Panel Decision for dispute CAC-ADREU-001239

Case number	CAC-ADREU-001239
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Case administrator

Name	Josef Herian

Complainant

Organization / Name	POJAZDY SZYNOWE PESA BYDGOSZCZ SPOLKA AKCYJNA HOLDING, ALEKSANDER ASZTEMBORSKI

Respondent

Organization / Name	EURid

INSERT INFORMATION ABOUT OTHER LEGAL PROCEEDINGS THE PANEL IS AWARE OF WHICH ARE PENDING OR DECIDED AND WHICH RELATE TO THE DISPUTED DOMAIN NAME

The Panel is not aware of other legal proceedings that are pending or decided which relate to the "pesa.eu" domain name

FACTUAL BACKGROUND

Traffic Web Holding BV applied for the domain name PESA on January 30, 2006 and the validation agent received the documentary evidence on March 3, 2006, before March 11, 2006 deadline. The validation agent concluded that the applicant was the holder of a prior right and therefore the respondent accepted the applicant's application. The Complainant, although it accepts that the applicant had the option to rewrite the special characters in its trademark, argues that the rewritten sign must not infringe upon another's trademark and that the applicant has registered the domain name in bad faith,

A. COMPLAINANT

On the basis of art. 22 item 1 (b) of the European Commission Regulation (EC) No. 874/2004 of April 28, 2004, laying down public policy rules concerning the implementation and functions of The .eu Top Level Domain and the principles governing registration, the plaintiff – PESA Bydgoszcz Spolka Akcyjna Holding – is bringing an action at law against EURid Administrator, who issued the disputable decision, delivered to the plaintiff electronically, via e-mail on March 27, 2006. The decision was issued in violation of art. 10 item 2 Commission Regulation (EC) 874/2004, which shall constitute the grounds for its invalidation. Through the decision, the Administrator reserved the domain name „pesa.eu" to the entity from The Netherlands: Traffic Web Holding B.V. The entity proved to the Administrator that it has preference right for the domain name, which results from registered by the entity trademark „p&a". The document confirming this right is not known to the plaintiff. In accordance with art. 11 of the Commission Regulation (EC) 874/2004, using special characters in a domain name is not possible. Where the name contains the characters, these shall be entirely eliminated, replaced with hyphens, or, if possible, rewritten. However, implementation of this principle does not mean, that the domain name in this way resultant, is subject to protection equal to the protection assigned to a trademark. Also, according to the plaintiff's estimation, the way special characters are rewritten is not indifferent and there is no reasonable explanation to claim the replacement of the character „&" with the letters „es" as legitimate. The correctness of the statement that the name resulting from rewriting special characters, used in a trademark, in a way that the name violates the rights of the trademark having exactly the same wording, may use the legal protection, cannot be proved. Ipso facto, the indication in the Traffic Web Holding B.V. application, that they are the entity legitimate to „p&a" trademark, does not give this entity the right of preference to register the domain name „pesa.eu", preference to which is held by PESA Bydgoszcz Spolka Akcyjna Holding, as the entity legitimate to the "Pesa" trademark. As the confirmation, please find attached the Certificate of Registration No. 165306 for the trademark „PESA" issued by The Patent Office on the basis of the provisions of the June 30, 2004 Act - Industrial Property Law (Journal of Laws Dz.U. of 2003, No. 119, text 1117 and of 2004, No. 33, text 286). Legal protection commenced on July 5, 2001. The trademark reflects directly the core of the domain, the registration of which was covered in the filed application, that was left without recognition by virtue of the appealed against decision. In accordance with the text of art. 10 item 2 of the Commission regulation (EC) 874/2004, registration with the right of preference, includes the registration of a full name that is covered by the right of preference, in compliance

with the record in the documentation proving the existence of such right. Due to the identical body of the mentioned regulation, and also taking into consideration the purpose this regulation is to serve for, it has to be acknowledged, that the plaintiff - PESA Bydgoszcz Spolka Akcyjna Holding is exclusively entitled to the right of preference to the domain name „pesa.eu". The plaintiff exclusively, holds the registered trademark „PESA", which corresponds with the disputable domain name. The „p&a" trademark does not bear any correspondence to the domain name. Even after taking into account the regulation provided for in art. 11 of the Commission Regulation(EC) 874/2004, which refers to special characters replacement, the change from "p&a" into „pesa" cannot be accepted. Especially, in the situation where the letter one is under the legal protection. Moreover, The plaintiff states, that the attempt to register the domain name „pesa.eu" by Traffic Web Holding B.V. features the criteria of mala fides registration, especially speculative registration. It must be mentioned, that Traffic Web Holding B.V., which is trying to register the domain name "pesa.eu", has already registered or is attemting to register hundreds of other popular names, such as „sex.eu", including the names of the biggest cities, for instance: barcelona.eu or paris.eu. Detail information in this matter is available at the following web addresses, the printouts of which are herein attached by the plaintiff: http://www.skattetryk.dk/traffic-web-holding-bv/ Taking into consideration the above, the plaintiff petitions for the invalidation of the disputed decision, as violating art. 10 item 2 of the Commission Regulation (EC)(WE) 874/2004 and for the assignation and activation of the „pesa.eu" domain name to the plaintiff.

B. RESPONDENT

Article 11 of the Regulation Certain special characters, such as the ampersand, cannot be transcribed in a domain name for technical reasons. Article 11 of the Regulation provides in three options to come around that problem, either the special character must be: • eliminated entirely; • replaced with a hyphen; • rewritten. The third option will of course only be open if the special character can be rewritten. Whereas the "~" character does not have an easy-to-use linguistic equivalent, the ampersand has. Thus when the special character is an ampersand, the applicant will be able to exercise any of the three options. In the case at hand, the Applicant chose to rewrite the ampersand, rather than eliminate it or replace it with a hyphen. The Applicant did this using by the word "ES". "ES" means "AND" in Hungarian and is thus a correct way to rewrite an ampersand. Indeed, Hungarian is one of the official languages of the European Union. There is no rule which limits an applicant to rewrite the special character in a particular language. To that regard, the Respondent would like to note that the rationale for the .eu tld is to promote the European identity on the internet. Recital 6 of Regulation 733/2002 states that through the .eu TLD, the Internal market should acquire higher visibility in the virtual market place based on the Internet. The .eu TLD should provide a clearly identified link with the Community, the associated legal framework, and the European market place. It should enable undertakings, organisations and natural persons within the Community to register in a specific domain which will make this link obvious. Recital 7 of Regulation 733/2002 also states that the .eu TLD can accelerate the benefits of the information society in Europe as a whole, play a role in the integration of future Member States into the European Union, and help combat the risk of digital divide with neighbouring countries. As should be clear from these recitals, the .eu tld is an important tool in ensuring that the internal market is realized. The internal market is a concept which is wary of geographical and linguistic limitations. Such limitations would obviously be a bar to the further development of the internal market and should be avoided as much as possible. Therefore, it is the Respondent's understanding that the .eu tld should have the same wariness with regard to geographical and linguistic limitations. As the ampersand in the case at hand has been rewritten in one of the official languages of the European Union, the Applicant's application was accepted. 3.2 Alleged trademark infringement The Complainant argues that the way which the Applicant has chosen to rewrite the ampersand infringes its PESA trademark. The Respondent would like to note that the validation agent is only concerned with appreciating domain name applications. The Regulation does not empower the validation agent to appreciate trademarks, as the Panel in case n° 335 (MEDIATION) accepted: Nothing in the Regulation or in the applicable rules entitles the Registry or the validation agent to reject documentary evidence that is formally valid, under the grounds that the registration of a national trademark is abusive or has been obtained with the sole purpose of obtaining a certain domain name. Only Trademark Offices and the competent courts are empowered to rule on trademarks. The validation agent cannot be expected to appreciate a trademark as this may lead to arbitrary decisions and may have an adverse effect on the trademark system. From the validation agent's perspective, domain names must be clearly distinguished from trademarks. What the validation agent must do is to apply the Regulation and the other texts regarding domain names (such as the Sunrise Rules), not the trademark legislation. As the Respondent explained above, there is no rule in the domain name legislation which limits an applicant to rewrite a special character in a particular language. Such a rule cannot even be implied in the existing regulatory framework as this would clearly contravene the rationale of the .eu tld. Moreover, and merely for the sake of completeness, the documentary evidence considered by the validation agent did not refer to the Complainant's trademark. The Respondent would like to note that the Panels in inter alia cases n° 294 (COLT), 219 (ISL), 00119 (NAGEL) and 954 (GMP) stated that the validation agent must not make any further examination into the application. Pursuant to article 22 (1) b of the Regulation, an ADR procedure may be initiated by any party where a decision taken by the Respondent conflicts with this Regulation or with Regulation (EC) No 733/2002. In the case at hand, not only is the Respondent refrained from appreciating a possible trademark infringement, but the Respondent did also not have any knowledge of other trademarks. The Respondent's decision was correct and may therefore not be annulled. In case the Complainant considers that the Applicant's registration or use of the PESA domain name constitutes a trademark infringement, the Complainant is invited to initiate legal proceedings before the civil courts against the Applicant, who will then have the opportunity to defend itself. 3.3 Alleged abusive and speculative regsitration The Complainant in fact requests the application of article 21 of the Regulation, which is entitled "Speculative and abusive registrations". However, pursuant to article 22 (1) b of the Regulation an

ADR procedure may be initiated by any party where a decision taken by the Registry conflicts with this Regulation or with Regulation (EC) No 733/2002. Article 14.7 of the Regulation provides that under the phased registration the Registry shall register the domain name if it finds that the applicant has demonstrated a prior right. Therefore, during the phased registration period, the decision by the Registry whether or not to register the domain name, can only be taken on the ground of the findings whether or not the applicant has demonstrated a prior right. There is no legal ground in the Regulation for the Registry to reject an application for a domain name on the presumption that the application may have been made in bad faith or for speculative reasons. As there is no obligation under the Regulation for the Registry to assess the bad faith of the applicant and as article 22 (1) b states that a decision by the Registry can only be annulled when its decision conflicts with the Regulation, the Complaint must be dismissed. In case n° 00210 (BINGO), the Panel agreed that: The Complainant points to Article 22(1)(a) of the Public Policy Rules as allowing a party to initiate an ADR procedure where the registration is speculative or abusive within the meaning of Article 21. However, in the Panel's view, such an ADR procedure would clearly envisage a procedure to which the holder of the domain name should be a respondent, not EURid. In case n° 00012 (EUROSTAR), the Panel also agreed that: With respect to a question whether or not the validation agent or the Registry are also obliged, before the decision on the registration of the domain name, to examine whether or not the application has been made in good faith, the Panel concluded that the Registry is not obliged to make such an assessment;(see also case n° 00210 (BINGO)) In the case of a speculative and abusive registration, ADR proceedings must be initiated against the domain name holder itself, not the Respondent, as the Panels inter alia in cases n° 532 (URLAUB), 382 (TOS), 191 (AUTOTRADER), 335 (MEDIATION) and 685 (LOTTO). Such ADR proceedings are still open to the Complainant. For the reasons mentioned above, the Complaint must be rejected. As the Panel in case n° 219 (ISL) stated: One could argue that sympathy is overruled by the applicable Regulations serving among other purposes the (cost-effective) functionality of the phased registration and the principles hereof.

DISCUSSION AND FINDINGS

A) Regarding the acceptance by the Registry of the application by Traffic Web Holding BV for the domain name "PESA":

In this Panel's opinion, it is important to be principled in applying the relevant rules when attributing a domain name to an applicant. Rules are clear when stating in article 4 of the Regulation no. 733/2002 of the European Parliament and of the Council the obligations of the Registry:

" 1. The Registry shall observe the rules, policies and procedures laid down in this Regulation and the contracts referred to in Article 3. The Registry shall observe transparent and non-discriminatory procedures.

2. The Registry shall:
(a) organise, administer and manage the .eu TLD in the general interest and on the basis of principles of quality, efficiency, reliability and accessibility;

(b) register domain names in the .eu TLD through any accredited .eu Registrar requested by any:
(i) undertaking having its registered office, central administration or principal place of business within the Community, or
(ii) organisation established within the Community without prejudice to the application of national law, or
(iii) natural person resident within the Community;

(c) impose fees directly related to costs incurred;

(d) implement the extra-judicial settlement of conflicts policy based on recovery of costs and a procedure to resolve promptly disputes between domain name holders regarding rights relating to names including intellectual property rights as well as disputes in relation to individual decisions
by the Registry. This policy shall be adopted in accordance with Article 5(1) and take into consideration the recommendations of the World Intellectual Property Organisation. The policy shall provide adequate procedural guaranties for the parties concerned, and shall apply without prejudice to any court proceeding;

(e) adopt procedures for, and carry out, accreditation of .eu Registrars and ensure effective and fair conditions of competition among .eu Registrars;

(f) ensure the integrity of the databases of domain names."

Moreover, article 10 of the Commission Regulations (EC) no 874/2004, regarding the eligible parties and the names they can register states that:

“1. Holders of prior rights recognized or established by national and/or Community law and public bodies shall be eligible to apply to register domain names during a period of phased registration before general registration of. eu domain starts.
"Prior rights" shall be understood to include, inter alia, registered national and community trademarks, geographical indications or designations of origin, and, in as far as they are protected under national law in the Member-State where they are held: unregistered trademarks, trade names, business identifiers, company names, family names, and distinctive titles of protected literary and artistic works.
"Public bodies" shall include: institutions and bodies of the Community, national and local governments, governmental bodies, authorities, organisations and bodies governed by public law, and international and intergovernmental organisations.
2. The registration on the basis of a prior right shall consist of the registration of the complete name for which the prior right exists, as written in the documentation which proves that such a right exists.
3. The registration by a public body may consist of the complete name of the public body or the acronym that is generally used. Public bodies that are responsible for governing a particular geographic territory may also register the complete name of the territory for which they are responsible and the name under which the territory is commonly known”.

However, it is this Panel’s opinion that the Registry’s decision does not breach at all any of these articles’ provisions.

Traffic Web Holding BV (hereinafter, “the Applicant”) applied for the domain name PESA on January 30, 2006 and delivered documentary evidence on March 3, 2006 (before the deadline, i.e. before March 11, 2006).

The order of priority set out in article 4(2) as in article 10(1) above has fully been taken into account by the Registrar.

The Registry was attributed to Traffic Web Holding BV, an earlier applicant in the queue of candidates applying for the same domain name. Article 14 of the Commission Regulations (EC) no 874/2004 clearly states that the first application in line must be considered first by the validation agent if certain requirements are met. In effect, the validation agent concluded from documentary evidence that the Applicant was the holder of a prior right and that is why Eurid (hereinafter, “the Respondent”) accepted the Applicant’s application.

This same article mentions the effects of the first-come-first-served principle.

It’s undisputable that Traffic Web Holding BV was the first in line for the PESA domain name, that documentary evidence was received in time and that it’s the holder of a prior right.

For these reasons I consider that the Complainant’s arguments are not overwhelming enough so as to revoke the Registry’s decision.

B) Regarding the Complainant’s contentions and Respondent’s response:

The Claimant argues that Eurid’s decision violates art. 10.2 of the Commission Regulation (EC) 874/2004 above referred.

It mentions as well art. 11 of the Commission Regulation (EC) 874/2004 regarding the use of special characters in a domain name. The Complainant openly accepts that the Applicant had the option to rewrite the special characters in its trademark but argues that one is not free to choose how to rewrite a special character and states that the rewritten sign must not infringe upon another’s trademark. The Complainant argues as well that the Applicant has registered the domain in bad faith.

It’s upon these arguments that the Claimant is requesting the Panel to annul the Respondent’s decision and also that the domain name be transferred to him.

This Panel deems accurate to bring art. 11 of the Commission Regulation (EC) 874/2004 up regarding certain special characters, such as the ampersand. Said article provides some options to come around that dilemma, like for example rewriting the sign. In the case herein, indeed the Applicant chose to rewrite the ampersand, rather than eliminating it or replacing it with a hyphen. The applicant did this by using the word “ES” (it means “and” in Hungarian) and is a correct way to rewrite an ampersand, as the Respondent argues. Indeed, as the Respondent points out there is no rule limiting an applicant to rewrite the special character in a particular language.

The Respondent in fact mentions recitals 6 and 7 of Regulation 733/2002 about the .eu TLD arguing that through it the internal market should acquire higher visibility in the virtual market place based on the Internet and that it can accelerate the benefits of the information society in Europe as a whole, play a role in the integration of future Member States into the European Union, and help combat the risk of digital divide with neighbouring countries.

C) Alleged trademark infringement

This Panel believes that the reasons given by the Complainant referring to an eventual Traffic Web Holding BV infringement of its PESA trademark given the way it chose for rewriting the ampersand are not conclusive at all.

Not in vain the Respondent notes that the validation agent is only concerned with appreciating domain name applications but not trademarks. Moreover, they are indeed the Trademark Offices and the competent Courts the ones empowered to rule on trademarks.

As the Respondent points out, the validation agent cannot be expected to appreciate a trademark as this may lead to arbitrary decisions and may have an adverse effect in the trademark system.

D) Alleged application in bad faith

One sole reason has been given by the Complainant referring to an eventual Traffic Web Holding BV trademark application in bad faith. It was not consistent enough. This Panel considers that the reason given by the Complainant does not constitute in itself legal ground so as to reject an application for a domain name on the presumption that the application may have been made in bad faith. In fact, to this regard this Panel must bring up that there is no obligation under the Regulation for the Respondent to assess the bad faith of the applicant. They are clear in article 22(1) of the Commission Regulations (EC) no 874/2004 the reasons why a decision taken by the Respondent can be annulled:

“An ADR procedure may be initiated by any party where:

(a) the registration is speculative or abusive within the meaning of Article 21; or
(b) a decision taken by the Registry conflicts with this Regulation or with Regulation (EC) No 733/2002”.

On the one part, in no way one can affirm that the Registry’s decision was speculative or abusive within the meaning of article 21.

On the other part, it’s patent in article 21(3) how a conduct in bad faith may be demonstrated:

3. Bad faith, within the meaning of point (b) of paragraph 1 may be demonstrated, where:
(a) circumstances indicate that the domain name was registered or acquired primarily for the purpose of selling, renting, or otherwise transferring the domain name to the holder of a name in respect of which a right is recognized or established by national and/or Community law or to a public body; or
(b) the domain name has been registered in order to prevent the holder of such a name in respect of which a right is recognized or established by national and/or Community law, or a public body, from reflecting this name in a corresponding domain name, provided that:
(i) a pattern of such conduct by the registrant can be demonstrated; or
(ii) the domain name has not been used in a relevant way for at least two years from the date of registration; or
(iii) in circumstances where, at the time the ADR procedure was initiated, the holder of a domain name in respect of which a right is recognized or established by national and/or Community law or the holder of a domain name of a public body has declared his/its intention to use the domain name in a relevant way but fails to do so within six months of the day on which the ADR procedure was initiated;
(c) the domain name was registered primarily for the purpose of disrupting the professional activities of a competitor; or
(d) the domain name was intentionally used to attract Internet users, for commercial gain, to the holder of a domain name website or other on-line location, by creating a likelihood of confusion with a name on which a right is recognized or established by national and/or Community law or a name of a public body, such likelihood arising as to the source, sponsorship, affiliation or endorsement of the website or location or of a product or service on the website or location of the holder of a domain name; or
(e) the domain name registered is a personal name for which no demonstrable link exists between the domain name holder and the domain name registered.

For all the above, this Panel affirms that in fact neither any of the above circumstances has been listed by the Complainant nor it has been properly proved that the Applicant has registered the domain name in bad faith.

This Panel considers that of course the burden of proof lies on the Complainant when affirming that the applicant acted in bad faith. It is the latter who must furnish the relevant arguments and proofs to make it clear that the Registry’s decision was taken as a result of the

applicant's acting in bad faith.

Yet, in the case of a speculative and abusive registration, ADR proceedings must be initiated against the domain name holder itself and not the Respondent.

The fact of the Applicant registering many popular names cannot be a conclusive proof that he is truly acting in bad faith, since he has the right to apply for as many domain names as he wants. Whoever adopts such a stand must be consistent and provide all indisputable evidences needed so as to emphatically affirm there has been bad faith in his acting.

This Panel believes that the only evidence that has been provided is not therefore conclusive at all.

All the above leads this Panel to keep the Registry's decision up and consequently reject the Complaint.

DECISION

For all the foregoing reasons, in accordance with Paragraphs B12 (b) and (c) of the Rules, the Panel orders that the Complaint is denied.

PANELISTS

Name	**Enrique Batalla**

DATE OF PANEL DECISION 2006-08-08

Summary

ENGLISH SUMMARY OF THIS DECISION IS HEREBY ATTACHED AS ANNEX 1

A) Regarding the acceptance by the Registry of the application by Traffic Web Holding BV for the domain name "PESA":

In this Panel's opinion, it is important to be principled in applying the relevant rules when attributing a domain name to an applicant. Rules are clear when stating in article 4 of the Regulation no. 733/2002 of the European Parliament and of the Council the obligations of the Registry. Moreover, article 10 of the Commission Regulations (EC) no 874/2004, is clear regarding the eligible parties and the names they can register. In this Panel's opinion the Registry's decision does not breach at all any of these articles' provisions. Traffic Web Holding BV (hereinafter, "the Applicant") applied for the domain name PESA on January 30, 2006 and delivered documentary evidence on March 3, 2006 (before the deadline, i.e. before March 11, 2006), and the order of priority set out in the above referred articles 4has fully been taken into account by the Registrar.

B) Regarding the Complainant's contentions and Respondent's response:

The Claimant is requesting the Panel to annul the Respondent's decision and also that the domain name be transferred to him.

This Panel deems accurate to bring art. 11 of the Commission Regulation (EC) 874/2004 up regarding certain special characters, such as the ampersand. Said article provides some options to come around and the one chosen by the Applicant of rewriting the sign was proper. and allowed by the relevant rules.

C) Alleged trademark infringement

This Panel believes that the reasons given by the Complainant referring to an eventual Traffic Web Holding BV infringement of its PESA trademark given the way it chose for rewriting the ampersand are not conclusive at all. It's also important to remind that the validation agent is only concerned with appreciating domain name applications but not trademarks and that they are the Trademark Offices and the competent Courts the ones empowered to rule on trademarks.

D) Alleged application in bad faith

This Panel considers that the reason given by the Complainant does not constitute in itself legal ground so as to reject an application for a domain name on the presumption that the application may have been made in bad faith. Bad faith has not been demonstrated and the burden of proof lies on the Complainant when affirming that the applicant acted in bad faith. The latter has not furnished the relevant arguments and proofs to make it clear that the Registry's decision was taken as a result of the applicant's acting in bad faith.