligation to act fairly in relation to the legitimate interests of the trade mark owner and it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute. It is also incompatible with the specific object of a trade mark which is, according to the case-law of the Court, to protect the proprietor against competitors wishing to take advantage of the status and reputation of the trade mark (see, inter alia, Case C-10/89 HAG GF [1990] ECR I-3711, 'HAG II', paragraph 14).



53. If, on the other hand, there is no risk that the public will be led to believe that there is a commercial connection between the reseller and the trade mark proprietor, the mere fact that the reseller derives an advantage from using the trade mark in that advertisements for the sale of goods covered by the mark, which are in other respects honest and fair, lend an aura of quality to his own business does not constitute a legitimate reason within the meaning of Article 7(2) of the directive.

...

64. In the light of the foregoing, the answer to be given to the fourth and fifth questions must be that Articles 5 to 7 of the directive do not entitle the proprietor of a trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with his consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, *unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings.*"

25. In my view, the manner in which the Domain Name and, consequently and additionally, the Mark, were used by Atmospheric, as evidenced by the documents attached to Davenport Lyons' letter of 18<sup>th</sup> April 2001, tends to suggest that there was a commercial connection between the owner of the Mark and Atmospheric. On one possible reading, the front page might have lead one to believe that Atmospheric was CTH Inc.'s parent company! There is also no suggestion in the documents which I have seen that, by use of the Mark, Atmospheric was attempting to "lend an aura of quality to its own business" in an otherwise fair manner. The text on the introductory page of the website quoted above was a direct use of the Mark (albeit with the insignificant addition of "UK") on behalf of Atmospheric as a purported trading name and not even as a representation that it specialised in the supply or servicing of CTH Inc.'s equipment.
26. In these circumstances, I consider that the Domain Name was used by Atmospheric in an abusive manner during the period in which the Domain Name was linked to Atmospheric's own website.
27. However, the Domain Name is no longer so linked. Atmospheric appear to have complied (or attempted to comply) with the offer set out in Marcus J.

O’Leary’s letter of 18<sup>th</sup> April 2002, but have not attempted to transfer the Domain Name to CTH Inc. as requested by Davenport Lyons.

28. I find the explanation given in the second paragraph of this letter disingenuous since there can be no question of the registration of the Domain Name having been “forgotten” by Atmospheric as it was clearly in use by Atmospheric at the time. This explanation, together with the fact that the link has been removed promptly on notification of its discovery, in my view lends support to my conclusion that the registration of the Domain Name in the hands of Atmospheric was abusive and was being used by them at the time to secure an advantage by connection with the Mark which they should have been aware they were not entitled to.

### **Decision**

29. In light of the foregoing findings, namely that CTH Inc. has rights in respect of a name or mark which is identical to the Domain Name and that the Domain name, in the hands of Atmospheric, is an Abusive Registration, the Expert directs that the Domain Name, [cardiotheater.co.uk](http://cardiotheater.co.uk), be transferred to CTH Inc.
30. I should say that I have reached this conclusion with some hesitation, bearing in mind the paucity of background information provided to Nominet by CTH Inc. and the brevity of the submissions in support of the Complaint, which did not appear to address the issues raised by the DRS Policy in any detail.

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KIRSTEN HOUGHTON

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Date



NOMINET UK DISPUTE RESOLUTION  
SERVICE

DRS 00376

**CARDIO THEATER HOLDINGS, INC.**

**- AND -**

**ATMOSPHERIC LIMITED**

RE: CARDIOTHEATER.CO.UK

*Decision of Independent Expert*

**KIRSTEN HOUGHTON**

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