

DISPUTE RESOLUTION SERVICE

DRS 7599

Decision of the Independent Expert

CHIESI FARMACEUTICA SpA

– and –

BRANDCONCERN BV

1 The Parties

Complainant: Chiesi Farmaceutica SpA
Address: Via Palermo 26A
Parma
Postcode: I-43122
Country: Italy

Respondent: Brandconcern BV
Address: Herengracht 23-II
Amsterdam
Postcode: 1005 BA
Country: Netherlands

2 The Domain Name

chiesi.co.uk

3 Procedural History

04/08/09 Dispute received and complaint validated
26/08/09 Response received
26/08/09 Reply received
01/09/09 Mediator appointed
03/09/09 Mediation commenced
14/09/09 Mediation failed
28/09/09 Expert decision payment received
06/10/09 Michael Silverleaf selected as expert
09/10/09 Michael Silverleaf appointed as expert

4 Factual Background

4.1 The complainant is Chiesi Farmaceutica SpA. From its name and address it is an Italian pharmaceutical company. The name Chiesi is the surname of its founder and current Chief Executive Officer. It claims to have more than 60 trade mark registrations consisting of or comprising the word Chiesi¹. Particulars of four have been provided to me. They are:

- (i) International Trade Mark registration number 544 391 for a figurative mark incorporating the word Chiesi and a hexagonal symbol which looks a little like a lock and a key registered with effect from 23 October 1989 for goods in Classes 1 (chemicals) and 5 (pharmaceuticals).
- (ii) Community Trade Mark registration number 1 224 542, registered with effect from 28 June 1999 for a figurative mark containing the word Chiesi in a particular italic script and two additional symbols (the same hexagonal symbol as above and two thick horizontal lines of blue and green). It is registered for a range of pharmaceutical products in Class 5 and medical instruments in Class 10.
- (iii) Community Trade Mark registration number 6 234 363, registered with effect from 28 August 2007 for the words "Chiesi in neonatology for life". It is also registered for a range of pharmaceutical products in Class 5 and medical instruments in Class 10.
- (iv) Community Trade Mark registration number 7 216 286, registered with effect from 5 September 2008 for essentially the same figurative mark as (i) above. It is registered for a range of chemicals in Class 1, pharmaceutical products in Class 5, medical instruments in Class 10 and scientific and technical services in Class 42.

4.2 The complainant also claims to have many chiesi domain registrations. It identifies two, chiesi.com and chiesi.it. The complaint gives no further information about its business. The complainant says that the word chiesi is neither a common noun nor a common name. It is, however, the plural of the Italian word chiesa, meaning church. It is, therefore, a common Italian noun.

4.3 The respondent points out that the complainant's UK associate company was until recently called Trinity-Chiesi but has now changed its name to Chiesi. There is a corresponding community trade mark registration number 4 360 897 registered as of 27 April 2005 for the mark "Trinity Chiesi".

4.4 The respondent is Brandconcern BV. According to the complaint the respondent is the owner of more than 800 domains, most of which are parked or for sale. The complainant gives as examples pornstar.pl, dating.info, woman.info and homo.info. The first and third of these are parked and the second and fourth are for

¹ The complainant also says that it owns more than 500 trade marks in total. I cannot see that the remaining marks, which presumably do not contain the word Chiesi, are relevant to the present dispute and I have accordingly taken no account of this information.

sale. The respondent admits that it holds a portfolio of domain names and trades in them for a profit.

4.5 The respondent registered the Domain Name on 13 November 2007 and, prior to the present complaint, it was neither parked nor for sale². It was used to display a single page containing the following image:



and the e-mail address: info@chiesi.co.uk.

4.6 At some point, the use of the Domain Name changed. It now resolves to a website hosted by spreadshirt.net which offers for sale items of clothing. From the page annexed to the reply it appears that spreadshirt.net runs a business hosting shopping sites for others through which they can sell clothing from designs offered by spreadshirt or their own designs. I have been given one example by the complainant, a women's thong with the image in paragraph 4.5 printed on the front. This, presumably, is a design chosen by the respondent. I have been given another example by the respondent, a white men's long sleeve T-shirt with the same logo on it. The thong is described on the page offering it for sale as being "Brand: Bella" whilst the shirt is described as being "Brand: American Apparel". Both of these are known clothing brands.

4.7 On 20 August 2009, after the complaint was made, the respondent applied to OHIM for a Community Trade Mark registration for the mark Chiesi in classes 25 (clothing), 18 (accessories) and 14 (watches).

4.8 On 15 May 2009, the complainant made an unsolicited approach by e-mail to the respondent at info@brandconcern.com expressing an interest in purchasing the Domain Name and asking if the respondent had considered selling it. On 19 May Fauzia Goudberg of the respondent (using the e-mail address fauzia.goudberg@bluehorn.com) replied in the following terms "The domain name belongs to a client of our company. You can make us a good offer and I will let my client know." On 26 May the complainant offered US\$1000 plus escrow fees. Ms Goudberg responded on 2 June with the following: "This offer is not good for me. I will not inform my client. You need to offer a serious amount. And I want a offer in EURO's." The

² I should make clear that I am unsure whether the webpage in question came into being before or after the complainant first approached the respondent with its offer to purchase the Domain Name (see paragraph 4.8). In the absence of any material from the complainant demonstrating that the Domain Name was in some other state before that approach, I have had to assume that the page in question predates the complainant's initial approach to the respondent.

complainant offered 1500 euros on 5 June. Ms Goudberg responded as follows: "I had forwarded your e-mail to my client and they have written to me that they do not agree with your offer. Their price for the domain name is 10000 EU." On 8 June the complainant responded that the most it was prepared to pay was 2500 euros plus the escrow fee. On 11 June, that offer was rejected by Ms Goudberg, stating that the price remained at 10000 euros.

4.9 These are the only facts that I have been given by the parties.

5 Submissions of the Parties

5.1 The complainant asserts that the respondent is not and never has been known by the name Chiesi and that its own name is unconnected with the Domain Name. It says that the name Chiesi fashionwear is "improbable" and that the webpage displayed before the complaint was just an attempt to simulate the use of a domain name in connection with a bona fide offering of goods or services. The complainant says that the respondent made no genuine preparations to use the Domain Name prior to the complaint.

5.2 After the complaint, the complainant says that the respondent hurried to set up a "fake" website using tools provided by spreadshirt.net to make it look as if the respondent is genuinely offering clothing for sale. To demonstrate how easy it is to set up a webshop using spreadshirt, it produces with its reply the shop it set up offering for sale the same ladies' thong as the one offered by the respondent through its site.

5.3 The complainant says that the number of domain names registered by the respondent is "unusual" and that the respondent appears to be "a very small company". Because some of the domains registered by the respondent are explicitly for sale, the complainant says that the respondent's business may be trading in domain names. It accepts that this is legitimate for domains corresponding to generic words. It implies that the fact that the respondent has registered a number of chiesi domains is unfair and an attempt to seize chiesi domains and prevent the owner of a trade or service mark from using them. This I take to be a complaint that the Domain Name is a blocking registration.

5.4 The complainant also relies upon the respondent's conduct when approached with a view to selling the Domain Name by the complainant. It says that in demanding 10,000 euros to sell the domain the respondent demonstrated that the Domain Name and the corresponding chiesi domains in other territories were registered or acquired primarily for the purpose of selling, renting, or otherwise transferring the domain name registrations to the owner of the trademark. This is an allegation that the respondent registered the mark in order to sell it to the complainant.

5.5 The respondent says that it registered the Domain Name with the idea of setting up a “pro-Christian fashion brand on the internet”. The origin of the name is said to be that Chiesi is an amalgam of the Italian word for church (chiesa) and si, meaning yes in Italian, which the respondent says is the international fashion language. It claims to have “created a trendy house style and a multi-lingual webshop”. It says that before becoming aware of the complaint it had used the Domain Name in connection with a genuine offering of clothing and has therefore made fair use of the Domain Name. The complainant responds that the alleged origin of the name is absurd. It supports its argument by reference to the thong offered through the respondent’s website, saying that “even the most modern nun would find it inappropriate if associated to Church”. The complainant says that the respondent’s actions in response to the complaint establish “beyond any reasonable doubt” that the respondent has acted in bad faith.

5.6 The respondent points out that trading in domain names for profit and holding a portfolio of names for this purpose is lawful and that the other domains to which the complainant points are irrelevant to the present dispute. It says that it only responded to the complainant’s approach to sell the Domain Name and that it would have asked for far more than 10,000 euros, which only covers its expenses and work, if it had registered the Domain Name in bad faith.

5.7 The respondent also makes a number of other points about the complainant’s conduct. It says that the complainant did not register the Domain Name itself and implies that it should have done if that was an important name. In relation to this it refers to the change of name of the UK subsidiary from Trinity-Chiesi to Chiesi this year. It also points out that many of the complainant’s registrations are for figurative marks. However, as the complainant points out in the reply, the word chiesi is readily apparent in those registrations so nothing turns on that.

5.8 The respondent points to the fact that the goods it is offering under the mark are of a completely different kind from those offered by the complainant and says that there is therefore no possibility of confusion between them.

5.9 For all these reasons the respondent says that the complaint should be rejected.

6 Discussion and Findings

6.1 The version of the DRS Policy relevant to the present dispute is version 3 which relates to complaints lodged after 29 July 2008. Paragraph 1 of that policy defines an Abusive Registration as:

“a Domain Name which either:

- i. was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights; or
- ii. has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights”

6.2 Paragraph 1 of the DRS Policy also defines “Rights” for the purposes of this procedure as including but not limited to those enforceable under English law. Under Paragraph 2 of the DRS Policy a complainant must show on the balance of probabilities

- (a) that it has Rights in a name or mark identical or similar to the Domain Name; and
- (b) that the Domain Name in the hands of the Respondent is an Abusive Registration.

6.3 Paragraph 3 of the DRS Policy identifies a non-exhaustive list of factors which may be evidence that the domain name is an Abusive Registration. The relevant factors for the purposes of the present case are

- “(a)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 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.
- iii. The Complainant can demonstrate that the Respondent is engaged in a pattern of registrations where the Respondent is the registrant of domain names (under .uk or otherwise) which correspond to well known names or trade marks in which the Respondent has no apparent rights, and the Domain Name is part of that pattern.”

The remaining factors are not relevant in the present case. I have accordingly taken the above factors into account in reaching my conclusions.

6.4 Clause 4 of the DRS Policy sets out a non-exhaustive list of factors which may be evidence that the Domain Name is not an Abusive Registration. These include the following which are relevant to the present case:

- “(a)i. Before being aware of the Complainant’s cause for complaint (not necessarily the ‘complaint’ under the DRS) the Respondent has:
- A. used or made demonstrable preparations to use the Domain Name as a domain name which is similar to the Domain Name in connection with a genuine offering of goods or services;
 - ...
 - C. made legitimate non-commercial or fair use of the Domain Name.
 - ...
- iv. In relation to paragraphs 3(a)(iii) and/or 3(c), that the Domain Name is not part of a wider pattern or series of registrations because the Domain Name is of a significantly different type or character to the other domain names registered by the Respondent.
- ...
- (d) Trading domain names for profit, and holding a large portfolio of domain name, are themselves lawful activities. The Expert will review each case on its merits.”

6.5 The Dispute Resolution Service procedure is one in which the parties provide written evidence and submissions. There are no oral proceedings and no testing of the evidence. The expert accordingly has to evaluate the written material and give it such weight as is appropriate in order to reach a conclusion on the balance of probabilities. This is particularly difficult in cases such as the present where the complainant asserts (albeit implicitly) that the respondent is guilty of fraudulent conduct and the respondent denies it. In the absence of any oral process by which the parties’ contentions can be tested, it is my view that to reach a finding of fraud, it has to be clear on the material before the expert that a fraud has been committed. To reach such a finding in the absence of proof to this standard would be inherently and unavoidably unfair to the party accused. This is particularly so where material is relied upon in support of the allegation to which the accused party has not had an opportunity to respond. Such an approach is entirely consistent with the standard of proof required by paragraph 2 of the DRS Policy. It is simply a recognition of the fact that the more serious an allegation, the less likely it is that it occurred and accordingly the stronger the evidence required to prove it on the balance of probabilities: see e.g. per Lord Nicholls in *Re Hand and Others* [1996] AC 586.

6.6 According to the Appeal Panel decision in the *Seiko* case (DRS 00248) whether a registration is an abusive registration under the DRS Policy is independent of whether a domain registration is an infringement of trade mark and should be decided under the terms of the DRS Policy alone. The same decision also makes clear, however, that the relevant principles of English law should be applied in determining whether the Complainant has Rights under the Policy and that the Policy is founded on the principle of intellectual property rights which should be taken into account.

6.7 The first question in any DRS complaint is whether the complainant has Rights. This, as has been said in many cases, is a low threshold test. In the present case the complainant is the proprietor of a number of trade mark registrations containing the word Chiesi and I am satisfied that it has demonstrated that it has Rights as defined by the DRS Policy.

6.8 I turn next to whether the Domain Name is an Abusive Registration. I have set out above the definition of an abusive registration and the relevant factors identified in the policy as indicating one way or the other. The complainant alleges that the Domain Name is an Abusive Registration on the two grounds which I have identified above: first that the Domain Name has been registered as a blocking registration (see paragraph 5.3 above); and second that the Domain Name was registered for the purpose of selling it to the complainant (see paragraph 5.4 above). The first of these corresponds to the factor set out in Clause 3(a)(i)B of the DRS Policy and the second to the factor set out in Clause 3(a)(i)A. As I have noted, the complainant specifically alleges that the registration of the Domain Name was made “in bad faith”. As I understand this allegation it is not a separate head of complaint but simply an assertion that the complainant has demonstrated by the evidence it has submitted that the respondent had the requisite state of mind to justify the particular complaints made; in other words, the respondent knew of the complainant or its Rights and registered the Domain Name in order to interfere with the complainant’s claims to it in the manner alleged.

6.9 It is a pre-requisite of a finding that a domain registration is an Abusive Registration under paragraph 3 of the DRS Policy that it be shown that the respondent had some knowledge of the complainant’s rights in the Domain Name. This was explained by the Appeal Panel in *Verbatim* (DRS 04331) where the Appeal Panel reviewed previous case law and gave the following guidance on the determination of the respondent’s knowledge and intent under paragraph 3 of the DRS Policy:

“8.13 In this Panel’s view the following should be the approach to the issues of knowledge and intent in relation to the factors listed in paragraph 3 of the Policy:

- (1) First, some knowledge of the Complainant and/or its brand/rights is a prerequisite for a successful complaint under all heads of the DRS Policy other than paragraph 3(a)(iv) (giving false contact details). The DNS is a first-come-first-served system. The Panel cannot at present conceive of any circumstances under which a domain name registrant, wholly unaware of the Complainant and its Rights, can be said to taking unfair advantage of or causing unfair detriment to the Complainant’s Rights.
- (2) Secondly, ‘knowledge’ and ‘intention’ are pre-requisites for a successful complaint under all heads of paragraph 3(a)(i) of the Policy. The wording of that paragraph expressly calls for

relevant intent, which cannot exist without the relevant knowledge.

- (3) Thirdly, 'intention' is not a necessary ingredient for a complaint under paragraph 3(a)(ii) of the DRS Policy. The test is more objective than that. However, some knowledge of the Complainant or its name/brand is a pre-requisite.
- (4) Fourthly, while some knowledge of the Complainant or its name/ brand is a pre-requisite for a successful complaint under the DRS Policy (save for a complaint under paragraph 3(a)(iv)), knowledge is not of itself conclusive in favour of the Complainant. the Expert/ Appeal Panel will still need to be satisfied tht the registration/use takes unfair advantage of or is causing unfair detriment to the Complainant's Rights.
- (5) Fifthly, when a Respondent denies all knowledge of the Complainant and/or its Rights at the relevant time, that denial is not necessarily the end of the matter. The credibility of that denial will be scrutinised carefully in order to discern whether, on the balance of probabilities, the relevant degree of knowledge or awareness was present.

8.14 Accordingly, in the view of this Panel, for this complaint to succeed, the Complainant must satisfy the Panet, as an opener, that the Respondent was aware of the existence of the Complainant or its brand at the date of registration of the Domain Name or at commencement of an objectionable use of the Domain Name."

6.10 The difficulty I have in the present case is that, although the complainant alleges bad faith on the part of the respondent, it has asserted no facts at all from which the requisite state of knowledge on the part of the respondent may be inferred. In effect I am asked to infer simply from the fact that the name Chiesi is the complainant's trade mark that the respondent must have been aware of it prior to making the registration. The respondent asserts otherwise. It says in its response:

"Please note that Chiesi is for the Respondent not a famous or known trademark, probably because it is a pharmaceutical niche company."

This I take to be an express denial that the respondent knew of the complainant or its Rights before being approached by the complainant. There is no direct response to this denial. What the complainant does in its reply is to list the acts of the respondent (which are set out above) and assert that they prove the respondent's bad faith.

6.11 Some assistance as to the approach I should adopt in these circumstances may be gained from further guidance in the *Verbatim* decision referred to above.

The Appeal Panel pointed out the following:

"8.12 The Policy states that the factors set out in paragraph 3 '**may be evidence** that the Domain Name is an Abusive Registration' (emphasis added). Therefore it is clear that no single factor, without any additional ingredients, will necessarily establish abuse. Some factors in the list are more likely to lead to a conclusion of abuse than

others, since the factors themselves include an abusive element. Others may be insufficient on their own. For example, factor 3(a)(ii) (use that causes confusion with the Complainant) will generally be insufficient where there is nothing else in the evidence to indicate abuse: other questions must be asked, such as how well-known the Complainant's relevant Rights are, whether the Respondent was aware of them, and whether the Respondent intended confusion to arise. The Expert's role is then to consider the materiality and weight of all the evidence in determining whether it is sufficient to establish that the Domain Name is an Abusive Registration."

This passage makes clear that the degree of notoriety of the complainant's rights must be taken into account in determining whether confusing use of a Domain Name is abusive. It seems to me that the degree of notoriety is equally relevant to an inference of knowledge of the complainant's rights on the part of the defendant. If the complainant's name is a household one, then it is likely that the respondent was aware of it. The inference of knowledge may therefore be drawn. Where, however, the complainant's name or brand is one which is only likely to be known to a relatively small cross-section of the public, such an inference cannot be drawn without facts which support the conclusion that the respondent was indeed aware of the complainant or its rights. For example, where the two parties are dealing in the same goods or where there has been contact between them before the inference may be drawn. Otherwise, it seems to me that the necessary inference simply cannot be made.

6.12 The complainant is a pharmaceutical company. It is not one of the major international companies known to a wide range of people. I have never heard of it despite the fact that I practise in a field of law where pharmaceutical companies regularly appear. As the respondent says, it is a niche company. There is no reason why the respondent should have been aware of it before registering the Domain Name. The registration was made in late 2007. The complainant made no objection at the time. When it first approached the respondent it did so with a view to purchasing the Domain Name³. The parties could not agree a price. I can see nothing wrong in the Respondent seeking a substantial price once approached by the complainant. As pointed out by the Expert in *Riley* (DRS 04769), in a first come first served system, it is inevitable that those who obtain registrations of potentially valuable names may later be able to exploit that value by selling them to an interested party. There is nothing wrong with such conduct. The respondent asserts that if it had been acting in bad faith it would have asked for far more money. That may be a rather cheeky assertion but I am inclined to agree.

³ Strictly, the complainant approached the respondent to purchase the .at registration. However, I find it difficult to draw the distinction that the complainant seeks to make between the individual Chiesi domain name registrations when it simultaneously relies upon all of them as a course of conduct. I have taken the view that, had the negotiations not broken down so completely and quickly, it is likely that the parties would have ended up negotiating a price for the package of all the registrations in issue.

6.13 I have taken no account of the respondent's trade in other generic domain names. They seem to me to be different in kind from the present registration and I can draw no conclusions about the respondent's motives in registering the Domain Name from that aspect of the respondent's business. I reject the complainant's allegation that the respondent holds an unusually large number of domains. Those aware of the operation of the domain name system will know that 800 is not a large number for a trader in domain names to register. In particular, I note that there is no allegation that the Domain Name was for sale before the complainant approached the respondent to purchase it: indeed the terms of the initial approach strongly suggest otherwise. Accordingly, if I were to draw any inference from those facts it would be likely to be favourable to the respondent. However, I have not done so.

6.14 The complainant asks me to infer bad faith from the respondent's conduct in setting up a webshop using a standard tool and applying to register Chiesi as a trade mark for the goods that the respondent intends to sell under the name. I am entirely unable to see how I could possibly draw such an inference. On the contrary, it seems to me that the better inference to draw from the respondent's behaviour when approached by the complainant is as follows. The respondent had a conditional intention to set up a webshop for clothing under the brand but had done nothing substantive to promote that intention. When approached by the complainant it therefore sought first to see if it could make a profit simply from selling the Chiesi registrations. When it became clear that the complainant would not pay the asking price, the respondent decided instead to progress the original idea and did so as quickly as possible. No doubt in doing so the respondent was motivated in part by a desire to show use of the Domain Name. But I cannot draw an adverse inference from that.

6.15 I have considered whether I should draw the necessary inference from the rather improbable explanation given by the respondent for the theme of its fashion clothing brand. Whilst it might be tempting to do so, I do not think that I can. Even if the explanation appears unlikely to the respondent and to me, I cannot say that it is untrue. The complainant's reference to nuns finding the clothes inappropriate is irrelevant. Nuns do not wear fashion clothing. Equally odd marks have been used by others. For example, I would have regarded the trade mark FCUK for clothing as absurd. Yet it has been a successful and widely sold brand in the UK.

6.16 Accordingly, I have concluded that the complainant has failed to establish the requisite element of knowledge and intent on the part of the respondent when registering the domain name and the complaint fails on this ground.

6.17 The complainant does not allege that the respondent's use of the Domain Name has caused confusion. I mention this only for completeness as the respondent has denied that its use is confusing. I agree and the issue therefore does not arise.

7 Decision

The complaint is dismissed and no action is to be taken on it.

Michael Silverleaf

15 October 2009