

DISPUTE RESOLUTION SERVICE

D00019583

Decision of Independent Expert

KKDC Pty Ltd

and

Mr William Fairhall

1. The Parties:

Complainant: KKDC Pty Ltd
Ste 1/ 34 Joseph Street
Blackburn North VIC 3130
Australia
Melbourne
North VIC
Australia

Respondent: Mr William Fairhall
87 Bevendean Avenue
Saltdean
BN2 8PE
United Kingdom

2. The Domain Name(s):

kkdc.co.uk (“the Domain Name”).

3. Procedural History:

The Complaint was submitted to Nominet on 23 November 2017 and was validated and notified to the Respondent by Nominet on 24 November 2017. The Respondent was

informed in the notification that it had 15 working days, that is until 15 December 2017 to file a response to the Complaint.

On 15 December 2017, the Respondent filed a Response. On 24 December 2017, the Complainant filed a Reply to the Response and the case proceeded to the mediation stage on 9 January 2018. On 29 March 2018, Nominet notified the Parties that mediation had been unsuccessful and, pursuant to paragraph 10.5 of Nominet's Dispute Resolution Service Policy Version 4 ("the Policy"), invited the Complainant to pay the fee for referral of the matter for an expert decision. On 16 April 2018, the Complainant paid the fee for an expert decision. On 18 April 2018, Andrew D S Lothian, the undersigned ("the Expert"), confirmed to Nominet that he was not aware of any reason why he could not act as an independent expert in this case. Nominet duly appointed the Expert with effect from 23 April 2018.

4. Factual Background

The Complainant is an Australian company. It is part of a group of companies trading internationally since 2005 whose core business is the manufacture, design and production of specialist LED lighting solutions for high end architectural markets. The Complainant owns the registered trade marks used by its group. The Complainant's group conducts its research and manufacturing in South Korea and its product design and technical marketing services in the United Kingdom.

The Complainant is the owner of a variety of trade marks, including international registered trade mark no. WO1043525 for the word mark KKDC, filed on 5 May 2010 and registered on 17 May 2010 in international class 11 for lighting and related goods. The mark is designated under the Madrid Protocol for a variety of countries and territories including the European Union.

In about October 2016, the Complainant entered into an exclusive distribution agreement with KKDC Limited, a UK company not within the Complainant's group, in respect of which KKDC Limited agreed to distribute the Complainant's products in the United Kingdom, certain countries in the Middle East and Spain. The distribution agreement was for an initial four year period. The distribution agreement was signed by Thomas Fairhall, sole director of KKDC Limited, on its behalf. KKDC Limited appears to have been wrongly designed as "KKDC UK Limited" in the distribution agreement but nothing turns on this.

By clause 17 of the distribution agreement, the Complainant granted KKDC Limited a licence to use its trade marks for the term of the agreement and for the purpose of performing its obligations thereunder.

The Complainant has also produced a licence agreement between it and KKDC Limited bearing a partial date of 2015. There is no evidence before the Expert that the Complainant and KKDC Limited executed this agreement whether in counterparts or otherwise. The licence agreement is described by the Complainant as "accompanying the distribution agreement". It provides that the Complainant is the owner of the Domain Name, that it is licensed to KKDC Limited for use and exploitation during the continuance of the licence agreement and that upon termination of the licence agreement KKDC Limited will cease and desist from the use of the Domain Name and hand over passwords in its possession necessary for the use of the Domain Name.

The Complainant states that it terminated the distribution agreement on 12 April 2017 which automatically terminated the licence agreement. KKDC Limited went into liquidation on 11 July 2017.

The Respondent is Thomas Fairhall's brother. He states that he registered the Domain Name "as a voluntary act" in his assistance of his brother while the latter was acting in his capacity as a director and shareholder of the Complainant and also as a director of KKDC Limited, a company incorporated to provide assistance to the Complainant in developing international marketing, technical support, product design and sales from the United Kingdom.

According to the WHOIS record, the Domain Name was registered on 3 April 2007. The Complainant notes that as the Domain Name is not an asset of KKDC Limited it cannot be dealt with via the liquidation process. The Complainant states that it requested assistance from KKDC Limited, Thomas Fairhall and the Respondent with the transfer of the Domain Name but that such requests have been either denied or ignored.

5. Parties' Contentions

Complainant

The Complainant contends that the Domain Name is identical to a trade mark in which it has rights and that in the hands of the Respondent the Domain Name is an Abusive Registration.

The Complainant sets out the history of its relationship with KKDC Limited as noted in the factual background section above. The Complainant notes its understanding that the Domain Name has only ever been used in connection with the business of KKDC Limited and that the Respondent has not used it for any other purposes.

The Complainant argues that the use of the Domain Name in relation to the class of goods sold by KKDC Limited would constitute registered trade mark infringement. The Complainant notes that the term "KKDC" is not descriptive or generic and does not have any ordinary meaning in English or any other European language, that it is inherently highly distinctive and through over a decade of use in relation to LED lighting products and services has become widely recognised by consumers in connection with such goods and services.

The Complainant provides a Google search for "KKDC" without any other search terms which its says shows that the overwhelming majority of results relate to the Complainant's products or those of another member of its corporate group. The Complainant adds that the use of the Domain Name in connection with the goods sold by KKDC Limited would almost inevitably give rise to confusion on the part of the public.

The Complainant submits that the Domain Name would be an instrument of fraud in the hands of anyone other than the Complainant and that any realistic use of the Domain Name would result in passing off and liability for infringement. The Complainant says that control of the Domain Name would allow the Respondent or anyone acquiring the Domain Name from the Respondent to create email addresses which would lead a recipient of such email to believe that the sender was connected or economically linked with the Complainant. The Complainant adds that such confusion is particularly likely because the Domain Name currently points to the Complainant's corporate website at <kkdc.lighting>.

The Complainant notes that because the Domain Name had been used in connection with KKDC Limited's business there is a risk that email intended for the Complainant's group of companies, whether customer or supplier enquiries, could be diverted or go unattended thus causing damage to the Complainant. The Complainant argues that in these circumstances even if the Domain Name is not used in connection with goods or services similar to those covered by the Complainant's trade marks it is highly likely that any use of the Domain Name by the Respondent or a third party would take unfair advantage of and be unfairly detrimental to the Complainant's rights and would constitute a misrepresentation relating to the origin of any goods or services offered thereunder.

The Complainant concludes that because KKDC Limited is no longer trading there is no commercial or other reason to justify continued use of the Domain Name by anyone associated with the Respondent.

Respondent

The Respondent asserts that at no time has his registration or use of the Domain Name constituted an Abusive Registration. The Respondent states that the Domain Name was used until earlier last year by KKDC Limited "with my informal consent".

The Respondent states that he registered the Domain Name as "a voluntary act" in assistance of his brother who was then both a director and shareholder of the Complainant and of KKDC Limited, a company recently incorporated to provide assistance to the Complainant in developing international marketing, technical support, product design and sales from the United Kingdom. The Respondent says that he was engaged in occasional or part time work performing a wide range of services both voluntarily and as a self-employed contractor to the Complainant via KKDC Limited.

The Respondent notes that the Domain Name was initially used to host email addresses for KKDC Limited staff working in the United Kingdom who were paid indirectly by the Complainant. The Respondent adds that the Domain Name was later linked to an English language website created by his brother as the primary global resource for product information and sales support for the Complainant and other companies distributing KKDC products including KKDC Limited.

The Respondent states that in 2014 his brother was required to resign a position which he held in the Complainant's company and that at this point KKDC Limited began to operate more as a sales and support company distributing the Complainant's products while some of KKDC Limited's staff moved over to the Complainant's company along with global marketing, product development and technical support functions. The Respondent submits that at around this point, the Complainant or another of its subsidiaries began to use the domain name <kkdc.lighting> and that the Domain Name began to be used mainly for the business of KKDC Limited although it continued to act as a global contact point for directing sales enquiries to other territories as it had previously done.

The Respondent says that the Domain Name was pointed to <kkdc.lighting> in 2016 when the original website associated with the Domain Name ceased to be maintained and was taken offline. The Respondent notes that upon the liquidation of KKDC Limited the use of the Domain Name for any purpose has ceased although adding that the Domain Name continues to resolve to <kkdc.lighting> and stating "I have not sought to change this".

The Respondent indicates that he may have been asked to transfer the Domain Name in 2017 and responded something akin to “Not now” because of the personal stress which he was suffering around the liquidation of KKDC Limited. The Respondent adds that representatives of the Complainant have had the ability to contact him and did not do so prior to filing the Complaint. He notes that he had emailed a representative of the Complainant on 12 December 2017 indicating “my willingness to talk to him about the matter” but states that he has received no communication in response.

The Respondent states that he cannot provide supporting information because he has no comprehensive email or paper records for KKDC Limited which is now in liquidation.

Complainant’s Reply to Response

The Complainant states that its position remains substantively as set out in the Complaint, namely that any use of the Domain Name by the Respondent would take unfair advantage of the Complainant’s rights and would constitute a representation that the Respondent was connected with the Complainant, thus constituting an Abusive Registration.

6. Discussions and Findings

General

In terms of paragraph 2.2 of the Policy the onus is on the Complainant to prove to the Expert on the balance of probabilities each of the two elements set out in paragraphs 2.1.1 and 2.1.2 of the Policy, namely that the Complainant has 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.

Complainant’s Rights

Paragraph 1 of the Policy provides that Rights means “rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning”.

The requirement to demonstrate Rights under the Policy is not a particularly high threshold test. Rights may be established in a name or mark by way of a trade mark registered in an appropriate territory, or by a demonstration of unregistered so-called ‘common law rights’.

On this topic, the Complainant focuses on its KKDC registered trade mark as described in the factual background section above. The Expert finds that the Complainant has Rights in that mark within the meaning of the Policy. Comparing this mark to the third level of the Domain Name, the Expert notes that these are alphanumerically identical, bearing in mind that the first and second levels of the Domain Name (taken together, constituting the suffix .co.uk) are typically disregarded for the purposes of comparison under the Policy on the grounds that these are wholly generic and required for technical reasons only.

The Respondent does not take issue with the Complainant’s assertions on this subject.

In these circumstances, the Expert finds that the Complainant has proved on the balance of probabilities that it has Rights in the mark KKDC within the meaning of the Policy and that such mark is similar to the Domain Name.

Abusive Registration

Paragraph 1 of the Policy defines “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. is being or has been used in a manner which has taken unfair advantage of or has been unfairly detrimental to the Complainant's Rights;

This general definition is supplemented by paragraph 5.1 of the Policy which provides a non-exhaustive list of factors which may be evidence that the Domain Name is an Abusive Registration. Paragraph 8.1 of the Policy provides a similar non-exhaustive list of factors which may be evidence that the Domain Name is not an Abusive Registration.

The principal thrust of the Complainant’s contentions on this topic is that the continued holding of the Domain Name by the Respondent constitutes an Abusive Registration either on the basis of the general definition that it is being used in a manner which takes unfair advantage of or is unfairly detrimental to the Complainant’s Rights, or that the Respondent is using the Domain Name in a way which is likely to confuse people or businesses into believing that it is registered to, operated or authorised by or otherwise connected with the Complainant conform to section 5.1.2 of the Policy. The essence of the Respondent’s contentions appears to be that he holds the Domain Name due to his relationship either with KKDC Limited for whom he was a self-employed contractor or with his brother for whom he performed certain services on a voluntary basis and presumably that it is therefore reasonable for him to continue to do so.

The Expert finds that the Respondent registered the Domain Name entirely because of his relationship with KKDC Limited and/or his brother at a time when the latter was a director of KKDC Limited. There does not appear to be any suggestion on the Respondent’s part that he has any rights himself in the name or mark KKDC or that he registered or used the Domain Name on any basis which is independent of or unconnected to the Complainant’s Rights. The Respondent accepts that for part of the life of the Domain Name it was used directly to support the Complainant’s business and that at all other times it was used by KKDC Limited in terms of its distribution agreement with the Complainant. In this sense, therefore, the registration and use of the Domain Name has always been inextricably linked in one way or another to the Complainant’s Rights.

It is clear that any relationship, direct or indirect, which the Respondent had with the Complainant and which caused him to register the Domain Name is at an end. It is not denied that the distribution agreement between KKDC Limited and the Complainant is no more. Indeed, the former is now in liquidation. Why, then, does the Respondent believe that there is a non-abusive basis for him to continue to hold the Domain Name? The Expert does not know and the Respondent does not address the topic directly beyond a bare denial of Abusive Registration and a description of the background history. He does not, for example, cite any of the non-exhaustive factors in section 8 of the Policy, nor can the Expert identify

any which might apply based on the Respondent's discussion of the circumstances in the Response.

Despite the Respondent's denial, the Expert considers that some of his comments in the Response are telling. In the first instance, the Respondent says that KKDC Limited used the Domain Name with his informal consent. This tends to indicate that the Respondent believes that he has some kind of entitlement to authorise or approve the use of the Domain Name. This appears to the Expert to be a curious position for the Respondent to adopt when the Response makes it clear that the Respondent registered the Domain Name in his capacity as either a contractor to KKDC Limited or to assist his brother voluntarily because he was then a director of KKDC Limited. There is nothing further in the Response which indicates why the Respondent considers it reasonable to have registered the Domain Name in his personal name and, however formally or informally, to claim the right to authorise its use for the business of the Complainant or KKDC Limited.

A further telling comment in the Response is that the Respondent notes that he has not sought to change where the Domain Name continues to point, namely to one of the Complainant's websites. What is telling about this comment is that it contains the unavoidable implication that the Respondent and only the Respondent has the power to change where the Domain Name points as it is entirely under his control. Again, it is not clear from the Response why the Respondent considers that it is reasonable for him to control where the Domain Name which obviously consists of the Complainant mark, unadorned by any other terms other than the .co.uk suffix, should point.

A final issue in the Response which the Expert considers to be of significance is the fact that the Respondent narrates a history of his brother's resignation from a position he held in the Complainant's company and of the later termination of the distribution agreement and liquidation of KKDC Limited which the Respondent notes gave rise to personal stress. The Expert observes that it is possible that the Respondent may be providing this information by way of mere background history which is not particularly relevant to his holding of the Domain Name. Equally, these comments could indicate that the Respondent has been unhappy with the termination of the distribution agreement and/or other matters arising from the relationship between the Complainant and his brother and perhaps has allowed this to colour his attitude to the Complainant's request to transfer the Domain Name. The Expert notes that the Respondent concedes that he had the opportunity to transfer the Domain Name at an earlier stage and refused to do so. Furthermore, he has had a lengthy period following the filing of the Complaint to make suitable arrangements and has determined to oppose this.

The Panel considers that the facts and circumstances of this case are similar in many respects, though not identical, to the circumstances set out in section 5.1.5 of the Policy. This section describes one of the non-exhaustive examples which may be indicative of an Abusive Registration where the domain name concerned was registered as a result of a relationship between the complainant and respondent and the complainant has been using the domain name registration exclusively and paid for its registration and renewal. In the present case, it is clear to the Expert that the Domain Name was registered in light of such a relationship, albeit that there is a slightly indirect component to the relationship here given the existence of KKDC Limited and the involvement of the Complainant's brother as its director. The Expert does not consider that the fact that the relationship between the Complainant and Respondent may have been filtered through these third parties and thus may not have been direct is of any particular significance. The relationship and the link

between the Parties is obvious and is the reason why the Domain Name came into existence.

While the Complainant has not been using the Domain Name exclusively it certainly comes close to fulfilling this second requirement as set out in section 5.1.5.1. The Respondent concedes that the Domain Name was used directly for the Complainant's business for part of its life and indeed continues today to forward to the Complainant's website. To the extent that there was not exclusive use on the part of the Complainant, the remainder of such use was made by KKDC Limited entirely on the basis of its distribution agreement with the Complainant. Any right that KKDC Limited had to use the Domain Name appears to derive from its relationship with the Complainant. In that sense, therefore, the use of the Domain Name has always been bound up with the Complainant even if it has not always been direct and the Expert does not consider that the difference in the present facts and circumstances is particularly material. All use of the Domain Name was made by or on behalf of the Complainant or with its express authority.

In terms of section 5.1.5.2 of the Policy, there is no evidence as to who paid for the registration of the Domain Name and/or for its renewals. The Respondent is silent on this point. The Expert does not consider that the absence of such evidence is particularly material in the present case. The Respondent would presumably have been entitled to be paid for such registration or renewal by KKDC Limited in connection with his self-employed contractor status and the fact that he may have incurred the cost himself as part of his voluntary efforts to assist his brother do not seem to the Expert to entitle him to claim the right to continue to control the Domain Name in present circumstances.

The Expert notes in passing that there is a potential defence which is expressly related to the provisions of section 5.1.5 and which may be found in section 8.1.3 of the Policy. This provides a non-exhaustive factor which may be evidence that a domain name is not an Abusive Registration where the Respondent's holding of the domain name concerned is consistent with an express term of a written agreement entered into between the Parties. There is no evidence of such a written agreement in this case, nor indeed is there any evidence of such an agreement between the Respondent and KKDC Limited.

On the analysis of the case as a variant of section 5.1.5 of the Policy, the Expert considers that the circumstances point strongly in the direction of Abusive Registration. The Expert considers that this indication is fortified when the facts are considered in the context of the general definition of Abusive Registration. The Expert considers that the Respondent's use of and continued holding of the disputed domain name is unfairly detrimental to the Complainant's Rights. The Domain Name continues to point to the Complainant's website but the Complainant does not control it. In terms of its association with this website, the Domain Name gives the clear impression that it is under the Complainant's control. Furthermore, the Respondent concedes that the Domain Name was originally used for email purposes such that there may well be examples of historic email addresses by which third parties may expect to reach the Complainant. As the Complainant notes, communications intended for its group may thereby go unattended or be diverted. The Expert cannot see how these present circumstances could be anything other than unfairly detrimental to the Complainant's Rights.

The Respondent's position is clear that he has done nothing active or intentional to cause unfair detriment to the Complainant's Rights. This perhaps best explains why the Respondent insists that the Domain Name, in his hands, does not constitute an Abusive

Registration. Nevertheless, the Expert considers that the comparatively passive holding of the Domain Name in this case is nevertheless still a “use” within the meaning of the Policy and that this use is operating to the unfair detriment of the Complainant’s Rights for as long as the Domain Name remains in the Respondent’s hands and under his control.

In all of these circumstances, the Expert finds that the Domain Name, in the hands of the Respondent, is an Abusive Registration.

The Expert notes for completeness that a substantial element of the Complainant’s case focused on an assertion that the holding of the Domain Name constitutes trade mark infringement and, in the hands of the Respondent, an instrument of fraud. These last two submissions do not relate directly to the terms of the Policy and are effectively legal propositions. The Expert observes that the Foreword to Version 3 of the Experts’ Overview states:-

Disputes are decided by reference to the terms of the Policy, not the law, so the fact that a domain name registration and/or the registrant’s use of it may constitute trade mark infringement, for example, will not necessarily lead to a finding of Abusive Registration under the DRS Policy. Nonetheless, if the DRS Policy and the law are too far apart, the DRS Policy will inevitably lose some of its value. Rights owners or domain name registrants (depending upon the nature of dispute) may prefer the expense of litigation to the likely result under the DRS Policy.

In any event, as the Expert has already found that the Domain Name is an Abusive Registration within the parameters of the Policy, it is not necessary to address this aspect of the Complainant’s case.

7. Decision

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

Signed

Andrew D S Lothian

Dated 4 May, 2018