

DISPUTE RESOLUTION SERVICE

DRS 07493

Decision of Independent Expert

Metabolic Balance GmbH

and

Ms Pema Petra Gericke

1. The Parties:

Complainant: Metabolic Balance GmbH

Address: Am Gries 21
D-84424 Isen
Isen

Country: Germany

Respondent: Ms Pema Petra Gericke

Address: Hill Farm Shop Lane
Leckhampstead
Newbury

Postcode: RG20 8QG

Country: UK

2. The Domain Name:

<metabolicbalance.co.uk> (the "Domain Name")

3. Procedural History:

The Complaint was entered into the Nominet system on 10 July 2009 and was validated the same day. Also on 10 July 2009, Nominet sent notification of the Complaint to the Respondent by Royal Mail Special Delivery and advised that the Complainant had invoked Nominet's Dispute Resolution Service (DRS) to complain about the registration of the Domain Name. A Response was received on 7 August 2009 and the Complainant filed a Reply on 19 August 2009. Mediation having failed, the fee for an Expert Decision was paid on 16 November 2009 and Jon Lang was appointed as the independent Expert with effect from 4 December 2009.

4. Factual Background

The Complainant is a German company whose business dates back to 2002. It is in the business of creating nutritional plans to help individuals manage their weight. The Complainant's system for creating such plans became known as 'Metabolic Balance'. The Complainant's business extends beyond Germany. In other countries, it uses a mixture of exclusive and non-exclusive licence/franchise arrangements. The Metabolic Balance brand has achieved substantial press coverage and has a significant web presence. The Complainant has a number of domain names which include the words Metabolic Balance. For instance, the Complainant registered the domain name metabolic-balance.co.uk in November 2007 (and granted exclusive rights to its use to its exclusive franchisee in the UK). It is also the registered proprietor of trade marks that comprise those words, including CTM 003257458 and CTM 006151799 being, respectively, a word mark and a figurative mark.

The Respondent is a German national who was living in the UK at the material times. She was appointed a non-exclusive franchisee for Germany, Switzerland and Austria in November 2005 and, under a written agreement, was given the right to use the Metabolic Balance brand in the appointed territories. On 21 July 2007, the Respondent registered the Domain Name. There was correspondence between the parties in relation to the Domain Name and in February 2009, the Respondent's franchise agreement (the Agreement) came to an end. The lawfulness or otherwise of its termination by the Complainant appears to be in dispute.

5. Parties' Contentions

The Complainant contends that it has Rights in the name or mark 'Metabolic Balance' and that the Domain Name is an Abusive Registration. It says that the Respondent obviously knew of the brand, Metabolic Balance, (by virtue of its relationship with the Complainant) and registered the Domain Name incorporating it without any right so to do. It is said that she has thus taken unfair advantage of the Complainant's brand. The Complainant says that the registration is detrimental because the existence of the Domain Name and related site of the Respondent made it more difficult to secure an exclusive franchisee for the UK. The Complainant goes on to say that the conduct of the Respondent falls within one of a few of the non-exhaustive factors under the DRS Policy (the Policy) which may indicate an Abusive Registration. In particular, it is alleged that registration of the Domain Name was for the purposes of selling it (and indeed there was correspondence in relation to this at the time the Complainant sought a transfer), that it was registered as a 'blocking registration' to prevent the Complainant from registering it,

or that registration was to unfairly disrupt the business of the Complainant. The Complainant also alleges that the Respondent has used the Domain Name in a way that has caused confusion in that she has used it to promote her own business in the same field as that of the Complainant.

The Respondent contends that the Complainant has no rights in the name, Metabolic Balance, which is wholly descriptive of the service offered by the Complainant and that, in any event, the Domain Name is not an Abusive Registration. At the time the Respondent entered into the Agreement, she was living in the UK (albeit the territories named in the agreement were Germany, Austria and Switzerland) and at that time (November 2005), she says that the Complainant had no links with the UK. The Respondent says she discussed with the managing director of the Complainant the possibility of offering nutritional services in the UK. She says that the Complainant confirmed that it had no intention to market itself in the UK or expand in the UK market and that it was content for the Respondent to offer her services there. It is therefore asserted by the Respondent that the Complainant authorised or consented to her providing services in the UK and the conduct of the parties is consistent with that consent or authorisation. In support, the Respondent states that the Complainant's training certificate was provided, at the Respondent's request, in English, literature was provided in English, enquiries originating within the UK were referred by the Complainant to the Respondent and the Respondent was introduced at a meeting in 2008 (with the UK licensee) as an existing UK coach. Moreover, the Respondent says that the Complainant knew it that it was providing services in the UK by virtue of many of the Respondent's clients' details (including their address) being uploaded to the Complainant's website in Germany.

The Respondent refers to Annex F to her Response, being a screen shot dated 29 January 2009. It appears to be a page from an official website of the Complainant. It lists the Respondent as a coach for the UK. The Respondent then goes on to refer to the statement in the Complaint that:

'The Complainant first became aware of the Respondent's registration of the Domain Name in January 2009. At that time the Domain Name was being used by the Respondent to promote her Metabolic Balance business. This use was of considerable concern and embarrassment to the Complainant because it inevitably gave the impression that the Respondent was licensed for the UK when in fact the Respondent was only licensed for Germany, Austria and Switzerland and the UK was a country that the Complainant licensed separately on an exclusive basis.'

The Respondent takes issue with this statement to which she refers later when contrasting the first sentence with e-mails exhibited at Annex I to her Response. These are e-mails about the Domain Name passing between the parties in late 2008. At Annex J to the Response is a further screenshot of a page of the Complainant's website dated 28 January 2009, which shows the Domain Name listed as a contact detail for the Respondent under the heading, 'coach information'.

A number of other points are raised by the Respondent in response to the Complaint – in relation to the offer to sell the Domain Name, (that it was a bona fide negotiation prompted by the Complainant); that the Domain Name was not a blocking registration or registered for the purpose of unfairly disrupting the business of the Complainant (but rather to promote her own services as a nutritional coach). As to confusion, the Respondent makes the point that no evidence of actual confusion has been furnished, an

allegation which she rejects as misconceived. The Respondent also makes a number of points on the Complainant's lack of Rights in the name Metabolic Balance.

In Reply to the Response, the Complainant deals with, amongst other points, the Agreement, stating that the Respondent was only given the right to use the brand in the 'contract territory', which did not include the UK, and that the agreement did not give the Respondent rights to acquire any domain names incorporating Metabolic Balance anywhere at all. Moreover, the Complainant contends that under the Agreement, on termination, the Respondent must return all documentation 'in his/her possession obtained during the course of collaboration...with regard to the subject of this Agreement.' The Complainant goes on to say that if, contrary to its primary case, the Respondent did have consent to register and use the Domain Name, such consent has now been terminated. It is further stated that the Respondent can have no legitimate reason to continue to use the Domain Name other than to take unfair advantage of, or cause detriment to, the Complainant's brand and that her argument that she needs to use the Domain Name to fulfil continuing obligations to customers is fanciful (as she no longer has any right to use the name Metabolic Balance). The Complainant says that the reason why the Respondent wants to continue to use the Domain Name is that it returns the highest ranking result on a Google search for Metabolic Balance. The Complaint also says that the Respondent's actions in removing reference to the Complainant on her website to which the Domain Name resolves, does not cure initial interest confusion. The Complainant makes a number of points concerning its rights in the name or mark Metabolic Balance, which need not be explored here.

6. Discussions and Findings

A Complainant has to establish under paragraph 2(a)(i) of Nominet's DRS 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 under paragraph 2(a)(ii) of the Policy that the Domain Name, in the hands of the Respondent, is an Abusive Registration, (again as defined in paragraph 1 of the Policy). A Complainant has the burden to prove on the balance of probabilities both that it has Rights and also that the Domain Name, in the hands of the Respondent, is an Abusive Registration.

The definition of "Rights" includes, but is not limited to, rights enforceable under English law. However, a Complainant will be unable to rely on rights in a name or term which is wholly descriptive of the Complainant's business.

In this Complaint, both the existence of Rights, as well as the ability of the Complainant to rely on any such Rights as may exist, is in dispute.

Rights

The Complainant has a number of registered trade marks which comprise the words Metabolic Balance. It has an exclusive licensee for the territory of the UK (and others). It has or has had a number of 'coaches' based in the UK and on the Respondent's own evidence, a number of UK based customers found their way to the Complainant (and were referred on to the Respondent when the relationship between the parties was better than it is now). The view of the Expert is that goodwill has been established in the Complainant's name, Metabolic Balance. This, combined with the registered marks it has, leaves little doubt that the Complainant has Rights for the purposes of the Policy in a

name or mark that is identical to the Domain Name. It should be noted that several past DRS Decisions have made clear that the threshold for the establishment of Rights is a low one.

But the Respondent also alleges that the Metabolic Balance name is 'wholly descriptive of the services offered' by the Complainant. The previous version of the DRS Policy, expressly stated that a complainant could not rely upon Rights in a name wholly descriptive of the complainant's business. Those words do not appear in the current version of the DRS Policy. Nonetheless, the Expert agrees that if the Complainant's name is 'wholly descriptive', the Complainant is unlikely to have any rights in the name upon which it can rely for the purposes of proceedings under the DRS Policy. However, the Expert does not agree that the name is 'wholly descriptive' in this context (as. 'design-of-nutritional-plans', for instance, might be). The words are dictionary terms, but the evidence before the Expert satisfies the Expert that in all the circumstances they have acquired a secondary meaning. The Expert does not accept that the words Metabolic Balance are 'wholly descriptive' of what the Complainant does such as to preclude the Complainant relying on its Rights. It should also be mentioned in this context that the Domain Name is substantially identical to the name under which the Complainant trades and by which the Respondent knows and has dealt with the Complainant.

The Expert finds that the Complainant has Rights in respect of a name or mark which is identical to the Domain Name.

Abusive Registration

To be an Abusive Registration the Domain Name must be one which either "...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 of the Policy).

Paragraph 3(a) of the Policy contains a non-exhaustive list of factors which may be evidence that the Domain Name is an Abusive Registration. These include:

'i. Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name primarily;

A. 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. 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;'

These are factors relied on by the Complainant. But the factors under 3(a)(i) require a degree of motivation e.g. in the case of 'blocking', a complainant must prove that a respondent's primary objective in registering the disputed domain name was to prevent the complainant from doing so. Moreover, they focus on the circumstances at the time of the registration or acquisition of a domain name. But in this case, it appears to the Expert to be perfectly believable that the Domain Name was registered because of, or pursuant to, the business relationship between the parties, rather than one of the more sinister motives envisaged by paragraph 3(a)(i). In short, the Expert does not accept that the Respondent can rely on any of the factors in paragraph 3(a)(i) of the Policy.

However, a primary objective or intention (to cause confusion) is not a pre-requisite for the circumstances envisaged by paragraph 3(a)(ii) of the DRS Policy (set out earlier). In the view of the Expert, use of the Domain Name, despite the adaptations made to the Respondent's website to which it resolves (to remove references to the Complainant), creates a real risk of confusion. This may only be at the point at which, for instance, in response to an internet search for the Complainant, the internet user is presented with the Domain Name of the Respondent. Whilst such a user might realise, on arriving at the Respondent's site, that it was not the site of the Complainant, this 'initial interest confusion' will usually be sufficient to demonstrate confusion for the purposes of paragraph 3(a)(ii) the DRS Policy.

Not surprisingly, the parties have devoted much of their respective submissions to aligning or distinguishing their case with or from the factors in paragraph 3 of the DRS Policy. However, paragraph 3 is no more than a non-exhaustive list and the real question, when it comes to a consideration of Abusive Registration, is whether the Domain Name, at the time of registration or subsequently, took or has taken unfair advantage of or is/was unfairly detrimental to the Complainant's Rights. Given the relationship between the parties at the time of registration (1997), the Expert does not accept that the manner in which *registration* took place suggests any unfair advantage or detriment to the Complainant's rights.

However, the concept of Abusive Registration under the Policy is broad enough to cover situations where there has been a breakdown in a business relationship between Complainant and Respondent such that, as a result, continued use of a Domain Name (which was once innocuous), will take unfair advantage of or be unfairly detrimental to the Complainant's Rights. Indeed, the circumstances described in paragraph 3(a)(v) of the Policy envisage such a situation. In looking at the case in this way, the Expert is mindful of the Agreement between the parties and that to some extent at least, the Respondent's registration of the Domain Name arose from it. It is a grant of rights to use the Metabolic Balance brand in the 'contract territory' - Germany, Austria and Switzerland, (even though the Complainant knew that the Respondent was operating as a representative, in some shape or form, in the UK as well). A DRS proceeding is not the proper forum for a full examination and interpretation of agreements such as the one between the parties here. However, one need only take a cursory look at the Agreement to see that the Complainant was protective of its Metabolic Balance brand, for instance, using the designation '®' wherever it appeared. This must have been obvious to the Respondent. The requirement to return documents on termination underscores the importance the Complainant placed on controlling its brand and the product offering under it.

In all the circumstances, including the finding in relation to confusion, the Expert finds that continued use of the Domain Name in the present circumstances would constitute the taking of unfair advantage of, or be unfairly detrimental to, the Complainant's Rights.

Only a cursory mention has been made by the Respondent of paragraph 4 of the DRS Policy. This paragraph gives a non-exhaustive list of countervailing factors (to paragraph 3) which may indicate that a Domain Name is not an Abusive Registration. The Expert sees nothing in this paragraph to suggest that a finding of Abusive Registration should not be made. Specifically, on the evidence before him, the Expert does not believe that continued use of the Domain Name by the Respondent can be said to be a fair use of a generic or descriptive name within the meaning of paragraph 4(a)(ii) of the DRS Policy.

7. Decision

The Expert, having found for the reasons set out above, that the Complainant 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 the Respondent, is an Abusive Registration, directs that the Domain Name, <metabolicbalance.co.uk>, be transferred to the Complainant.

Signed: Jon Lang Dated 23 December 2009