

DISPUTE RESOLUTION SERVICE

D00015763

Decision of Independent Expert

ALF (Aquatic Distributors) Ltd

and

Kettering Koi & Ponds Ltd

1. The Parties

Complainant: ALF (Aquatic Distributors) Ltd
Telford Way
Cambridge Road
Bedford
Bedfordshire
MK42 0PQ
United Kingdom

Respondent: Kettering Koi & Ponds Ltd
Unit 7
Orion Way, Kettering Business Park
Kettering
Northamptonshire
NN15 6NL
United Kingdom

2. The Domain Name

<seachem.co.uk> ("the Disputed Domain Name")

3. Procedural History

The Complaint was filed with Nominet on 8 April 2015. Nominet validated the Complaint on the same day and notified the Respondent by post and by email, stating that the Response had to be received on or before 29 April 2015. The Response was filed on 21 April 2015. On the same day Nominet notified the Complainant that a Reply had to be received on or before 28 April 2015. The Complainant filed a Reply on 21 April 2015. The mediator was appointed on the same day.

The Informal Mediation procedure failed to produce an acceptable solution for the parties and so on 13 May 2015 Nominet informed the Complainant that it had until 28 May 2015 to pay the fee for the decision of an Expert pursuant to paragraph 7 of the Nominet Dispute Resolution Service Policy ("the Policy"). On 14 May 2015 the Complainant paid Nominet the required fee and also sent a non-standard submission to Nominet pursuant to paragraph 13b of the Nominet Dispute Resolution Service Procedure ("the Procedure"). The Expert decided to admit this as it simply provided supporting documents whose existence had already been mentioned in the Complaint and Reply (see also Section 6 below).

On 20 May 2015 the undersigned, Jane Seager ("the Expert"), confirmed to Nominet that she was independent of each of the parties and that, to the best of her knowledge and belief, there were no facts or circumstances, past or present (or that could arise in the foreseeable future) that needed to be disclosed as they might be of a such a nature as to call in to question her independence in the eyes of one or both of the parties.

4. Factual Background

The Complainant is the exclusive distributor in the UK and Ireland of products manufactured by Seachem Laboratories, Inc ("Seachem"), a company headquartered in the US State of Georgia specialising in aquariums.

Seachem has a UK trade mark in the term SEACHEM, registered on 7 January 2011 ("the SEACHEM Trade Mark"), and on 1 January 2014 it granted an exclusive licence to the Complainant to use it.

The Complainant's main website is currently accessible at www.seachemuk.co.uk. On this website the Complainant provides information about SEACHEM products and how to find an authorised dealer in order to purchase such products. Aquarium owners cannot purchase products directly from the Complainant, only from authorised dealers.

The Respondent is one of the Complainant's authorised dealers and has been for a number of years. It sells SEACHEM products, amongst others, both online on its website at www.ketteringkoi.com and also in its shop in Kettering.

The Respondent registered the Disputed Domain Name on 20 February 2014 with a view to eventually pointing it to a website selling SEACHEM products. It is currently pointing towards a registrar holding page.

5. Parties' Contentions

Complaint

Complainant's Rights

The Complainant states that it is the exclusive distributor of SEACHEM products and also the exclusive licensee of the SEACHEM Trade Mark. The Complainant's non-standard submission pursuant to paragraph 13b of the Procedure consisted of the SEACHEM Trade Mark details from the website of the UK Intellectual Property Office and of the signed Distribution Agreement made between Seachem and the Complainant.

Abusive Registration

The Complainant asserts that in February 2014 one of its customers, Richard Henbury of the Respondent, registered the Disputed Domain Name before the Complainant had had a chance to do so, with the stated aim of marketing SEACHEM products online in the UK. In the Complainant's opinion, this was in direct contravention of the Complainant's rights as sole licensee in the UK. According to the Complainant, Mr Henbury demanded £2,500 for the Disputed Domain Name. As evidence of this, the Complainant reproduced two emails from Mr Henbury in its Complaint, but also attached a document containing the full email exchange, as summarised below:

On 11 June 2014, the Complainant's accountant emailed Mr Henbury, the relevant text being as follows:

"I am going through the domain names at ALF and note that the Seachem.co.uk is registered by yourself. Clearly as the importers and trademark licensees for Seachem products we would like to discuss the domain name, with a view to transferring it to our ownership. Naturally we would be happy to pay any costs associated with such a move.

I am happy to discuss in person or over the telephone with you at a convenient time, or if you are happy to proceed I can see how to get the ball rolling."

On 29 September 2014, the Complainant's Web and Internet Manager, Iain Ronayne, sent a follow up email to Mr Henbury, with the relevant text as set out below:

"I would like to follow up on Mike's email to you regarding the registration of seachem.co.uk. As Mike mentioned we are the trademark licences (sic) in the UK for the Seachem brand so there is obviously a strong business case for our owning the .co.uk domain which you have registered. I would really like to open up a dialogue with you regarding this as we are keen to resolve this in a mutually agreeable manner."

On 8 October 2014, Mr Ronayne sent a further email to Mr Henbury, as follows:

"Just following up on our conversation last week regarding the transfer of the Seachem.co.uk domain to ALF. I have been authorised to offer you £100 worth of Seachem products (valued at your cost price less discount) and we'd obviously cover the cost of transferring the Domain to us. Please let me know if this is agreeable to you and we can start the ball rolling."

On 22 October 2014, Mr Henbury sent the following reply:

"Thanks for your offer but on doing some research into the Keyword "seachem" this domain name is worth a great deal more to me than the £100 worth of goods offered. The volume of searches for the Keyword "seachem" alone was over 58,000 and the average cost per click for a first page placement was 31p on Google adwords. With development of the seachem.co.uk web site I should be able to realise a good return on the seachem domain investment."

On 11 March 2015, Mr Ronayne replied as follows:

"Just following up on our discussions last year regarding the seachem.co.uk domain name. As you will be aware ALF limited are the sole UK distributor for Seachem with

exclusive rights to sell the product in the UK and as such we feel we have a strong legal case for ownership of the UK version of the Seachem domain name. We would obviously prefer to settle this matter with you amicably as we see that you are still not utilising the domain name yourself, despite your previous comments, so our original offer to you still stands. If however you still do not wish to relinquish ownership of the domain to us then I should warn you that we are preparing an official complaint with Nominet over ownership of the domain."

On 18 March 2015, Mr Henbury replied with the following email, stated to be "Without Prejudice":

"It is still my intention to use the seachem.co.uk domain name just as soon as I have the time to develop a new web site. The reason I registered the domain in the first place was to reserve it for my own use to develop a web site to market seachem products as ALF have set restrictions on which sales channels we can use. I pointed out in an earlier email the potential value of the domain, e.g., the keyword "seachem" receives 58,000 hits annually and the current cost of buying those hits on Google Adwords is 31p each, you offered me £100 worth of goods, do you not think this borders on robbery?"

I also feel you are trying to bully me into transferring the domain with the quote "then I should warn you that we are preparing an official complaint with Nominet". Nominets "Dispute Resolution Service" is not a legal process, its an arbitration service which takes place through mediation. If we can't agree you would have to ask for an "Expert decision" and that involves you paying a fee of £750, after that the losing party can appeal the decision but that's another £3000. In most cases Nominet favours the defendant especially as its unlikely you can prove an "abusive registration" so I believe you will lose any dispute.

I do not wish this to sour our trading relationship as I have dealt with ALF since its conception over twenty years ago, and therefore I am prepared to accept either a credit on my account for £2500, or alternatively you could ask Keith Alligan to arrange a meeting with me to discuss long term trading discounts."

Response

The Respondent asserts that the Complaint should not succeed as the Disputed Domain Name is not an abusive registration and there is absolutely no intention by the Respondent to use it in an abusive manner.

The Respondent states that it has been authorised by the Complainant to act as a SEACHEM dealer since 2012 (as evidenced by a dealership certificate issued by the Complainant) and so can see no reason why it should not use the Disputed Domain Name, especially because the Complainant has restricted its ability to sell SEACHEM products by banning sales through third party websites such as eBay and Amazon. The Respondent asserts that the Disputed Domain Name was acquired for the purpose of developing a website to market SEACHEM branded products through its authorised dealership.

The Respondent states that the Complainant has persistently asked it to transfer the Disputed Domain Name, offering £100 worth of free goods, which the Respondent declined. In addition, the Respondent asserts that the Complainant then started

threatening legal action, including a complaint to Nominet. The Respondent points out that the Complainant submitted a "Without Prejudice" email as part of its evidence.

The Respondent goes on to state that it can only assume that the Complainant has submitted the "Without Prejudice" email in order to imply that it is trying to extort money from the Complainant for the Disputed Domain Name. The Respondent denies this and states that it would much rather keep the Disputed Domain Name and develop a website when it is ready, but felt that, as one of its major suppliers, the Complainant was in a position to make life difficult for it.

The Respondent states that the Complainant has been supplying it with SEACHEM products for many years, certainly since 2012 when it became an authorised dealer. According to the Respondent, after it had purchased the product range the Complainant informed it that it could not sell on third party websites such as eBay or Amazon. The Respondent asserts that it therefore purchased the Disputed Domain Name with the sole purpose of developing a website to increase sales of SEACHEM products. The Respondent states that the Complainant is a wholesaler and so does not sell direct to the general public, but the Respondent does, and the website would obviously increase sales to the benefit of both parties. In the Respondent's opinion, the Complainant has had ample opportunity to register the Disputed Domain Name itself since 2012, but clearly did not wish to. However, the Respondent believes that the Complainant is now implying in the Complaint that it has only had the distributorship since 2014, and then the Respondent purchased the Disputed Domain Name in February 2014 underhandedly or maliciously, but the Respondent denies this.

The Respondent argues that the Complainant's assertion that the Respondent demanded £2,500 for the Disputed Domain Name is exaggerated. The Respondent states that it did not want to release the Disputed Domain Name at all as it still intended to develop a website, but it felt bullied and threatened by one of its major suppliers to transfer the Disputed Domain Name for £100 of free stock. The Respondent considered this to be insulting and so suggested a more reasonable figure. In the Respondent's opinion, £100 would not even cover one week's worth of Pay Per Click advertising.

The Respondent then asserts that the managing director of the Complainant, Kevin Barton, sent a "threatening" email to Mr Henbury's wife, who also works for the Respondent, on 13 March 2015, the main text of which can be reproduced as follows:

*"Being one professional person to another, can you shine some common sense on Richards decision not to release to us:- www.seachem.co.uk
Our previous agent let this lapse and Richard picked it up and refuses to release it. We are going through due process to obtain it back as we legally own the rights to Seachem. I have tried to call Richard a few times but I never get answers back from my messages. Its just that if we have to go through due process you will/may get black listed in the future from people like Nominet for refusing to release something you have no legal right to hold. We have offered Richard £100 to reassign it back to us but he will not. I don't want to force your hand but I have every legal right to do so and will win without contestation as the site is ours, was ours and we / Seachem spent a lot of money registering the name in the EU.
Would appreciate an amicable arrangement.
Thanks.
PS I don't have Richards email address."*

In the Respondent's opinion, the Complainant did not hold the Disputed Domain Name in very high regard if it let it lapse, if indeed it ever held it at all, and in the Respondent's view the comment that the Respondent would be blacklisted on Nominet is clearly a bullying tactic.

The Respondent points out that records show that at the same time as purchasing the Disputed Domain Name it also purchased several other domain names to promote other lines that it sells, as it feels that it is increasingly difficult to compete with companies such as eBay and Amazon. The Respondent asserts that there was no maliciousness or underhand tactics involved as the Complainant seems to be suggesting.

Finally, the Respondent states that the Disputed Domain Name was purchased in good faith to promote sales, and asserts that it does not want to transfer or sell the Disputed Domain Name at all, as it is worth far more to the Respondent in sales revenue.

Reply

The Complainant points out that, while the Respondent is an authorised SEACHEM seller, that authorisation is from the Complainant, as it is the Complainant that supplies the Respondent with its SEACHEM products. The Complainant asserts that it has the sole distribution rights to the SEACHEM brand in the UK and can produce the relevant dealer agreement if required. The Complainant points out that it already uses the domain name <seachemuk.co.uk> and has done so for some time, and the UK trade mark clearly shows that the Complainant is the licensed user of that trade mark in the UK, on behalf of Seachem, as demonstrated by the link to the relevant search results on the website of the UK Intellectual Property Office previously submitted.

The Complainant concludes by stating that it has tried to settle this amicably and made another offer to settle prior to filing the Complaint. This offer was for £500 worth of stock plus any costs involved in the transfer of the Disputed Domain Name. The Complainant states that it believes that the evidence is clear and that, as the licensee of the SEACHEM Trade Mark in the UK, it is entitled to the Disputed Domain Name.

6. Discussion and Findings

Procedural Issues

There are two procedural issues that initially fall to be considered as follows:

- The Complainant submitted a non-standard submission pursuant to paragraph 13b of the Procedure. The Expert decided to request sight of this in the interests of fairness, given that neither party has sought to retain legal representation. In any case, the Expert's decision was not altered by the Complainant's non-standard submission, given that the Complainant had already supplied evidence of its licensed trade mark rights via a link to the UK Intellectual Property Office at the end of the Complaint.
- The Respondent makes reference to the fact that the Complainant submitted a "Without Prejudice" email as part of its Complaint. In this regard it should be noted that most, if not all, Experts take the view that the application of the without prejudice rule is generally inappropriate for proceedings under the Policy, and a detailed explanation of why this is the case is set out in the Appeal Decision in DRS 00389

(<scoobydoo.co.uk>). This is also covered at paragraph 6 of the Policy. The Expert has therefore taken all correspondence between the parties into consideration when making a decision.

General

Under paragraph 2(a) of the Policy, for the Expert to order a transfer of the Disputed Domain Name the Complainant is required to demonstrate, on the balance of probabilities, both of the following elements:

- "(i) *The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Name; and*
- (ii) *The Domain Name, in the hands of the Respondent, is an Abusive Registration."*

Complainant's Rights

The Policy defines Rights as "*rights enforceable by the Complainant, whether under English law or otherwise*".

The Expert is satisfied, based on the evidence presented, that the Complainant has the necessary Rights in the term SEACHEM as a result of its licence to use the SEACHEM Trade Mark (as summarised above).

Furthermore, the Policy stipulates that the name or mark in which the Complainant has Rights (SEACHEM) must be identical or similar to the Disputed Domain Name (<seachem.co.uk>).

It is accepted practice under the Policy to discount the .CO.UK suffix, and so the Expert finds that paragraph 2(a)(i) of the Policy is satisfied and that the Complainant has Rights in respect of a name which is identical to the Disputed Domain Name.

Abusive Registration

Moving on to paragraph 2(a)(ii) of the Policy, "Abusive Registration" is defined in paragraph 1 of the Policy to mean a domain name which:

- "(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 has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights."*

First, it should be emphasised that the Expert has some sympathy for the Respondent and believes that the Respondent's representative is being truthful when he asserts that he registered the Disputed Domain Name with a view to pointing it to a website selling SEACHEM products. The Expert is satisfied that there was nothing underhand about the registration and that the Respondent did not register the Disputed Domain Name with a view to extracting money and / or better trading terms from the Complainant.

This case is somewhat difficult because the Respondent has yet to use the Disputed Domain Name. This is because such use would greatly assist the Expert in making a decision as to whether it amounts to an Abusive Registration. For example, if the Respondent was using the Disputed Domain Name to point to a website selling the products of other manufacturers, as well as SEACHEM products (commonly known as "bait and switch"), then in the Expert's opinion this would clearly be against the Policy, as outlined in the Appeal Decision in DRS 07991 (<toshiba-laptop-battery.co.uk>).

However, it is not possible, in the interests of fairness and certainty for parties using the Policy, to adopt a "wait and see" approach, and for the Complainant to be effectively constrained to monitor what the Respondent does with the Disputed Domain Name and to decide at what point, if any, the filing of another complaint may be justified.

Given this, the question for the Expert to decide is whether **any** use of the Disputed Domain Name would be an Abusive Registration, even use which aims not to fall foul of the Policy. So, for example, if the Respondent were to use the Disputed Domain Name to point to a website selling *only* SEACHEM products, including a clear and prominent disclaimer disclosing the nature of the Respondent's relationship with the Complainant, would this be an Abusive Registration?

Whilst there is no system of precedent under the Policy, decisions should nevertheless be consistent, and so the Expert has considered in detail the three main Appeal Decisions dealing with domain names registered by genuine resellers of products, namely DRS 00248 (<seiko-shop.co.uk> and <spoonwatchshop.co.uk>), DRS 03027 (<cheap-epson-ink-cartridge.co.uk> et al.) and DRS 07991 (<toshiba-laptop-battery.co.uk>).

One of the main principles illustrated by these decisions is that it is wrong for a reseller's use of a domain name, without the consent of the trade mark holder, to imply a greater commercial connection with the trade mark holder than actually exists. So, for example, in DRS 00248 the Appeal Panel commented:

"Essentially Seiko's complaint is that Wanderweb's registration of the Domain Names has gone beyond making the representation "we are a shop selling Seiko / Spoon watches" and is instead making the representation(s) "we are The Seiko/Spoon watch Shop" or "we are the official UK Seiko/Spoon watch shop". [.....] An example of a domain name which, in the opinion of some members of the Panel, would make the former but not the latter representation was given by the Expert in paragraph 7.28 of the Decision: "we-sell-seiko-watches.co.uk".

The Panel agrees that if there is support in the evidence for the suggestion that the Domain Names make, or are liable to be perceived as making, the latter representation (i.e. that there is something approved or official about their website), this would constitute unfair advantage being taken by Wanderweb or unfair detriment caused to Seiko."

The Appeal Panel supported the idea that the use of a trade mark in a domain name without the consent of the trade mark owner for selling genuine products could make the false representation that there was something official about the corresponding website. This could therefore constitute unfair advantage being taken of the trade mark holder's rights.

In DRS 03027 the Appeal Panel relied on the above decision and commented:

"It is obviously important not to lose sight of the primary question: "were the Domain Names registered or used in a manner which takes unfair advantage of or was unfairly detrimental to the Complainant's Rights?". All other questions must remain subsidiary to that question. Nevertheless, for the reasons set out above in Seiko Shop, it is helpful in cases of this kind to ask and answer the secondary question: "does the Respondent's registration and use of the Domain Names create the [false] impression that there is a commercial connection between the Respondent and the Complainant?"."

In DRS 00248 the domain names concerned were <seiko-shop.co.uk> and <spoonwatchshop.co.uk> which, whilst they contain the trade mark at issue, also contain additional wording. This was also the case in DRS 07991 (<toshiba-laptop-battery.co.uk>) where the Appeal Panel commented:

"So far as the name itself is concerned, the majority Panel believes that the Domain Name in this case falls into a very different category from cases involving the "unadorned" use of a trade mark (e.g. <toshiba.co.uk>), where Internet users may be presumed to believe that the name belongs to or is authorised by the complainant."

Indeed in the Expert's opinion, the case at hand is more straightforward than any of the Appeal Decisions because the Disputed Domain Name simply reflects the SEACHEM Trade Mark in its unadorned form with no other explanatory wording, and thus the Disputed Domain Name *itself* implies that the holder of the SEACHEM Trade Mark is in some way connected with it, before the internet user even consults any corresponding website. This is sometimes referred to as "initial interest confusion", as explained in the Appeal Decision for DRS 03027 (<cheap-epson-ink-cartridge.co.uk> et al.).

In the Expert's view, given the nature of the Disputed Domain Name as an exact match of the SEACHEM Trade Mark, it would be difficult to conceive of a use that would not fall foul of the Policy without the consent of the Complainant. In this regard, paragraph 3(a) of the Policy sets out a non-exhaustive list of factors that may be evidence of abuse, and the Expert finds that 3(a)(ii) is satisfied, which reads as follows:

"Circumstances indicating that the Respondent is using or threatening to use the Domain Name in a way which has confused or is likely to confuse people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant."

Actual use is not necessary, and the Respondent's threatened use in this case is likely to confuse internet users into thinking that the Respondent is connected with the Complainant. The Expert is aware that the Complainant and the Respondent are not competing because the Complainant does not sell direct to the public, but even so feels that the Respondent's use of the Disputed Domain Name would give the Respondent an unfair advantage in the market. This may be problematic for the Complainant's distribution system because other distributors may feel that they have been placed at a competitive disadvantage as a result. It may also cause unfair detriment to the Complainant as a result of the foreseeable confusion between www.seachemuk.co.uk (the Complainant's current website) and www.seachem.co.uk (the Respondent's proposed website). In addition, allowing the Respondent to proceed with the use of the Disputed Domain Name would also lead to issues upon any eventual termination of its authorised dealership.

Finally, paragraph 4(a) of the Policy sets out a non-exhaustive list of factors which may be evidence of non-abuse, but the Expert is of the opinion that none of these factors are of any assistance to the Respondent in the present case.

In summary, the Expert has considered the admissibility, relevance, materiality and weight of the evidence as a whole and is satisfied that the Complainant has succeeded in proving, on balance of probabilities, that the Disputed Domain Name is an Abusive Registration in accordance with paragraph 2(a)(ii) of the Policy.

7. Decision

The Expert finds that the Complainant has Rights in a name which is identical to the Disputed Domain Name, and that the Disputed Domain Name, in the hands of the Respondent, is an Abusive Registration. The Disputed Domain Name should therefore be transferred to the Complainant.

Jane Seager
15 June 2015