

DISPUTE RESOLUTION SERVICE

D00009884

Decision of Independent Expert

Global Keratin Corp

and

Global Keratin UK Limited

1. The Parties

Lead Complainant: Global Keratin Corp
5555 Ravenswood Road
Fort Lauderdale
Florida
33312
United States

Complainant: GK World Holding LLC
Suite 16B
5555 Anglers Avenue
Fort Lauderdale
Florida
33312
United States

Respondent: Global Keratin UK Limited
55 Queen Anne Street
London
W1G 9JR
United Kingdom

2. The Domain Name

globalkeratin.co.uk

3. Procedural History

Nominet checked that the complaint dated 12 May 2011 complied with its UK Dispute Resolution Service Policy ('the Policy') and the Procedure for the conduct of proceedings under the Dispute Resolution Service ('the Procedure'). It then notified the Respondent of the complaint, inviting it to file a response. The response was received on 8 June. The Complainants replied to the response on 16 June. When mediation failed to resolve the dispute, Nominet confirmed that the matter would be referred to an independent expert for a decision, if the Complainants paid the appropriate fee. That fee was received on 5 August.

On 8 August I, Mark de Brunner, agreed to serve as an expert under the Policy and Procedure. I subsequently confirmed that I am independent of each of the parties and that there are no facts or circumstances that might call into question my independence.

There is one procedural point I should deal with at the outset. The Procedure provides that more than one person or entity may jointly make a complaint. Where that occurs, paragraph 3(b)(iii) says that the joint complainants must specify which one of them they wish to become the sole registrant of the domain name if the complaint is successful. The Complainants here have not done that expressly but I have taken the view that, if the complaint succeeds, any transfer should be to the Lead Complainant, as the main trading company of the group to which both Complainants belong.

4. Factual Background

Some of the key elements of the factual context are disputed. From my reading of the complaint, the response and the reply, I accept the following as facts.

The Complainants manufacture, sell and distribute hair care products under the name Global Keratin. The precise history of rights in the name Global Keratin is disputed but it seems clear that the Global Keratin brand was founded in 2007 by Vanderlei Tibolla, who is also the original shareholder in the two Complainant companies. The Lead Complainant is the main trading company of the Global Keratin group and holds European Union registrations for the Global Keratin mark (dated 11 January 2010) and for a related device (dated 26 January 2010). It also holds a UK trademark registration for the name (dated 9 September 2010). The Global Keratin name has been used by the Complainants, or their predecessors-in-title, since 2007. Mr Tibolla registered the domain name globalkeratin.com on 19 July 2007.

In July 2008, an entity called XtremeOn (described by the Respondent as a firm and by the Complainant as a corporation), acting through Mr Tibolla, began discussions with David and Lorraine Rose about a UK distribution agreement for Global Keratin products. The Respondent is the corporate vehicle established by the Roses at that

time for those sales. An agreement was signed in August 2008, between XtremeOn and the Respondents.

XtremeOn has since been dissolved and the Complainants say that, though they have been supplying Global Keratin hair products to the Respondent for resale since 2009, there has been no overarching contract for supply and distribution. Relations between the Respondent and the Complainants evidently deteriorated, to the point where, in July 2010, the Lead Complainant wrote to the Respondent giving notice that the business relationship would be terminated unless a distribution agreement could be reached by the end of that year.

The domain name was registered by the Respondent on 26 July 2008. Until late in 2010, it was linked to a website that sold only the Complainants' products. Since then, the website has been taken down and the domain name now resolves to an error page.

Towards the end of 2010, the Roses incorporated another business under the name D&L Hair Products Limited (using a website at the domain name dnhair.co.uk), selling a range that included the Complainants' products but also products from other suppliers. By the start of 2011, the Respondent had ceased trading.

5. Parties' Contentions

Complaint

The Complainants say they have rights in the name Global Keratin and that the domain name is an abusive registration because:

(i) the Respondent never had any right to register or use the domain name: at the time of the registration, Mr Tibolla was the sole owner of rights in the name Global Keratin and he did not consent to its use as a domain name. Even if the Respondent had rights, they came to an end on 31 December 2010 at the latest (at the expiry of the period of notice of termination). The domain name was registered without the Complainants' knowledge or consent and, as soon as they became aware of the registration (as early as October 2009), they objected to it.

(ii) there is actual as well as potential confusion from the Respondent's use of the domain name: an enquirer from outside the UK, wanting to contact the Complainants, was trying to visit the website at the domain name and found it blocked. The blocking of the address was an attempt by the Respondent to ensure that the domain name only attracted UK customers (in line with its understanding that it only had an exclusive right to sell Global Keratin products in the UK) but the query it generated confirmed that the Respondent's use of the domain name could cause people to believe that the domain name was connected with the Complainants.

- (iii) customers of Global Keratin products were diverted to D&L Hair Products Limited, which was unfairly disruptive of the Complainants' business.
- (iv) the registration is preventing the Complainants from registering the domain name even though the Respondent has no legitimate use for it.
- (v) the Respondent has had ample time to notify customers, suppliers and financial institutions that it will no longer be using the domain name.
- (vi) non-use of the domain name can still constitute abusive 'use' for the purposes of the Policy.

Response

(The numbering here corresponds to the numbering in the *Complaint* section above.)

The Respondent says the domain name is not an abusive registration because:

- (i) the Respondent's right to register and use the domain name was granted in an oral agreement between Mr Rose and Mr Tibolla and recognized in the written agreement between the Respondent and XtremeOn (the terms of which included the domain name in the contact details for the Respondent). The position is confirmed by an email from the domain name registered by Mr Tibolla (globalkeratin.com) that referred a customer enquiry to the Respondent on the basis that the Respondent was the exclusive UK distributor of Global Keratin products and that the domain name at issue was being used by the Respondent for email. Neither party has a right to terminate the written agreement unless there is a breach of its terms and there has been no such breach. Even if there had been a breach, in accordance with the agreement, the remedy was to be settled by an arbitration panel agreed on by both sides. What the Complainants or Mr Tibolla are actually trying to do is replace the original, exclusive distribution agreement made with the Respondent with an onerous, non-exclusive agreement.
- (ii) there is no confusion caused by the Respondent's use of the domain name: internet users are unlikely to add 'UK' to their search terms when looking for Global Keratin; and Google searches on the name lead to the Complainants, to their distributors or to end users rather than to the Respondent. The Complainants are in any event rebranding as GK Hair. The Respondent has offered to arrange for a single webpage at the domain name, with contact details for the Complainants. In the circumstances, there cannot even be 'initial interest' confusion because, where appropriate, traffic is immediately redirected.
- (iii) there has been no diversion of traffic away from the Complainants. There has been no link or redirection from the website at the domain name to the Roses' new trading platform. There has therefore been no disruption to the Complainants' business.

- (iv) this is not a blocking registration because the Complainants do not promote their products using the name Global Keratin.
- (v) if the domain name were to be transferred it would leave the Complainants free to acquire confidential information relating to the Roses' new business or their customers.
- (vi) the Respondent is not and will not be using the domain name for any trading purpose and it undertakes to pass to the Complainants any emails intended for them.

Reply

(The numbering here corresponds to the numbering in the *Complaint* and *Response* sections above.)

The Complainants reply to that response by arguing that:

- (i) the Respondent never had permission to use the domain name. The XtremeOn agreement is irrelevant because it did not cover the domain name, the Complainants were not parties to it and XtremeOn, which was a contracting party, has since been dissolved. Even if those objections were not fatal to the Respondent's case, the agreement makes no provision for termination unless it has run for at least a year and the Respondent has not met its quota of orders for the Complainants' products – and such a perpetual, exclusive agreement would be unenforceable in general law. Further, even if the Complainants inherited obligations from an agreement entered into by XtremeOn, they were entitled to give the Respondent reasonable notice of termination and that is what they have done.
- (ii) the Complainants' rebranding as GK Hair is irrelevant: they continue to use the name Global Keratin on their packaging and in any event the rebranding excludes the UK market. The Respondent does not deny that internet searches for Global Keratin UK would lead to the Respondent. It is not credible to claim that internet users would invariably avoid including 'UK' in their search terms.
- (iii) the fact that internet searches for Global Keratin UK would lead to the Respondent means that there is effectively a diversion of internet traffic to the Roses' new business.
- (iv) this is a blocking registration because the Respondent refuses to give up the domain name even though it no longer has any association with the Global Keratin brand.
- (v) it is unsustainable to argue that transfer of the domain name would compromise confidentiality. If accepted, such a claim would make a mockery of the Policy.

(vi) the Respondent's undertakings about the use of the domain name are inadequate: emails using the domain name would include those from the Complainants' customers (in which the Respondent has no legitimate interest) and the Respondent's holding on to the domain name still prevents the Complainant from using it.

6. Discussion and Findings

To succeed in this complaint, the Complainants must prove, on the balance of probabilities, that

- they have rights in respect of a name or mark which is identical or similar to the domain name; and that
- the domain name, in the hands of the Respondent, is an abusive registration.

Rights

The Complainants or their predecessors-in-title have been using the Global Keratin name since 2007 and have registered the name as a trademark in the United Kingdom and in Europe more widely. They evidently have both registered and unregistered rights in Global Keratin.

Section 2.3 of the *Experts' Overview* explains that:

a name or mark will ordinarily be regarded as identical to the domain name if, at the third level, and ignoring the ... absence of spaces...they are the same.

Ignoring the .co.uk suffix, and the absence of a space, the domain name is also Global Keratin. I accept that the Complainants have rights in respect of a name that is identical to the domain name.

Abusive Registration

As defined by the Policy, an abusive registration is a domain name 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 has taken unfair advantage of or has been unfairly detrimental to the complainant's rights.

The Policy contains a non-exhaustive list of factors that may be evidence that a domain name is an abusive registration and the complaint refers to several of them:

that the domain name was registered as a blocking registration; that the registration was intended unfairly to disrupt the Complainants' business; and that the Respondent's use of the domain has confused people into believing that there is a connection between the domain name and the Complainants. I can cover these in discussing the six essential points set out in the complaint and picked up in the response and the reply. (Again, the numbering here corresponds to the numbers used in the analysis of those exchanges in section 5 above.)

(i) The Complainants' assertion that the Respondent *never* had permission to use the domain name seems to me to fly in the face of the evidence – as reflected in the XtremeOn agreement and the email referring a query to the Respondent at an email address using the domain name. But it is clear that the Respondent does not currently have the Complainants' permission and indeed it has ceased trading.

(ii) It seems to me that there is clearly scope for confusion because the Respondent's domain name is identical to the name in which the Complainants have rights. There is evidence, too, that that potential has been realized.

(iii) Even without the diversion of internet traffic, that confusion must represent the potential for unfair disruption to the Complainants' business.

(iv) I accept that it was not the Respondent's original intention to block use of the domain name: it acted as it concluded it was entitled to act, with relevant permission. But the effect of the Respondent's holding on to the domain name, after it has ceased to have any legitimate interest in the Global Keratin name, is that the Complainants are prevented from registering a domain name that is identical to a name in which they have rights.

(v) I agree with the Complainants that the Policy would be unworkable if it were open to registrants to argue that domain names in which they did not have (or no longer had) a legitimate interest could not be transferred – on the grounds that that might allow inappropriate access to confidential information. That unexplained risk is clearly outweighed by the risk to a rights-holder's reputation and goodwill if a domain name is left in the control of a third party that has no legitimate interest in it.

(vi) I also agree with the Complainants that even an unused domain name could constitute an abusive registration (as clearly contemplated by the reference, in the Policy's list of factors, to a blocking registration). The *Experts' Overview* (section 3.3) says:

the English Courts have clearly held that mere registration of a domain name can constitute unfair use of a domain name for the purposes of passing off and trade mark infringement, even if nothing more is done with the domain name. The prevailing approach under the DRS is consistent with this.

But in this case the point is not relevant anyway because the Respondent is still using the domain name – albeit only for email, rather than for a website.

Much of the argument here centres on whether the Respondent is entitled to rely on agreements with XtremeOn and Mr Tibolla about the distribution of Global Keratin products in the UK and the use of the Global Keratin name. The Respondent takes the view that it had agreements with Mr Tibolla personally and with XtremeOn (the Complainants' predecessor-in-title) giving it the exclusive right to sell Global Keratin products in the UK and to use the domain name. Whether or not that was ever the case, the Respondent certainly does not currently have the Complainants' agreement to its use of the domain name or the Global Keratin brand. The Respondent appears to accept it no longer has a business relationship with the Complainants and in fact has ceased trading altogether.

Is the Respondent entitled to hold on to the domain name anyway, in case what it sees as the bad faith of the Complainants (or one of the individuals behind them) extends to some improper (but not fully explained) use of the registration to get access to confidential details about the Respondent or its customers? Numerous Dispute Resolution Service (DRS) decisions suggest that it is not. A line of settled DRS cases, where the reseller of goods adopts a domain name that implies that it is either the manufacturer or ultimate supplier of those goods, confirms the principle that it is not for any individual reseller to hold itself out as the supplier.

Even though there are no longer active webpages at the domain name, it is still being used for email, which the *Overview* (at section 3.3) recognizes as 'another potential for confusion (frequently overlooked)' and which clearly represents a risk to the Complainants' rights.

Overall, I can understand the frustration that is reflected in the actions of the Respondent, which found it could not rely on agreements it had entered into. But that is not a basis for holding on to a domain name in these circumstances. While the Respondent's registration of the domain name was arguably unexceptionable, its continuing use of that name can only take unfair advantage of the Complainants' rights.

7. Decision

I find that the Complainants have rights in respect of a name which is identical to the domain name and that the domain name, in the hands of the Respondent, is an abusive registration.

In the light of that, I direct that the domain name be transferred to the Lead Complainant.

Mark de Brunner

25 August 2011