

**Nominet UK Dispute Resolution Service**

DRS 00370

**The Rug Company -v- Wonderland Rug Company**

Decision of Independent Expert

**Parties:**

**1. Parties:**

Complainant: The Rug Company

Address: 124 Holland Park Avenue  
London

Postcode: W11 4UE

Country: GB

Respondent: Wonderland Rug Company

Address: 72 Sandy Lane  
Lydiate  
Liverpool  
Merseyside

Postcode: L31 4JN

Country: GB

**2. Domain Name:**

therugcompany.co.uk ("the Domain Name").

**3. Procedural Background:**

The Complaint was lodged with Nominet on 23 April 2002. Nominet validated and notified the Respondent of the Complaint on 30 April 2002 and informed the Respondent that he had 15 days within which to lodge a response. The Respondent lodged a response on 8 May 2002, which was forwarded to the Complainant on the same day; at which point Nominet advised the Complainant they had 7 days within which to lodge a reply. The Complainant did not lodge a reply. On 16 May 2002 Nominet advised the parties that the dispute would be sent to the Informal Mediation stage of the Dispute Resolution Service. A settlement could not be reached at the Informal Mediation stage, held between 21 May and 6 June 2002, and on 14 June 2002 the Complainant paid the necessary fee to obtain an Expert Decision pursuant to paragraph 6 of the Nominet UK Dispute Resolution Service Policy ("the Policy").

Andrew Murray, the undersigned, ("the Expert") has confirmed to Nominet that he knew of no reason why he could not properly accept the invitation to act as expert in this case and further confirmed that he knew 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. On 21 June 2002, Nominet invited the undersigned, the Expert, to provide a decision on this case.

#### **4. The Facts**

The Complainant is a UK company having its registered office at 4 Croxted Mews, Croxted Road, London, SE24 9DA. The Complainant is a retailer of hand-made rugs and carpets and has since 1997 traded from a retail shop at 124 Holland Park Avenue, London. The Complainant is incorporated in England & Wales as "The Rug Company Limited" (Registration no. 3316888).

The Respondent is a UK partnership, with an address at 72 Sandy Lane, Lydiate, Liverpool, L31 4JN. The Respondent is also a retail trader of rugs and carpets and has traded for 20 years from four outlets, all in the North West of England, at Preston, Leigh, Ormskirk and Chorley.

On 16 June 2000, the Respondent registered the Domain Name, along with *therugcompany.net* (which is not in dispute here) as a base to expand their operations onto the Internet. At this time it appears the Respondent was unaware of the Complainant's business.

#### **5. The Parties' Contentions**

##### *Complainant:*

The Complainant contends that:

1. The use of the Domain Name by the Respondent is causing confusion among potential customers of the Complainant, leading to complaints and a loss of business. This is evidence of an abusive registration in accordance with paragraph 3ii of the Policy.
2. The Respondent offered to sell the Domain Name to the Complainant for 'a fortune'. This being evidence of an abusive registration in accordance with paragraph 3i(a) of the Policy.

##### *Respondent:*

The Respondent contends that:

1. At the date they registered the Domain Name they were unaware of the Complainant's business. The Domain Name was chosen as a generic identifier which would identify the business of the Respondent.
2. The Complainant approached the Respondent with an offer to purchase the Domain Name for £1000. Before the approach by the Complainant, the Respondent had not considered the sale of the Domain Name. The Respondent therefore rejects the assertion of the Complainant that they have offered to sell or otherwise transfer the Domain Name to 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 in terms of paragraph 3i(a) of the Policy.

3. The Respondent's website clearly labels who the operator of the site is and where they are based. The Respondent is only aware of 20 occasions on which potential customers of the Complainant have enquired of the Respondent. This is less than 0.01% of visits to the Respondent's site. On these occasions where confusion has occurred the Respondent has redirected the customer to the Complainant's web site at *www.rugcompany.co.uk* without prejudice or cost. The Respondent therefore rejects the Complainant's assertion that their use of the Domain Name is causing confusion in terms of paragraph 3ii of the Policy.

## 6. Discussion and Findings

### General

The Complainant has to establish under paragraph 2 of the Policy that it has Rights as defined in paragraph 1 of the Policy in respect of a name or mark identical or similar to the Domain Name and that the Domain Name, in the hands of the Respondent, is an Abusive Registration as defined in paragraph 1 of the Policy. Rights, as defined, "include but are not limited to rights enforceable under English Law." However they cannot be merely "rights in a name or term which is wholly descriptive of the Complainant's business". The Complainant has the burden to prove on the balance of probabilities both that it has the rights and also that the Domain Name, in the hands of the Respondent, is an abusive registration.

### Complainant's Rights

An analysis of the complainant's rights to the name "The Rug Company" has two components. The first is does the Complainant generally have a right in this name? And secondly is this name a wholly descriptive name?

*Does the Complainant generally have a right in this name?*

The Complainant relies upon its incorporation as "The Rug Company Limited" on 12 February 1997 and their use of this name as a trading name. The Complainant does not rely on any registered trade mark to establish its rights.

It has been held in the case of *Active Web Solutions v Peter Shaw DRS 00228* that "[t]he incorporation of a company under a particular name does not of itself give rise to the right to prevent others using that name - the most that can be achieved by that registration alone is that it will block anybody else attempting to register exactly the same name with Companies House." Incorporation under a name does not give that party a particular right to that name outwith this limited scope. While it is true that use of the name in the course of business, which also is claimed by the Complainant, may be sufficient to establish rights in passing off there is no right to a name through mere incorporation.

The Complainant has supplied extensive supporting documentation to demonstrate their use of the name "The Rug Company" as a badge of trade. This documentation comprises their catalogue and a selection of press cuttings relating to the business. From reviewing this documentation it is clear the company has built up a substantial level of goodwill in this name and therefore, on balance, I find that the Complainant does have a general right in the name "The Rug Company".

*Is this name a wholly descriptive name?*

Under paragraph 1 of the Policy the Complainant will be unable to rely upon this general right if it is wholly descriptive of their business. The business of the Complainant is the retail of rugs and therefore the term "The Rug Company" may be seen as descriptive of their business. It is certainly true that this is a generic term, but in this case the Complainant has used this term as a badge of trade for their particular business. Although generic, I do not believe this term to be "wholly descriptive", an example of such a term would be "rugs for sale" etc. I think the particular identifier "**The** Rug Company" makes this the definite article rather than a descriptive term. I believe the Complainant has established a right in the name "The Rug Company" in terms of paragraph 1 of the Policy (although barely).

### **Abusive Registration**

To be an Abusive Registration the Domain Name must be one which "*...was registered or otherwise acquired in a manner which at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights...OR has been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights*" (Paragraph 1, Nominet UK Dispute Resolution Service Procedure "the Procedure".)

Paragraph 3 of the Policy contains a *non-exhaustive* list of factors which may be evidence that the Domain Name is an Abusive Registration. These are as follows:

#### *"Evidence of Abusive Registration*

- 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;*
- iii. *In combination with other circumstances indicating that the Domain Name in dispute is an Abusive Registration, the Complainant can demonstrate that the Respondent is engaged in a pattern of making Abusive Registrations; or*
- iv. *It is independently verified that the Respondent has given false contact details to us."*

In their complaint, the Complainant appears to rely upon paragraphs 3i(a) and 3ii.

### *Paragraph 3i(a)*

The Complainant bases their claim under this sub-paragraph on their assertion that the Respondent stated he would require “a fortune” to relinquish the Domain Name. The Respondent disputes this version of events and claims that the Claimant instigated negotiations for the sale of the Domain Name by offering the Respondent £1000 for the name which he rejected. It appears whichever version of events is in fact true does not effect the consideration of the application of paragraph 3i(a) to this dispute. The policy requires that the Respondent has “registered or otherwise acquired the Domain Name; **primarily** for the purposes of selling, renting or otherwise transferring the Domain Name.” It is quite clear that this is not the case here. The Respondent has registered the Name as part of their plans to expand their business by trading via the Internet. The site operated from this address is clearly a commercial website and it is apparent the Respondent has invested a great deal of time and effort in developing the site and in its promotion. As discussed above, despite the Complainant’s rights in the name it is clearly a name which is also of generic application and as such would be of value to any retailer of rugs when developing a web presence. I am convinced the Respondent has not registered the Domain Name primarily with a view to profiting from the name in breach of the conditions of paragraph 3i(a) and reject this part of the Complainant’s claim.

### *Paragraph 3ii*

The Complainant further asserts that the Respondent’s use of the Domain Name has caused “an enormous amount of confusion” which has led to “daily complaints and comments” from customers who were misled. The Complainant contends that this has been “very damaging [to them] as many of our customers who have attempted to contact us or view our products, have been misled.” The Respondent refutes this allegation stating that “in no way have we ever tried to pass ourselves off as any company other than who we actually are. Our website clearly tells people who we are and where we are based.” Paragraph 3ii requires 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.” Having examined the websites operated by both parties, I find that this is not the case. The Respondent clearly states their location and designation on their website. There is little likelihood of someone believing the site operated by the Respondent is in any way linked to the Complainant. The Respondent is using the Domain Name as a generic identifier designating the business of their partnership. They are not using it to create a link in the with the Complainant in the minds of the public. Such confusion is more likely to occur in the event of a failure of the Complainant’s promotional materials to promote their true domain name, rather than by the Respondent creating confusion in the minds of the public. I therefore find that the Complainant has also failed to make out this part of their claim and consequently reject the claim.

### **Abuse of Proceedings**

Under paragraph 16(c) of the Procedure, it is incumbent on me to determine whether the Complainant has brought the complaint in bad faith. The Complainant failed to present evidence to support any of their contentions of bad faith on the part of the Respondent and the Respondent has made strong rebuttals against all claims. Further there is additional circumstantial evidence which may support a finding that this action may have been an attempt at reverse domain name hijacking. The Complainant first developed a web presence using the *rugcompany.co.uk* domain name in early 1999. An examination of the Nominet Whois registry reveals they registered this domain name on 4 February 1999. The Respondent, did not register the disputed Domain Name until 16 June 2000 (source: Nominet Whois). This suggests that the disputed Domain Name could have been registered by the Complainant in February 1999. For whatever reason the Complainant chose the alternative name instead. It was always likely given the generic nature of the Domain Name that another retailer in the same industry would register and develop the Domain Name. It would appear the Complainant’s failure to register the Domain Name in

February 1999 may have been their undoing and that this action may be an abortive attempt to regain control of a piece of property they failed to secure and now covet.

Upon examining all the documents pertaining to this action though, it is my opinion that the Complainant did not undertake these proceedings in bad faith. Although there is a substantial degree of circumstantial evidence which could have supported such a finding the Complainant clearly had genuine concerns that the Respondent's site was causing confusion among potential customers and was designed in such a way as to mislead. I believe the Complainant brought the action with the best of intentions and on this basis I am not entering a finding that the Complainant is in bad faith in terms of paragraph 16(c) of the Procedure.

## **7. Decision**

**In light of the foregoing findings, namely that the Complainant has rights in respect of a name or mark which is identical to the Domain Name but that the Domain name, in the hands of the Respondent, is not an Abusive Registration, the Expert directs that the Complainant's request for a transfer of the Domain Name, therugcompany.co.uk be refused.**

---

Andrew D. Murray

24 June 2002