

Nominet UK Dispute Resolution Service

DRS 00248

Seiko UK Limited v. Designer Time/Wanderweb

Decision of Independent Expert

1. Parties:

Complainant: Seiko UK Limited
Address: SC House
Vanwall Road
Maidenhead
Berkshire
Postcode: SL6 4UW
Country: GB

Represented by: Baker & McKenzie, London

Respondent: Designer Time/Wanderweb
Address: Wootton
Bridgnorth
Shropshire
Postcode: WV15 6EA
Country: GB

Represented by: Theodore Goddard, London

2. Domain Names:

Seiko-shop.co.uk; Spoonwatchshop.co.uk

3. Procedural Background:

The complaint was first received by Nominet on 13 February, 2002. Nominet validated the complaint and informed the Respondent, by both letter and by e-mail on 14 February, 2002, noting that the Dispute Resolution Service had been invoked and that the Respondent had 15 days (initially until 8 March, 2002) to submit a Response. A Response was received by fax after normal hours on 8 March, 2002 (Nominet extended the deadline to 11 March, 2002) and forwarded to the Complainant on 11 March, 2002 with an invitation to the Complainant to make any further submission in reply to the Response by 20 March, 2002. The Complainant duly filed a reply on 20 March, 2002 (again Nominet extended the deadline to 21 March, 2002 to allow for the receipt of hardcopies). The Reply was forwarded on to the Respondent on the same day. The parties evidently did not take up the option of Informal Mediation, so no such Mediation was possible. The Complainant was informed accordingly on 10 April, 2002 and invited to pay the fee to obtain an Expert Decision pursuant to paragraph 6 of the Nominet UK Dispute Resolution Service Policy ("the Policy"). The fee was duly received on 16 April, 2002.

On 17 April 2002, Nominet invited the undersigned, Keith Gymer (“the Expert”), to provide a decision on this case and , following confirmation to Nominet that the Expert 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 the undersigned as Expert with effect from 23 April, 2002.

4. Outstanding Formal/Procedural Issues (if any):

None.

5. The Facts:

A Nominet WHOIS search shows that the Domain Name, Seiko-shop.co.uk, was registered on behalf of the Respondent, Wanderweb on 1 November, 2000, evidently through the agency of Fasthosts. Similarly, the WHOIS records show that the Domain Name, Spoonwatchshop.co.uk, was also registered on behalf of the Respondent, Wanderweb on 11 December, 2000, again through the agency of Fasthosts.

The Respondent has operated web-sites under the urls *www.Seiko-Shop.co.uk* and *www.SpoonWatchesShop.co.uk*.

The web-sites each identify Wanderweb as the contact for enquiries regarding the sites and include the respective statements "Welcome to one of the UK's leading Independent Retailers of Seiko Watches" and "Welcome to one of the UK's leading on-line retailers of Spoon Watches".

The Complainant is the UK subsidiary of Seiko Watch Corporation, which itself is wholly owned by Seiko Corporation, (together “Seiko Company”) and is its exclusive distributor in the UK. Seiko Company is a world famous watch manufacturer and its high quality watches are sold in jewellers and other watch retailers throughout the world. The predecessor of Seiko Corporation was established in 1881 and Seiko Company has been producing SEIKO watches since at least 1924. It established a subsidiary in the UK, the Complainant, in 1971. In May 1997, Seiko UK Limited registered the domain name *www.seiko.co.uk* with Nominet UK.

Seiko Kabushiki Kaisha (trading as Seiko Corporation), the ultimate parent company of the Complainant, is the registered proprietor of a number of registered UK and Community Trade Marks for the trade marks “SEIKO” and “SPOON”. (Copies of the relevant trade mark registrations in Class 14, covering watches and clocks, were annexed to the Complaint.) Seiko Corporation’s first registration [847555] for SEIKO in class 14 dates back to 1963 and for SPOON [2118100] dates from 1996.

The Complainant first contacted the principals behind Wanderweb in March 2001 to inform them of the Complainant's objections to their registration and use of the domain names at issue. Thereafter, the evidence shows that repeated efforts were made, at least on behalf of the Complainant, in an attempt to negotiate an amicable resolution of its complaints. The present Complaint was filed in February 2002 when the Respondent had not accepted the proposed settlement despite repeated requests.

The respective parties have each made various additional assertions as summarised below.

6. The Parties' Contentions:

Complainant:

The Complainant claims that:

1. The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name (Policy Paragraph 2a(i)):
2. The Domain Name, in the hands of the Respondent, is an Abusive Registration (Policy Paragraph 2a(ii)), principally because it has been used in a manner which takes unfair advantage of or is unfairly detrimental to the Complainant's rights:

In support of its contentions the Complainant asserts:

- Seiko Company has through extensive sales, advertising and marketing, acquired a substantial reputation in the UK for its products. Each year, more than £2 million is spent on promoting the SEIKO brand in the UK.
- between 1998-2000, the Complainant spent over £750,000 in promoting the SPOON mark.
- Seiko does not authorise any single retailer to use Seiko Company trade marks for its own business activities, such as for a trading name. This policy extends to domain names and Seiko Company seeks to pursue third parties who register domain names which incorporate any of its trade marks.
- in 2001 the Complainant was successful in obtaining agreement to transfer to it the domain names SEIKOWATCH.CO.UK, SEIKO-WATCHES.CO.UK, PULSARSPoon.COM and PULSAR-SPOON.COM from third parties.
- The Respondent is an independent retailer who stocks, amongst other things, Seiko watches. In early 2001, the Respondent launched an internet site, under SEIKO-SHOP.CO.UK, with the purpose of selling, together with other brands such as Swatch, Seiko watches.
- in March 2001, the Complainant contacted the Respondent's principal to inform him of Seiko's policy on third parties' unauthorised use of Seiko marks and the Respondent agreed to an amicable solution. In August 2001, the Respondent agreed to transfer the domain name within three months and an appropriate settlement agreement was drawn up. [Copies of the relevant correspondence sent on behalf of the Complainant was included in the Complaint but not of any of correspondence on behalf of the Respondent].
- the Respondent subsequently procrastinated over signing the settlement agreement and despite the Complainant extending its deadline until 31 January 2002, the Respondent has failed to respond to the Complainant's further enquiries as to the delay.
- accordingly, the registrations are being used by the Respondent in a manner which takes unfair advantage of and is unfairly detrimental to the Complainant's Rights.

REASONS WHY THE DOMAIN NAME IS AN ABUSIVE REGISTRATION

- the Respondent has been trading under the name "seiko-shop.co.uk" without any authorisation by Seiko Company. This amounts to trade mark infringement under the Trade Marks Act 1994 ("TMA 1994"). For there to be a defence under section 10(6) of the TMA 1994 where a registered trade mark is used for the purpose of identifying goods or services as those of the proprietor or a licensee, such use must be in accordance with honest business practices and must not, without due cause, take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark.
- the Respondent is clearly taking unfair advantage of Seiko Company's goodwill and reputation as it is using this name as its trading name. Further, the Respondent's principal admitted in a telephone conversation on 19 March 2001 with a representative the Complainant that the Respondent had selected the SEIKO name in order to get visibility on search engines.

- the Respondent also uses several other trade marks registered in the name of Seiko Corporation in its meta-tags, for example VIVACE, KINETIC, ARCTURA and AIRPRO. [A copy of the source code of the web-site SEIKO-SHOP.CO.UK was provided to confirm this, together with copies of the corresponding trade mark registrations in the name of Seiko Corporation].
- the Respondent has registered “Seiko watches” as a keyword. The Complainant submits that this contradicts the whole idea of the keyword system, which was set up so as to allow customers to be directed to the site owned by the trade mark owner itself. Typing the keyword “Seiko watches” into the address bar of any internet enabled computer will now take the consumer directly to the site SEIKO-SHOP.CO.UK which undoubtedly takes unfair advantage of the time and effort that Seiko Company has put into building up goodwill in the SEIKO brand.
- In a telephone conversation on 19 March 2001, the Respondent's principal admitted that the name “SEIKO-SHOP.CO.UK” was causing a degree of confusion in the marketplace as the Respondent does get enquiries from consumers looking for a Seiko Company authorised web-site, for example, in respect of repairs for Seiko watches. These enquiries are then directed to the Respondent’s repair department.
- Seiko Company does not sell directly via the internet but does sell to some retailers who have internet based operations. Although the Complainant has no wish to prevent the Respondent from selling genuine Seiko watches, the Complainant objects to the Respondent’s use of its intellectual property rights in a manner which takes unfair advantage of the Complainant’s trade marks, goodwill and reputation. By incorporating Seiko Company’s trade marks into the domain names under which the Respondent trades, and with the ensuing confusion caused to consumers, of which the Respondent is well aware, the Respondent is showing that it is not using the SEIKO and SPOON trade marks for honest business practices.
- The Complainant has repeatedly tried to deal with the Respondent directly to resolve matters and the Respondent appeared to agree (initially in August 2001) to a settlement agreement and to transfer the domain names. However, the Respondent’s continued delay in signing the settlement agreement and obstruction in making moves to effect the transfer of the domain names, which it had previously agreed to, and its continued use of the Seiko Company trade marks “SEIKO” and “SPOON” as names under which to trade, are taking continued advantage of Seiko Company’s rights which amount to an abusive registration in each case.

The Complainant requests that the disputed domain names be transferred to the Complainant.

Respondent:

The Respondent made submissions in its Response to the following effect:

- The Respondent is a retailer of watches, among other goods. The Respondent is an official Seiko account holder, meaning that the Complainant has agreed to the Respondent selling its goods in the UK. The Respondent purchases the Seiko goods it sells only from the Complainant and, contrary to the Complainant’s allegation in the Complaint, sells only Seiko goods via its seiko-shop.co.uk web-site and Spoon goods via its spoonwatchshop.co.uk web-site. It sells no other brands on either web-site.
- The Complainant has never objected to the Respondent selling its goods over the web-sites. The Respondent is the Complainant’s most profitable independent reseller of Seiko goods within the UK. The Respondent has been so successful in selling Seiko and Spoon goods that the Complainant has asked the Respondent to trade in other of its brands.
- The Respondent is therefore legitimately commercially connected with the Complainant.
- The Respondent denies that its registration or use of the disputed Domain Names constitutes an abusive registration.

- It does not dispute that the Complainant's ultimate parent company has intellectual property rights, including a trade mark, in the names SEIKO and SPOON (the "Marks"). However, the Respondent denies that it registered or otherwise acquired or used the Domain Names in any manner which took unfair advantage of or was unfairly detrimental to those rights.
- the Respondent disputes the Complainant's claim that its "strict policy" of protecting its intellectual property rights extends to domain names. Contrary to the assertion made by the Complainant in its Complaint, the Domain Names seikowatch.co.uk and seiko-watches.co.uk are both available for registration and pulsarspoon.com and pulsar-spoon.com continue to be owned by Walsh Brothers of Kent. In addition, numerous other domain names incorporating the word SEIKO such as seikowatch.org.uk, seikoshop.org.uk and seikospoon.com are available for registration and the domain names seikowatch.com and spoonwatch.com are both registered to individuals in the USA who would appear to have no connection with the Complainant or its parent companies.
- The Respondent uses the Domain Names in connection with an offer of genuine Seiko goods and services and in accordance with its trade agreement with the Complainant. It used the Domain Names in this way for at least three months prior to the first intimation of a dispute in relation to the Domain Name and nearly a year prior to instigation of the Complaint. As mentioned above, contrary to the Complainant's allegation in the Complaint, the Respondent sells only Seiko and Spoon goods respectively via the web-sites and no other brands.
- Contrary to what the Complainant alleges in the Complaint, the Respondent did not agree to sign the transfer agreement proposed to it by the Complainant in August 2001. This was because at that time the Respondent was not in receipt of legal advice on this issue. Although the Respondent had sought legal advice from local solicitors, none had experience in this area of the law.
- Any advantage which the Respondent has gained through registering/using the Domain Names has not been "unfair". The Respondent is not using the Domain Names to take advantage of the Complainant's Marks in order, for example, to sell goods of a different brand to the Complainant's or in a 'bait and switch' sense. The primary purpose of the Respondent's registration and use of the Domain Names has been to increase sales of the Complainant's goods thereby creating profit for the Complainant as well as itself, not unfairly to disrupt or detract from the business of the Complainant. The Respondent's use of the Domain Names is, therefore, not detrimental to the Complainant, but quite the reverse.
- The Respondent's use of the Marks in the web-sites' meta-tags and, in the case of the mark SEIKO as a keyword, is not relevant to the Complaint. Notwithstanding this, the Respondent's use of the Marks in this way does not infringe the Complainant's Rights for the same reasons as its use of the Domain Names does not.
- The Complainant's allegation that use of the Domain Names has caused confusion is wholly unfounded. The Complainant's assertion in the Complaint that the Respondent received inquiries from consumers "looking for a Seiko Company authorised web-site, for example, in respect of repairs for Seiko watches" is false. Moreover, the Complainant has not adduced any evidence to support this assertion.
- The Respondent is unaware of any consumer having logged onto its web-site thinking that it was the Complainant's. What it told the Complainant was that occasionally its customers require repairs to their Seiko watches and, as the Respondent does not carry out such repairs, it directs those customers to the Complainant.
- For these reasons, the Complainant has failed to show that the Respondent is using the Domain Names 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.
- In addition, there is no likelihood that the Respondent's use of the Domain Names will cause such confusion. As admitted by the Complainant, the Respondent is independent of

the Complainant in the sense that it is a separate legal entity. This is clear from the web-sites' homepages Further, the Domain Name itself connotes a retailer of Seiko watches, as opposed to a manufacturer, and the Complainant does not sell Seiko.

- In view of this and the general get-up and style of the web-sites, which in no way suggest they are maintained by the Complainant, it is submitted that there is no likelihood of confusion. In any event the Complainant has failed to adduce any evidence of any such likelihood.
- The Complainant seeks to rely on the Trade Marks Act 1994. It contends that the Respondent's registration and use of the Domain Names fall within s.10(1) of that Act. This contention is incorrect.
- In S.A. Société LTJ Diffusion v. S.A. SADAS, the European Court of Justice held that a sign is not considered identical with a trade mark if it reproduces the whole of the trade mark with the addition of other signs. Where a sign incorporates an additional sign, the Court held that it would be considered to be identical only if the addition was either minute or wholly insignificant.
- The Complainant has to show that the addition of the word "shop" to the word "seiko" is so insignificant that the average consumer would not find any noticeable differences between the Domain Names and the Marks. While the Respondent does not accept that its acts constitute trade mark infringement within section 10(2) of the Trade Marks Act 1994, it is that section which is relevant. Under section 10(2), in order for the domain name to be infringing, the Complainant must show that there is a likelihood of confusion on the part of the public between the Domain Name and the Complainant. For the reasons set out above, the Complainant has failed to show that there is any such likelihood.
- The Complainant alleges that the Respondent would not be able to take advantage of the s.10(6) defence because it is not using the Domain Names for honest business practices and its use of them takes unfair advantage of the Complainant's Marks. For the reasons set out above, these allegations are patently false and unsupported by any evidence.
- It is therefore submitted that even if it could be shown that the Respondent's registration and/or use of the Domain Names infringed the Complainant's Marks, such registration and use falls within the provisions of s.10(6).
- The Complainant has, in addition, failed to show that the Respondent:
 - (A) registered or otherwise acquired the Domain Names primarily for the purposes of selling, renting or otherwise transferring them to the Complainant or to a competitor of the Complainant;
 - (B) registered or otherwise acquired the Domain Names for the purpose of blocking registration by the Complainant of a name or mark in which it has rights;
 - (C) has engaged in a pattern of making abusive registrations; or has given false contact details.
- On the other hand, the Respondent has clearly used the Domain Names in connection with a genuine offer of goods and services, which can only serve to enhance the Complainant's business and profits.
- The Respondent's registration and use of the Domain Names is not an abusive registration: it is in no way detrimental to the Complainant or its rights in the Marks (in fact, quite the contrary) nor has it caused, or is likely to cause, confusion to consumers. The Respondent registered and has always used the Domain Names in good faith and in accordance with honest business practices, to the benefit of the Complainant. The mere fact that the Respondent derives an advantage from using the Marks in the Domain Names does not constitute an abusive registration (BMW v Deenik [1997] E.C.R – I905).

Complainant's Reply

In Reply to the points raised in the Response the Complainant made various rebuttals:

- The Complainant accepts that the Respondent is a Seiko account holder, but the Complainant does not discuss profitability with its customers, and the Complainant does not understand how the Respondent arrived at the notion that it is the Complainant's "most profitable independent reseller in the UK". In any event, neither the profitability nor the turnover of the Respondent are relevant to the issue of its abusive registration.
- As for the Respondent's representations about selling other brands, it is not disputed that a sales representative of the Complainant approached the Respondent to discuss these. However, the sales representative was not aware of any ongoing discussions concerning seiko-shop.co.uk and spoonwatchshop.co.uk, (the "Domain Names") at that time. In any event, the sales representative made it clear to the Respondent that the business opportunity lay with sales through the Respondent's retail premises and not on the web-site.
- Finally, the Respondent's statement that it is legitimately commercially connected with the Complainant is true only to the extent that the Respondent acts as a distributor of the Complainant's goods. Such a relationship does not entitle the Respondent to appropriate the Complainant's trade marks in the way that it has.

Rights in the Domain Names

- It is the Complainant's policy not to object if "bricks and mortar" retailers to whom it already supplies watches, want to sell these through web-sites using their own trading names or registered company names. Were the Respondent to sell goods supplied by the Complainant through a web-site using its own trading name, Designer Time, the Complainant would have no objection. Indeed at an early stage in the parties' negotiations, the Respondent suggested that it intended either to conduct its future business on the site www.worldwidewatches.co.uk, or that it would set up another site using its trading name, which was actively encouraged by the Complainant. It is for this reason that the settlement agreement drawn up to transfer the Domain Names specifically set out a three month "moratorium", during which information could be provided on the web-sites informing customers that the business would soon be conducted from another site. The Respondent's principal stated in a telephone conversation with a representative of the Complainant that he would speak to his web-site designers to see how this could be arranged.
- The other domain names cited by the Respondent have no relevance whatsoever as they are not the subject of this dispute. However, we confirm that the domain names pulsarspoon.com and pulsar-spoon.com have been successfully transferred to the Complainant, although the registration details have not yet been updated to reflect this. The existence of these names does not compromise the Complainant's strict policy of protecting its intellectual property rights which extends to domain names.

Abusive registration

- The Complainant became aware of the site seiko-shop.co.uk in March 2001, and contacted the Respondent immediately. The delay in submitting the Complaint was due to the Respondent's dilatory conduct in signing the settlement agreement proposed by the Complainant. The Complainant genuinely believed that it was engaged in meaningful negotiations with the Respondent, further to the parties' oral agreement to transfer the Domain Names in March 2001.
- The Respondent's suggestion that its registration of the Domain Names creates a profit for the Complainant is immaterial insofar as the Complainant receives its income (and therefore its profits) from the Respondent at the time of the Respondent's initial purchase of the goods.
- Whilst the Respondent is a distributor of the Complainant, it is in no way entitled to use the Complainant's registered trade marks in a manner which implies a closer relationship between the two than wholesaler-retailer. The Complainant devotes a substantial yearly advertising budget to its SEIKO and SPOON brands, and the Respondent is taking unfair

advantage of and trading off the reputation which the Complainant has carefully built up in these brands. Indeed, the Respondent has admitted to the Complainant that the Domain Names were chosen to increase the visibility of the web-sites on search engines - i.e. to divert customers to the sites.

- Customer confusion is exacerbated by the Respondent's practice of using the Complainant's registered trade marks in the meta-tags of the Domain Names. This and the registration of the keyword "Seiko Watches" are highly relevant in deciding whether there has been an abusive registration. The mere registration of the Domain Names themselves would be enough to amount to passing off but the manner in which these Domain Names are used, and the means which the Respondent uses to divert custom to these sites, amount to both passing off and trade mark infringement and are damaging to the Complainant's rights. The use of the Complainant's registered trade marks in this way is without due cause, as the Respondent could carry on its business perfectly well without the Domain Names.
- Contrary to the Respondent's statements, the public and the trade have been and continue to be confused into thinking that the Respondent's web-sites are run by the Complainant. For example, we refer to an accompanying statement [attached to the Reply] referring to an enquiry received from Gregory's Jewellers, which illustrates that the operation of the site, seiko-shop.co.uk has confused distributors of SEIKO watches, leading to concern that their role was being undermined. We also attach a letter sent to the Complainant from Finnies, another distributor, stating that its customers have been confused.
- The Complainant sells watches to retailers, it does not manufacture watches. While the Complainant does not generally sell watches directly to end users it is still engaged in the sales business, and any products can be sold via the forum of an internet "shop". Business to business web-sites are one of the fastest growing areas of e-commerce, and it would be easy for a retailer to be confused into thinking that a web-site named seiko-shop.co.uk was owned by or connected to the Complainant, and aimed at retailers (evidenced by the confusion referred to above). Moreover, the average consumer is not aware that he cannot purchase watches directly from the Complainant and if he came across the web-sites linked to the Domain Names, he would be very likely to believe that they were run by the Complainant (evidenced by the confusion of customers of Finnies).
- Finally, as to the time when confusion occurs, the Complainant contends that confusion occurs at the very moment that a potential customer comes across the Domain Names or types in "Seiko watches" and is immediately directed to the Respondent's site, Seiko-shop.co.uk. This point was acknowledged in the UDRP arbitration decision of *Leonard Cheshire Foundation v Drake* where the Panel decided on the basis of the Uniform Dispute Resolution Procedure that what was relevant was the confusingly similar nature of the domain name to the trade mark of the Complainant, and that the way in which this domain name was used was a secondary consideration. Thus confusion had occurred, regardless of the fact that once visitors actually arrived at the contested site, its true nature became apparent to most. In that case, it was also acknowledged that an entitlement to perform one activity in respect of the Complainant did not entitle the Defendant concerned to use a domain name which was confusingly similar to the Complainant's trade mark.

Trade Marks Act 1994

- The decision to which the Respondent refers in the case of *S.A. Société LTJ Diffusion v S.A. SADAS* is only the non-binding opinion of the Advocate General, rather than a formal decision of the European Court of Justice. Accordingly, the current English law on this particular issue remains that as outlined in the case of *British Sugar plc v James Robertson*. Thus, when a court is comparing a registered mark and a potentially infringing sign, it must discount added matter, particularly when the added matter is as non-distinctive as here ("shop"/"watch shop"). The Complainant therefore continues to

maintain that this matter falls to be decided under the provisions of section 10(1) Trade Marks Act 1994.

- However, in the event that the Domain Names are not considered to be an identical infringement of the registered trade marks SEIKO and SPOON, then in the alternative, the Respondent has infringed the Complainant's trade marks under section 10(2)(b) TMA 1994.
- There is not only an inherent likelihood of confusion on the part of the public, caused by the Respondent's registration and use of the Domain Names, but actual confusion, as demonstrated in the evidence attached.
- Moreover, if it is considered that the Respondent is providing a "retail service", for which registrations are now permitted at the UK Trade Marks Registry, the Complainant would have a claim under section 10(3) TMA 1994. The marks are identical or similar, the retail services are not [sic] similar to the goods covered by the Complainant's registrations, the Complainant has a reputation in the UK, and the use of the Domain Names without due cause takes unfair advantage of and is detrimental to the distinctive character and repute of the trade marks, for the reasons set out above.
- Finally, in continuing to use the Domain Names against the Complainant's wishes, despite its agreement to transfer the same back to the Complainant, the Respondent is clearly demonstrating that it is not using the Domain Names for honest business practices, but is acting in bad faith, taking unfair advantage of the Complainant's registered trade marks and disrupting the Complainant's business.

The DRS

- We are sure that the Respondent is aware that the factors listed in the DRS as evidence of abuse of registration are non-exhaustive. The Complainant clearly sets out in the Complaint the grounds on which it is relying i.e. "taking unfair advantage/detrimental to the rights of the Complainant" and, "unfair disruption of the Complainant's business/confusion in the market place".
- Moreover, it has now come to the Complainant's attention, that the Respondent is engaged in a pattern of making abusive registrations. The Respondent has registered the domain names: casio-shop.co.uk, citizenshop.co.uk, dolceandgabbanawatches.co.uk, protrek-shop.co.uk and swatch-shop.co.uk, all of which contain registered trade marks belonging to third parties. [Screen grabs of the home pages of these sites were attached to the Reply] In each case the Respondent states that it is "one of the UK's leading suppliers/retailers of [the relevant] watches". All of these sites and those accessed from the Domain Names are accessible from the generically named worldwidewatches.co.uk. This consistent pattern of abuse of third party registered trade marks further substantiates the bad faith of the Respondent.
- The Respondent's registration of the Domain Names is abusive for the reasons set out above. The use of these has evidently confused third parties as to the provenance of the web-sites. It is inevitable that this confusion will detrimentally affect the distinctive character and the repute of the Complainant's registered trade marks. By its continued use of the Domain Names, the Respondent also derives an unfair advantage over other retailers of Seiko watches (numbering 2000 in the UK, including 800 independent retailers). The Respondent has even admitted that its motive for registering the Domain Names was in order to gain more visibility on search engines. This, combined with the Respondent's use of the Complainant's registered trade marks in its meta-tags, its registration of the keyword "Seiko watches", and its behaviour in initially agreeing to transfer the Domain Names and its subsequently renegeing on that decision, illustrate that the Domain Names have been used in bad faith.
- Finally, the *BMW v Deenik* case is distinguishable from the present situation, as the ECJ considered that use of a trade mark would not be permitted where the mark was used in such a way as to make a customer believe that there was a special relationship between the other party and the proprietor of the mark, as the Respondent is doing here.

7. Discussion and Findings:

General

Paragraph 2 of the Policy requires that, for the Complainant to succeed, it must prove to the Expert, on the balance of probabilities, both that (i) it has Rights in respect of a name or mark which is identical or similar to each of the Domain Names at issue; and that (ii) the Domain Names, in the hands of the Respondent, are each Abusive Registrations as defined in Paragraph 1 of the Policy.

Complainant's Rights

The Complainant in this case has asserted (1) that it has rights in the name and mark SEIKO and that this name is identical or similar to the Domain Name seiko-shop.co.uk, and (2) that it has rights in the mark SPOON for watches and that this mark is identical or similar to the Domain Name spoonwatchshop.co.uk.

On the basis of the evidence submitted, it is clear that the Complainant has substantial rights in the name SEIKO and, in the Expert's opinion, it has also established that is undoubtedly an internationally famous mark, which would potentially entitle it to additional legal protection on that basis. It has also satisfied the Expert that it has recognisable registered trade mark rights in the mark SPOON for watches.

The parties' debate over which particular section(s) of the TMA 1994 might apply in respect of registered trade mark rights in the event of an infringement claim, however, is not relevant to these DRS proceedings. Any decision in these proceedings is purely an administrative conclusion based on the contractual terms of the Nominet registration agreement and the provisions of the DRS Policy itself. As such, a decision in these proceedings is not, and cannot be, a judgement on whether or not the actions of the Respondent amount to trade mark infringement. That is a matter for the Courts.

From the Expert's perspective, in relation to the requirement of paragraph 2(i) of the Policy it is only necessary to consider the identity or similarity of the relevant marks with the respective domain names.

In both instances, the marks are not literally identical to the Domain Names as a whole, nor to the respective unique portions of the Domain Names before ".co.uk". It is therefore necessary to consider whether they are "*similar*" for the purposes of the Policy.

To English readers, the Domain Name "Seiko-shop.co.uk" is readily recognised as comprising the Complainant's mark SEIKO, together with the descriptive element "shop". The Respondent has itself acknowledged in its Response that this is how this Domain Name is constructed. The "shop" element is merely descriptive of premises (virtual or bricks and mortar) for selling SEIKO goods. The distinctive component of the Domain Name is the mark, which will manifestly be seen in this context for exactly what it is - a famous brand name and house mark associated with the descriptive term "shop".

From a trade mark perspective, in these circumstances, the addition of the word "shop" adds nothing distinctive and the combination "Seiko-shop" would certainly be considered at least as "*confusingly similar*" to SEIKO and possibly as materially identical. The Respondent's various counter arguments in this context are unconvincing and are indeed misleadingly incomplete in their attempt to cite support from precedent. In *S.A. Société LTJ Diffusion v S.A. SADAS* the marks at issue were "Arthur" in stylised text and ARTHUR ET FELICIE and

the Advocate General carefully qualified his opinion (selectively abridged by the Respondent) with the addition:

" the national court must first identify what is perceived by the average, reasonably well-informed, observant and circumspect consumer as the relevant mark and sign, then assess globally the visual, aural and other sensory or conceptual features of the mark and sign in question and the overall impression created by them, in particular by their distinctive and dominant components, in order to determine whether the two would be perceived by such a consumer as the same in the sense that any differences are minute or wholly insignificant, or whether the two would be perceived rather as similar in the sense that the differences are greater than that."

The addition of "shop" to SEIKO might reasonably be considered as "insignificant" in terms of overall consumer perception on that basis.

Additionally, from the trade mark perspective, the marks SEIKO and "SEIKO Shop" may be said to *"resemble each other as to their material particulars and differ only as to matters of a non-distinctive character not substantially affecting the identity of the trade mark [SEIKO]."* As such, the Expert has little doubt that both would be inherently registrable together as a series (under Section 41(2) TMA 1994) for the service of selling watches (appropriately defined) in Class 35 under current UK Registry practice if desired.

However, under Paragraph 2(i) of the Policy "similarity" alone is sufficient, so it is not necessary to come to abstract conclusions on the existence of material identity or whether the similarity is "confusing" or not. Accordingly, for the purposes of the Policy the Expert readily concludes that the Complainant does have Rights in this case in respect of a name or mark, which is similar to the Domain Name "Seiko-shop.co.uk".

Similarly, in the light of the Complainant's demonstrable rights in the mark SPOON for watches, and the specific, purely descriptive nature of the addition "watchshop" in the Domain Name "Spoonwatchshop.co.uk", the Expert correspondingly concludes that the Complainant does also have Rights in respect of a name or mark, which is similar to the Domain Name "Spoonwatchshop.co.uk".

Abusive Registration

The Complainant also has to show that the Domain Name is an Abusive Registration. Paragraph 1 of the Policy defines "Abusive Registration" 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.

A non-exhaustive list of factors, which may be evidence that the Domain Name is an Abusive Registration are set out in Paragraph 3a of the Policy. The most relevant factor in the present case is as set out in Paragraph 3a(ii):

- 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."

To be entirely consistent with this example there needs to be some evidence of actual confusion on behalf of people or businesses that a Domain Name at issue was being used by the Respondent in a way which led them into believing that the Domain Name was connected with the Complainant. The Complainant provided two letters as evidence of such confusion - one from another Seiko dealer and one from a person whose precise status was not clear but who appeared to be an employee of or contracted by Seiko. This evidence was not substantial, but is at least indicative of a likely problem.

However, as the Complainant has also rightly observed, the factors listed in Paragraph 3 of the Policy are in any event only exemplary and indicative. They are not definitive. It is Paragraph 1 of the Policy, which provides the definition as indicated above.

Reduced to its critical elements, the decision in this case depends on 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 supplier's rights.

This question has been addressed in a number of decisions under the Uniform Dispute Resolution Policy [UDRP] as applied to the generic Top Level Domains such as <.com> and in earlier cases under the Nominet DRS. Experts have debated the question in some depth and the arguments for and against have been well exercised.

A trade mark owner will rely on the fundamental exclusivity of the trade mark right which is infringed by use without the owner's consent (cf. TMA 1994 s9(1)).

The domain name registrant will argue, as in this case, that the domain name is not the identical mark and that its use is legitimately for the purpose of identifying goods or services as those of the owner of the mark (cf. TMA 1994 s10(6)).

Significantly, such "nominative fair use" as it is sometimes called, is invariably subject to qualification and, in the UK, is not acceptable if "...the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark" (TMA 1994 s10(6)). There is an obvious similarity with the wording of the DRS Paragraph 1(ii).

The issue is where the line should be drawn between what is fair and what is unfair. The Respondent goes as far as to assert that its use is "in good faith and in accordance with honest business practices, to the benefit of the Complainant". Its case is that it is an authorised dealer, selling genuine goods, which profit the Complainant. Its web-sites also accurately identify it as an independent retailer, so allegedly no-one can be confused

The Complainant has stated expressly that it "does not authorise any single retailer to use Seiko Company trade marks for its [the retailer's] own business activities, such as for a trading name." It argues that the use of the disputed Domain Names implies a closer relationship than wholesaler-retailer and that the Domain Names were expressly chosen with a view to obtaining an unfair advantage, particularly over other retailers (reportedly there are 800 independent retailers in the UK alone). The Complainant also objects to the use of its trade marks within so-called meta-tags on the Respondent's web pages and to the alleged registration by the Respondent of "Seiko watches" as a browser Keyword such that reportedly a user typing those words into the browser address field would automatically be redirected to the Respondent's web-site.

It is worthwhile considering the nature of and the differences between these various uses, in a domain name, in meta-tags and in a Keyword.

A domain name is a verbal reference for a specific computer address on the internet. It is therefore necessarily unique and exclusive. In this respect it is similar to a company name registration, which must likewise be unique. Once Seiko-shop.co.uk has been registered, no other would-be user can register or use the identical domain name. . A domain name provides a unique trading name on the internet which may be used by a registrant for a web-site and email. The Respondent notes that other names, such as seikowatch.org.uk or seikoshop.org.uk could be available for registration. However, this highlights one of the problems of the domain name system from the perspective of a trade mark owner. The system allows for an unlimited proliferation of individually different domain names incorporating a trade mark which may be used with a complete disregard for consistency and massive potential for consequent consumer confusion (what would a consumer make of a proliferation of names such as seiko-shop.co.uk; seikowatch.co.uk, seiko-watch-shop.co.uk all operated by different parties in different trading styles?), whilst at the same time enabling individual registrants to appropriate exclusive rights to preferred names for their own benefit.

Meta-tags, however, are not exclusive. They are lists of keywords included in the coding of a web-page for the benefit of search engines, although they are not normally visible to a user when the web-page itself is displayed. They may nonetheless be considered as fulfilling the function of the virtual equivalent of shop window adverts. Any legitimate trader, therefore, might reasonably use trade marks of the goods it sells as meta-tags. Such use would appear to properly fulfil the purpose of identifying the kind of goods or services on offer (cf. TMA 1994 s11(2)(b)). Any legitimate retailer can use meta-tags and there is no inherently unfair exclusive advantage for one relative to another.

Browser Keywords perhaps fall between the two. There are different competing Keyword systems on offer. It is not clear from the evidence in the present case exactly what sort of "Keyword" rights the Respondent has allegedly purchased. At least one system allows a party to purchase the option for users typing in a selected Keyword (or phrase) into a suitably enabled browser to be redirected exclusively to the purchaser's own web-site. Others provide for purchase of ranking position on a page listing several parties who have paid to have links to their web-sites displayed when the relevant Keyword is entered. Thus, issues of unfair advantage may or may not arise. Where the Keyword is, or incorporates a trade mark, the trade mark owner might reasonably be expected to have concerns about the validity of such use.

However, the rights or wrongs of types of Keyword registration are not a matter for these proceedings, and nor is the right (or not) of a party to use trade marks as meta-tags. The point of the brief observations above is to emphasise the exclusive nature of a domain name.

In the present case, both the relevant marks are used in the respective Domain Names in a trade mark sense. The message they convey in the first case is that the user is going to a SEIKO Shop site, in the second case, to a SPOON watch shop site. The Respondent's arguments that the use of the marks is somehow in accordance with honest practices in such matters are not convincing. Such arguments might have had some weight if the Respondent had adopted a more genuinely descriptive domain name such as "We-sell-SEIKO-watches.co.uk", but the evidence shows that the Respondent chose SeikoShop.co.uk and SpoonWatchShop.co.uk because those would take most effective advantage of the reputation and goodwill established by the Complainant in its famous house mark SEIKO and in its product mark SPOON for watches. From quick Google searches for relevant terms (e.g. SEIKO UK and SPOON WATCH), it appears that the Respondent's tactics have been successful. However, it is also apparent that other traders manage to achieve high ratings on these searches without having to confusingly appropriate the marks in their domain names.

The Respondent has essentially 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. The Expert believes the Complainant is correct when it asserts that consumers will not be aware that SEIKO does not itself deal directly with end-purchasers. Given the path set by SWATCH with their own retail stores, the Expert considers it highly likely that consumers would see the supply and sale of watches as intimately related and would expect that SEIKO-shop.co.uk was operated by or with the authority of the Complainant.

The fact that there are hundreds of Seiko retailers like the Respondent in the UK alone makes it even more apparent that in appropriating the internet domain name SEIKO-shop.co.uk to itself the Respondent was taking unfair advantage of the Complainant's mark to set itself above the others. Such an action might conceivably have been defensible if the Respondent were an exclusive SEIKO dealer in the UK, but it is not. As it is, if the Respondent's actions were to be approved, it would open the floodgates for every retailer to register a slightly different domain name incorporating the SEIKO mark (e.g. newSeikoshop.co.uk; SEIKO-shop1.co.uk SEIKOshoponline.co.uk etc. etc.), with inevitably confusing consequences for the consumer and the effective destruction of any possibility for the trade mark owner to control the use of their mark as a trading style on the internet in a consistent manner. That would not be ultimately a desirable result for any party.

The Expert recognises that in coming to this conclusion he is differing from the UDRP Panel in the UDRP Case D2001-0160, which decided by a 2-1 majority that a registration of mercedesshop.com should not be transferred to the owner of the famous MERCEDES mark. In that case, the majority made the extraordinary assertion that if they were to find for the Complainant they "could conceive of no case in which a legitimate competitor in the sale of parts and after-market accessories could ever register a domain name descriptive of that business." The Expert in the present case considers such an assertion manifestly misrepresents and exaggerates the reality and that the decision in that case risks severely undermining and diluting at trade mark owner's rights for the reasons discussed above. The Expert would therefore agree with the dissenting opinion in that case and the Panel in the subsequent UDRP Case D2002-0036, (re: volvoinsurance.com) for example, which considered D2001-0160 as wrongly decided.

In any event, the requirements of the DRS Policy are of course not the same as, and are arguably less stringent than, those of the UDRP, which require a Complainant to show that the registrant has no rights or legitimate interests and has registered and used a disputed domain name in bad faith.

For completeness, it is appropriate to consider a few other points raised by the Parties: Firstly, the fact that there may be other domain names which might be objectionable in the hands of others against whom the Complainant has not yet taken action can be of no help to the Respondent. The malfeasance of others cannot justify any other Abusive Registration.

In correspondence with the Respondent's original legal representatives, the Complainant also specifically drew attention to the statement of the Court of Appeal in the leading UK case involving domain name registrations (British Telecommunications plc and Others v. One in a Million Ltd and Others [1999] ETMR 61), where the Court stated:

"The placing on a register of a distinctive name [...] makes a representation to persons who consult the register that the registrant is connected or associated with the name registered and thus the owner of the goodwill in the name."

The Expert considers that statement is most certainly pertinent to the registration of a domain name incorporating a famous house mark such as SEIKO. It may arguably be not so clearly applicable in the case of a less well-known product mark like SPOON, particularly as the Complainant appears to use that mark as a subordinate mark to another of its marks, PULSAR.

The Respondent referred to the judgement of the European Court of Justice in BMW v. Deenik, Case C-63/97, suggesting that it supported the Respondent's case. The Expert, on the contrary, considers that judgement might rather be applied against the Respondent. In BMW v. Deenik, which was not a domain name case, but which involved consideration of the right of a trade mark owner (BMW) to prevent informative use of its mark by a dealer, the Court held that the proprietor of a trade mark was not entitled to prohibit a third party from using the mark for such informative purposes "*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.*"

In the Expert's opinion, use of the SEIKO mark in a trade mark sense in the Domain Name, Seiko-shop.co.uk creates precisely the sort of impression of a (non-existent) "special relationship" beyond that of one of Seiko's 800 ordinary retailers, which the ECJ would allow the trade mark owner to prevent.

The Complainant provided evidence that the Respondent has also registered other domain names, including: casio-shop.co.uk, citizenshop.co.uk, dolceandgabbanawatches.co.uk and swatch-shop.co.uk, all of which contain registered trade marks of third parties. No evidence was provided (e.g. in the form of statements from the owners of the marks concerned) as to whether or not the Respondent was authorised to do so by any of the owners of the respective marks, so the Expert has treated that question as moot. However, if unauthorised, the Expert would be prepared to consider such registrations as potentially Abusive.

The Expert notes that in his experience, rather than using other parties' marks in domain names, as the Respondent has done, other legitimate resellers of goods from various recognised sources have adopted the clearer practice of having separate sections (sometimes even referred to as "shops"), within their own web-sites (see e.g. www.dabs.com and www.microwarehouse.com [Shop By Brand]). As well as reducing the potential for unfairness and confusion, this practice would also seem to commend itself as being wholly outside the DRS Policy!

In the present case, for the reasons above, the Expert concludes that the Domain Names have both been used by the Respondent in a manner which certainly took unfair advantage of or was unfairly detrimental to the Complainant's Rights and that they are both Abusive Registrations for the purposes of the Policy.

8. Decision:

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.

Keith Gymer

May 8, 2002
Date