

DISPUTE RESOLUTION SERVICE

D00017280

Decision of Independent Expert

SimStars International B.V.

and

Nikki Lissoni Limited

1. The Parties:

Complainant: SimStars International B.V.
De Ketting 16
5261 LJ
Vught
Netherlands

Respondent: Nikki Lissoni Limited
5 Victoria Avenue
Bishop Auckland
Durham
DL14 7JH

2. The Domain Name:

nikki-lissoni.co.uk

3. Procedural History:

On 01 April 2016 the Dispute was received and the complaint validated on 05 April and notification was sent to both parties. On 26 April the dispute was suspended but then re-opened on 06 May. On 11 May a response reminder was sent and on 17 May a response was received and notification of this was sent to both parties. On 20 May a reply reminder was sent and on 25 May a reply was received; notification of this was sent to both parties on the same day. On 25 May a mediator was appointed and mediation started on 02 June. Mediation failed on 06 June and the close of mediation documents were sent to both parties. On 15 June the Expert decision payment was received and the Expert, Tim Brown, was appointed on 24 June.

I confirm that I am independent of each of the parties. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, that need be disclosed as they might be of such a nature as to call in to question my independence in the eyes of one or both of the parties.

4. Factual Background

The Complainant - SimStars International B.V.- is a company incorporated in the Netherlands concerned with the design, production and sale of jewellery under various brand names, including "Nikki Lissoni", "SimStars" and "SimKids".

The Complainant sells its products through a number of authorised distributors and sales agencies in more than sixteen countries.

The Complainant is the proprietor of several trademarks relating to the term "Nikki Lissoni", including an International word mark (number 1104343, registration date 05 December 2011 in class 14) and a Benelux word mark (number 902170, registration date 07 June 2011 in class 14).

The Respondent - Nikki Lissoni Limited – is a company incorporated in the United Kingdom, which sells products, including those of the Complainant, within the United Kingdom and Ireland.

Although not formally a party to this matter, there is another entity which forms an important part of the factual background. Darren McCormick Jewellery Limited ("DMJ") is a company incorporated in the United Kingdom, concerned with the import and distribution of jewellery brands in the United Kingdom and the Republic of Ireland. DMJ has registered a number of "Nikki Lissoni"-related United Kingdom trade marks (number 3043185 for the term "Nikki Lissoni What's inside counts" and 3043187 for the term "Nikki Lissoni Show your emotions", both have a registration date of 30 May 2014 and are registered in class 14).

It is not disputed by the Parties that a distribution or reseller agreement was agreed between the Complainant and DMJ. This agreement was apparently an oral agreement with no written terms. The Respondent contends that it was appointed by DMJ to distribute and promote the Complainant's products in the United Kingdom, while this is denied by the Complainant. The Complainant says that it formally terminated its agreement with DMJ on or about 09 April 2015. This agreement, its terms and the status of its termination have been disputed by the parties in two separate legal actions in the Dutch and English courts.

The Domain Name was registered on 22 February 2013 and currently resolves to a website selling jewellery.

For clarity, I have set out a timeline of the most relevant events outlined in the Parties' submissions below. Where exact dates have not been given I have used the month provided.

23 April 2008	Complainant is incorporated
07 June 2011	Complainant registers Benelux mark number 902170 for term "Nikki Lissoni"
04 January 2011	Complainant registers domain names including nikkilissoni.co.uk and nikki-lissoni.com
November 2011	DMJ approaches Respondent to distribute Complainant's products in United Kingdom
05 December 2011	Complainant registers International word mark number 1104343 for term "Nikki Lissoni"
22 February 2013	The disputed Domain Name is registered

13 May 2013	Respondent is incorporated
30 May 2014	DMJ registers United Kingdom marks numbers 3043185 for the term "Nikki Lissoni What's inside counts" and 3043187 for the term "Nikki Lissoni Show your emotions", both in class 14
02 April 2015	Complainant sends letter to DMJ notifying it of its intention to terminate its agreement
01 April 2016	Dispute submitted by Complainant

5. Parties' Contentions

I have carefully read both Parties' submissions in their entirety and I have set out the salient points below.

5.1.1 Complaint – Rights

The Complainant says that it is the registrant of two trade marks; namely International trade mark number 1104343 for the term NIKKI LISSONI which has a registration date of 05 December 2011 and Benelux trade mark number 902170 for NIKKI LISSONI which has a registration date of 07 June 2011. Both marks are registered in class 14. Copies of the records for each mark from the relevant databases have been exhibited.

The Complainant operates a number of websites targeting the United Kingdom via domain names including nikkilissoni.co.uk, nikki-lissoni.com and nikkilissoni.com and has done so since 2011. The Complainant also notes that it operates websites via various country code top level domain names, including nikkilissoni.nl, nikkilissoni.de, nikkilissoni.fr and nikkilissoni.es. Copies of the WhoIs records for all these domain names have been exhibited.

The Complainant says it has used the NIKKI LISSONI mark extensively since its launch in 2011 and has exhibited a number of third party press releases together with screenshots from various blogs and social media websites to demonstrate its use.

The Complainant contends that, ignoring the presence of the hyphen, the Domain Name is identical to its marks.

5.1.2 Complaint – Abusive Registration

The Complainant says that the Domain Name was registered primarily for the purpose of unfairly disrupting the business of the Complainant per paragraph 3(a)(i)(C) of the Policy and that the Respondent is using it in a way which has confused and is likely to confuse people or businesses into believing that it is registered to, operated or authorised by, or otherwise connected with the Complainant per paragraph 3(a)(ii) of the Policy.

The Complainant contends that the launch of its NIKKI LISSONI brand and registration of its related domain names pre-date the registration of the Domain Name. The Complainant notes that it registered its domain names nikkilissoni.co.uk and nikkilissoni.com in January 2011 and its trade mark number 1104343 in December 2011; while the domain name was registered in February 2013.

The Complainant avers that the Respondent could not have registered the Domain Name without having the Complainant's rights firmly in mind. The Complainant says that the term NIKKI LISSONI is not descriptive and has no meaning which does not reference its brand.

The Complainant contends that the only reason the Respondent registered the Domain Name was to divert Internet users intended for the Complainant to the Respondent's website, where web users will buy the Complainant's NIKKI LISSONI products from the Respondent rather than from the Complainant.

The Complainant contends that web users will believe that the Domain Name is an official website operated by the Complainant. The Complainant says that as the website offers the Complainant's products and is likely to cause confusion based on its content through its title, wording, layout and design. Equally, the Complainant avers that the pictures used on the Respondent's website are produced and owned by the Complainant and have been used without its permission. The Complainant further contends that the website does not accurately disclose the Respondent's relationship with the Complainant. The Complainant observes that the "Facebook button" on the Respondent's page directs web users to the Complainant's Facebook page, rather than the Respondent's.

The Complainant says that the Respondent offers NIKKI LISSONI jewellery at "dumping prices", that is with a 50% discount over the Complainant's prices, and contends that this activity disrupts the Complainant's business.

The Complainant avers that the Domain Name gives the impression that there is a commercial connection between the Complainant and Respondent, which it says does not exist. The Complainant says the Respondent does not have any agreement or consent from the Complainant to use the NIKKI LISSONI mark, that the Complainant has no intention to provide such authorisation and that the Complainant has no commercial connection or affiliation with the Respondent. The Complainant contends that since the Respondent has not been authorised to use its mark it follows that the Respondent is not allowed to use the Domain Name.

The Complainant says that the Respondent's use of the Domain Name will have given the Respondent a huge unfair advantage. The Complainant contends that the Respondent, without any commercial effort and as a result of its registration of the Domain Name, has been able to ensure that its website is found above the Complainant's in the results of the search engine Google.

The Complainant contends that Internet users who visit the Respondent's website do so under the assumption that they are visiting the Complainant's NIKKI LISSONI official website. The Complainant has submitted a number of emails from web users which it says are evidence of actual confusion.

5.2.1 Response – Background

The Respondent contends that it is a limited company that was incorporated to distribute genuine NIKKI LISSONI products further to an agreement with DMJ, who it says is the exclusive distributor of NIKKI LISSONI products in the United Kingdom. The Respondent notes that this agreement was an oral agreement. I note that no formal record of this agreement has been exhibited.

Further to this distribution agreement, the Respondent says it entered into a separate agreement with DMJ to purchase NIKKI LISSONI products from DMJ in order to distribute them to retailers and to the public.

The Respondent narrates that this commercial relationship progressed smoothly and DMJ and the Respondent were successful in building the NIKKI LISSONI brand within the United Kingdom and Ireland, growing turnover to approximately £1,500,000 per annum through 150 different retailers. The Respondent says that the relationship flourished to such an extent that in January 2013 DMJ agreed to lend to the Complainant the sum of £400,000 in return for 25% of the share capital of the Complainant. The Respondent says it had no involvement in this agreement.

The Respondent avers that there are two sets of legal proceedings currently running in parallel with the current DRS dispute. One set of proceedings has been issued by the

Complainant in the Dutch courts. The Respondent says that these proceedings do not involve the Respondent as a party but contends that they remain pertinent to the issues at hand in this dispute. The second set of proceedings has been issued in the English courts and the Respondent says it is one of five Claimants in those proceedings. Various pleadings and court documents have been exhibited.

The Respondent says that in the Dutch proceedings the Complainant has requested that the Dutch courts make a declaration that the distribution agreement between the Complainant and DMJ was terminated as of 02 April 2015 or alternatively at a date to be determined by the court. The Respondent says this is an implied acceptance by the Complainant that the distribution agreement between the Complainant and DMJ has not been terminated and says that it provides proof that the distribution agreement remains in place providing DMJ, and by extension the Respondent, with the rights agreed therein.

5.2.2 Response – Rights

The Respondent says that DMJ is the registrant of two United Kingdom trade marks - numbers 3043185 for the term "Nikki Lissoni What's inside counts" and 3043187 for the term "Nikki Lissoni Show your emotions", both in class 14. The Respondent contends that until the legal proceedings outlined above are determined, DMJ is the valid legal proprietor of those marks and the Respondent uses the Domain Name in accordance with those marks.

The Respondent contends that these marks were registered pursuant to the distribution agreement and says that Section 9 of the Trade Marks Act 1994 gives DMJ exclusive rights to the trade mark within the United Kingdom and section 11(1) of the Act provides DMJ and the Respondent (further to its agreement with DMJ) with a complete defence to any allegations of trade mark infringement made against it in the United Kingdom. The Respondent concludes that it cannot therefore be infringing the Complainant's rights in its own marks through its use of the Domain Name.

5.2.3 Response – Abusive Registration

The Respondent denies the Complainant's contentions. The Respondent contends that at the time of the Domain Name's registration the Complainant and DMJ had in place the distribution agreement noted above. The Respondent says that this conferred on the Respondent (through its own agreement with DMJ) the right to sell NIKKI LISSONI products in the United Kingdom and Ireland.

The Respondent avers that DMJ was very successful in establishing the NIKKI LISSONI brand in the United Kingdom and so the Domain Name cannot have been registered for the purpose of unfairly disrupting the business of the Complainant. The Respondent claims that the registration of the Domain Name did, in fact, assist the business of the Complainant by substantially growing the brand in the United Kingdom and Ireland.

The Respondent denies that its website has confused web users, noting that the Domain Name gives the impression that it is authorised by the Complainant because that is in fact the case, as the distribution agreement between the Complainant and DMJ is still in place. The Respondent says that as the distribution agreement remains in place the Complainant has granted DMJ and, by implication, the Respondent the necessary authority for the registration and operation of the Domain Name. The Respondent contends that the Domain Name cannot therefore be Abusive as it was registered with the Complainant's consent. The Respondent adds that the Domain Name is used for the sale of legitimate goods with the consent of the Complainant.

The Respondent denies that its website harms the Complainant's business by offering NIKKI LISSONI products at 50% discount. The Respondent says that if the Complainant sells its

NIKKI LISSONI products in the United Kingdom and Ireland it does so in breach of the distribution agreement and between the Complainant and DMJ.

The Respondent contends that where a domain name is used in connection with a genuine offering of goods or services it will not be an Abusive Registration and says that the Domain Name was registered for the sale of NIKKI LISSONI goods. The Respondent emphasises that the Domain Name assisted the Respondent to significantly grow the brand in the United Kingdom and Ireland and that the products offered for sale through the Domain Name are all genuine NIKKI LISSONI products. The Respondent avers that the Domain Name is therefore used in connection with the genuine offering of genuine goods placed on to the market with the consent of the Complainant and cannot be an Abusive Registration.

The Respondent further contends that the DRS procedure provides that if a domain name is legitimately connected with a trade mark identical or similar to the domain name then it will not be an Abusive Registration. The Respondent reiterates that DMJ is the proprietor of two trade marks which feature prominently the words NIKKI LISSONI and says that the Domain Name is undeniably similar to these trade marks. The Respondent concludes that it is therefore legitimately connected to the trade marks, both relating as they do to the sale of the brand within the UK and Ireland further to the terms of the distribution agreement between the Complainant and DMJ.

The Respondent avers that the DRS policy states that where the holding of a domain name is consistent with an express term of a written agreement then this will not be an Abusive Registration. The Respondent refers again to the distribution agreement between the Complainant and DMJ. The Respondent says it was an implied term of this agreement that the Respondent, by virtue of its own agreement with DMJ, had the right to promote the brand within the UK and Ireland and an integral part of this was the registration of the Domain Name.

5.3 Reply

The Complainant says that the Response is an attempt to divert attention to the disputed relation between DMJ and the Complainant and away from the core issues in this matter.

The Complainant reiterates that there is no commercial connection or affiliation with the Respondent, noting that DMJ – and not the Respondent – was a member of Complainant's distribution network in the United Kingdom. The Complainant observes that DMJ did not have permission to use "sub-distributors" or use the NIKKI LISSONI marks in its full range.

The Complainant restates that there was and is no written agreement between DMJ and the Complainant and no written agreement between the Complainant and the Respondent. The Complainant contends that the Respondent is trying to pretend that it is a sub-distributor of DMJ and that it is entitled, under any such agreement, to register and use the Domain Name. However, the Complainant says that nothing has been submitted to show that the Respondent acts under an agreement with DMJ or the Complainant and that it is trying to hold itself out as an official distributor of the Complainant.

The Complainant says that the Respondent was completely unknown to the Complainant and the Complainant did not give permission for the Respondent to incorporate Nikki Lissoni Limited or use the Complainant's NIKKI LISSONI marks. The Complainant says that even if there was a sub-distribution relationship, it has now ended.

Turning to the Respondent's specific points under the Policy, the Complainant contends that the Respondent does not have its own trademark and thereby the right to register or use the Domain Name. The Complainant notes that while DMJ has two trademarks these marks are not older than the Complainant's marks.

The Complainant reiterates that the Respondent has no agreement or relationship with the Complainant through which the Respondent would be entitled to the Domain Name and says that any such relationship was between the Complainant and DMJ.

Finally, the Complainant observes that the Respondent's website offers competitive products, namely those of the unrelated brand "Timebeads". A screenshot of the relevant page has been exhibited. The Complainant says that the sale of "Timebeads" products creates the impression that they are part of the NIKKI LISSONI range, which the Complainant says is not the case. The Complainant contends that the Respondent has sought from the outset to use the Domain Name to confuse the users as to its association with the Complainant's mark.

6. Discussions and Findings

6.1 Preliminary matters

It is clear from the Parties' submissions that the Domain Name is merely a small element of an ongoing, complicated and somewhat acrimonious dispute between the Complainant, Respondent and DMJ.

As I have set out in the Factual Background above, there are legal proceedings between the Parties ongoing in the Dutch and English courts. I have read through the various documents relating to these proceedings submitted by the Respondent. I take the view that the proceedings focus on the various agreements that may, or may not, have existed between the Parties. The Domain Name is a cursory element of the proceedings and, in my view and in terms of Procedure 20.a., the legal proceedings do not relate to Domain Name directly and therefore this DRS proceedings can and should proceed.

I also observe that the DRS is a simple, straightforward and efficient procedure designed to resolve domain name disputes. It is not intended to settle contractual or other disputes, there are other forums better suited to those purposes. I will make my decision based only on the facts and circumstances of the matter which directly relate to the Domain Name and I will make no findings relating to the merits, or otherwise, of the other matters disputed by the Parties.

6.2 Rights

The Complainant must demonstrate on the balance of probabilities that it has Rights in respect of a name or mark which are identical or similar to the Domain Name.

The Complainant has exhibited two trade marks for the term NIKKI LISSONI which pre-date the registration of the Domain Name by approximately 18 months. Whitespace cannot be represented in the domain name space and the .co.uk suffix is required only for technical reasons.

Therefore, I find that the Complainant has Rights in respect of a mark which is identical to the Domain Name.

For completeness, I note that the DMJ's registration of its two marks "Nikki Lissoni What's inside counts" and "Nikki Lissoni Show your emotions" have no relevance to the question of whether the Complainant does or does not have Rights in the Domain Name.

6.3 Abusive Registration

The Complainant must now demonstrate whether the Domain Name, in the hands of the Respondent, is an Abusive Registration. Paragraph 3 of the Policy sets out a number of non-exhaustive factors which may be evidence that the Domain Name is an Abusive Registration.

At its heart, the Parties' contentions focus on the Respondent's status as a reseller of the Complainant's products. The Complainant says that the Respondent was not an authorised reseller, that DMJ was not authorised to sub-contract any arrangement between it and the Respondent and that even if there was such an arrangement it has now ended. On the other hand, the Respondent says that it was a formal reseller through an arrangement with DMJ, which in turn had an arrangement with the Complainant. As a result of this status, the Respondent states that it was entitled to register and use the Domain Name to sell the Complainant's products.

So-called "reseller" disputes are common under the DRS and there is a useful body of precedence, in addition to guidance in the "Expert's Overview"¹ under paragraph 4.8, which asks "*Is it possible for a domain name to be abusive, where, despite the fact that it incorporates the Complainant's trade mark, there is no serious risk of any confusion?*" and answers:

Yes. It is to be noted that the definition of Abusive Registration condemns not only those domain names, which cause unfair detriment to the Complainant's rights, but also those domain names, which take unfair advantage of the Complainant's rights.

This issue crops up most commonly in the so-called 'reseller' cases, the cases where the domain name registrant is using the domain name to sell the trade mark owner's goods. The generally accepted principles to be derived from the cases, as reviewed by the appeal panel in Toshiba Corporation v Power Battery Inc (DRS 07991) <toshiba-laptop-battery.co.uk> are:

- 1. It is not automatically unfair for a reseller to incorporate a trade mark into a domain name and the question of abusive registration will depend on the facts of each particular case.*
- 2. A registration will be abusive if the effect of the respondent's use of the domain name is falsely to imply a commercial connection with the complainant.*
- 3. Such an implication may be the result of "initial interest confusion" and is not dictated only by the content of the website.*
- 4. Whether or not a commercial connection is implied, there may be other reasons why the reseller's incorporation of the domain name is unfair. One such reason is the offering of competitive goods on the respondent's website.*

This last point envisages a finding of Abusive Registration in circumstances where there may be no likelihood of any confusion. The use of the domain name for the sale of competing goods was the basis for the finding of Abusive Registration in the Toshiba case, even though a majority of the panel found no likelihood of any confusion ("initial interest confusion" or otherwise).

As I have said, the DRS is not a forum for contractual disputes and I am not required to make a decision on the merits, or otherwise, regarding the Respondent's contractual position with the Complainant.

I take the view that regardless of whether the Respondent was an authorised reseller of the Complainant or not, the Domain Name, in the hands of the Respondent, is an Abusive Registration. I have based my reasoning on the principles set down in the <toshiba-laptop-battery.co.uk> Appeal decision noted above.

¹ The Expert's Overview is a document published at http://www.nominet.uk/wp-content/uploads/2015/08/Expert_Overview.pdf which deals with a range of issues that regularly come up in DRS disputes

The first two salient principles note that a registration will be Abusive if the effect of the respondent's use of the domain name is falsely to imply a commercial connection with the complainant and that such an implication may be the result of "initial interest confusion" and is not dictated only by the content of the website.

In the current matter, the Domain Name is identical to the Complainant's two registered NIKKI LISSONI trade marks. It is clear that this will inevitably and falsely imply a commercial connection between the Complainant and the Respondent. Web users who type the Domain Name directly into their browser or find it through a search engine will be very likely to conclude that the Domain Name is associated with, endorsed by, or is the Complainant itself.

It is unlikely that this "initial interest confusion" is dispelled when web users arrive at the website associated with the Domain Name. The get up of the Respondent's website is similar to the look and feel of the Complainant's. While the Respondent's web site is headed with the words "nikki lissoni Ltd.", the word "Ltd." is very much smaller than the words "nikki lissoni" and, in my view, the overall impression is that the site is operated by, or at least very closely associated with, the Complainant. The website gives no clear indication of the relationship between the Complainant and Respondent.

Commonly in DRS disputes, confusion resulting from a similar or identical domain name to a complainant's mark has to be inferred. However, in the current matter the Complainant has produced convincing evidence that web users are being confused by the Domain Name and associated website. The emails from third parties submitted by the Complainant make it clear that a significant number of web users have been genuinely confused by the Domain Name. Clearly where such confusion has been entirely successful the Complainant will not have been informed and I consider it more likely than not that the evidence of confusion exhibited by the Complainant is merely the tip of the iceberg. It is my view therefore that there is clear evidence of confusion as envisaged by the Overview

The third principle outlined in <toshiba-laptop-battery.co.uk> notes that whether or not a commercial connection is implied, there may be other reasons why the reseller's incorporation of the domain name is unfair. One such reason is the offering of competitive goods on the respondent's website.

The Complainant has said that the website associated with the Domain Name sells third party products - namely "Timebeads" - which are "watch coins" that are compatible with the Complainant's necklaces. Having reviewed the exhibited screenshots, I take the view that the Domain Name has indeed been used to sell competing products. It is well established under the DRS that the use of a third party's mark in a domain name to sell third party products is, in most cases, Abusive and I take the view that there is no reason to distinguish this matter from the body of DRS precedent.

Having reviewed the Appeal decision in <toshiba-laptop-battery.co.uk> and the submissions before me, I take the view that there is convincing evidence that even if the Respondent was an authorised reseller of the Complainant - on which I remain neutral - the Domain Name, in the Respondent's hands, both takes unfair advantage of the Complainant's Rights and causes unfair detriment to the Complainant. I find therefore that the Domain Name is an Abusive registration.

For completeness, I note that DMJ's registration of the marks "Nikki Lissoni What's inside counts" and "Nikki Lissoni Show your emotions" do little or nothing to negate the Abusive nature of the Domain Name; both were registered long after the establishment of the Complainant's brand and registration of its own NIKKI LISSONI marks and they do not "trump" the Complainant's earlier Rights. Equally, both Parties grant that any agreement that may or may not have been in place was oral and no evidence of a written agreement has been submitted, therefore the Respondent cannot rely on Policy 4.a.iii as a defence.

7. Decision

Having found that the Complainant has Rights in respect of a mark which is identical to the Domain Name and that the Domain Name, in the hands of the Respondent, is an Abusive Registration I order that the Domain Name is transferred to the Complainant.

Signed: Tim Brown

Dated: 5 July 2016