Panel Decision for dispute CAC-ADREU-001614

Case number	**CAC-ADREU-001614**
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Domain names	**telenet.eu**

Case administrator

Name	**Josef Herian**

Complainant

Organization / Name	**Telenet N.V., Ben Verbeken**

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 any other legal proceedings.

FACTUAL BACKGROUND

On December 14, 2005, 09:11:26.890, the Complainant filed an application to register the disputed domain name <telenet.eu>. The application took place during the so called “Phase I”, i.e. the first part of the phased registration (“Sunrise”) period. The Complainant’s application is the second in a queue of four applications received by the Respondent (EURid) for the challenged Domain Name.

At the time of the domain name application, the Complainant claimed that it had a prior right to the term “telenet” based on a registered national trademark. The validation agent received the documentary evidence on January 5, 2006, which was before the January 23, 2006 deadline. Following an assessment of the documentary evidence by the Validation Agent, the Respondent rejected the Complainant’s application for the domain name based on the finding that the domain name applicant ("Telenet N.V.") did not prove itself to be the holder of the prior right, which was registered to "Telenet Operaties N.V."

On May 29, 2006, the Complainant filed its Complaint with the Czech Arbitration Court. On August 1, 2006, the Respondent submitted its Response to the Complaint. At the request of the Complainant, the Panel allowed it to submit additional arguments in support of the Complaint, which were received by the Panel on August 18, 2006. The Respondent was afforded additional time to submit further arguments, but the Panel received no further submissions.

On August 12, 2006, having received the Statement of Acceptance and Declaration of Impartiality, the Czech Arbitration Court (CAC) appointed the three-member Panel, as requested by the Complainant.

Initially, the decision deadline was set for 1 September 2006. However, in view of the extensions of times given to the parties and the submissions received, the Panel, in accordance with Rules 2(i) and 4(e) in connection with Rule 12(b) of the .eu Dispute Resolution Rules, requested CAC to extend the deadline for its decision. The new deadline was reset for 23 September 2006.

A. COMPLAINANT

The Complainant's main contentions can be summarized as follows:

- The Complainant requests that the Registry's decision rejecting its domain name application be set aside due to the "lack of motivation" of Respondent's notification (violation of Art. 4 of Regulation 733).

- Domain name applications should only observe requirements laid down in Regulations 733 and 874. Therefore, the Sunrise Rules

should not be considered. Alternatively, if they are considered, the Complainant claims that strict interpretation of the Sunrise Rules is not appropriate, but a rather "teleological or purpose interpretation" should be applied (case 00181 OSCAR).

- Rule 20.3 of the Sunrise Rules should only apply to applications where the applicant is totally different to the prior right owner.

- In accordance with Article 3(c) of Regulation 874 (and Section 4.1 of the Sunrise Rules), the legislator trusts that applicants will be honest and therefore, the burden of proof should be lenient. In the Complainant's own words " if an applicant is taken on its word of honor when it comes down to the question whether the prior right invoked is legally valid and constitutes a true and genuine copy of the original, the Complainant sees no reason not to accept the same principle for the question whether the applicant has title to the prior right it invokes."

- The Complainant claims the validation agent/Registry did not carry out its duties of "verification" and "due diligence" regarding this domain name application.

- Finally, the Complainant claims that an unsuccessful applicant in Phase I should keep the application date for Phase II, or decisions by the Registry should be fast enough to allow applicants to file applications under Phase II.

B. RESPONDENT

The Respondent's main contentions can be summarized as follows:

- The Respondent claims that "there is no provision in the Regulation which states how an applicant must be informed regarding a decision" and proposes a number of avenues which the Complainant could have used to find out more details about the Respondent's decision e.g. the Respondent's helpdesk would have assisted the Complainant.

- The Respondent relies on Article 14 of Regulation 874 and Section 20.3 of the Sunrise Rules regarding the burden of proof and the evidence that the Complainant should have provided in the present case.

- The Registry is only required to perform a prima facie review of evidence and investigations at its own discretion.

- In addition, the Respondent states that complainants should be honest, but a validation agent should also do its work in order to avoid speculation of domain names

- There is no priority date for Phase II

DISCUSSION AND FINDINGS

A) Relevant provisions

Article 10 (1) (1) of Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration (hereafter "Regulation 874") states that: "Holders of prior rights recognised 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".

Article 10 (1) (2) of the Regulation 874 states that "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".

Article 14 of the Regulation 874 states that: "(…) Every applicant shall submit documentary evidence that shows that he or she is the holder of the prior right claimed on the name in question. (…)"

Section 20 (3) of the Sunrise Rules states that "If … the documentary evidence provided does not clearly indicate the name of the Applicant as being the holder of the prior right claimed (e.g. because the applicant has become subject to a name change, a merger, the prior right has become subject to a de iure transfer, etc.), the applicant must submit official documents substantiating that it is the same person as or the legal successor to the person indicated in the documentary evidence as being the holder of the prior right."

According to Articles 22 (1) (b) and 22 (11) of Regulation 874 a party is, following the decision by the Respondent to reject a domain

name, entitled to initiate an ADR proceeding against the Registry on the grounds of non-compliance of that decision with Regulation 874 or with Regulation (EC) No 733/2002.

Regulation 874 lists several grounds to apply for a domain name during the "privileged" application phases (Sunrise I and II) and before the land-rush phase opens. In order to qualify for those privileged phases, applicants need to select a particular ground for their application and additionally, they need to show proof that the prior right exists and that they are the holders of that prior right.

The Panel will examine below the grounds put forward by the Complainant and the Respondent.

B) Motivation of the decision by the Registry

The first argument relied upon by the Complainant to challenge the Registry's decision to reject its domain name application is the "lack of motivation" of such decision.

The Registry's decision states: "the evidence received was insufficient to prove the existence of the invoked prior right".

Even if the Panel agrees that the notification from the Registry could have easily been improved, it also notes that the specific context of domain names and the large number of applications makes it extremely difficult to provide accurate and well-developed reasoning in each notification of rejection.

Furthermore, the ADR system foreseen by the .eu provides the parties (especially the Complainant) with the opportunity to request further explanations and facilitates additional clarification that was not possible during the previous stage. It is also important that Panels in .eu ADR proceedings ensure that the parties are treated fairly and with equality and are give a full opportunity to present their case. The ADR mechanism should not, however, be understood as a further opportunity to substantiate the domain name application.

In the present case, the Complainant filed a complaint and, after Respondent's filing of its Response, the Complainant was given a second opportunity to refute the Respondent's allegations. It is the opinion of the Panel that both parties have been given a fair opportunity to present their case and therefore, the brevity of the notification of the decision to the Complainant has not affected its rights.

The Complainant cites Case No. 00325 ESGE in support of its position. In that case, the Respondent rejected a domain name application on the basis that the Complainant had not proved that the claimed prior right had been renewed. The ESGE case should however be distinguished from the present case in that the Respondent's belated filing of its explanatory arguments in the ESGE case –as well as Complainant's counterarguments- were declared inadmissible by the Panel. In the present case, however, the Respondent filed timely arguments and provided the specific reasons for the rejection; and the Complainant was allowed, at its own request, an opportunity to refute them.

The Complainant's argument on this ground is therefore dismissed.

C) Relevance of the Sunrise Rules

The Complainant claims that the Sunrise Rules are not relevant for this proceeding, and only Regulations 733 and 874 (jointly referred to as the "EU Regulations") should be taken into account. The Respondent however, claims that it is widely accepted that an applicant should comply with the Sunrise Rules (cases n° 119 NAGEL and n° 404 ODYSSEY) and adds that this is furthermore evident now that the Complainant has signed the cover letter submitted with its application, which includes the following statement: "The Rules, including the special terms that relate to the phased registration period [i.e. the Sunrise Rules], apply and have been read and approved without reservation by the Applicant".

The Registry was mandated by Article 12.1 of Regulation 874 to develop the technical and administrative measures that it shall use to ensure a proper, fair and technically sound administration of the phased registration period.

In accordance with that mandate, the Registry, in coordination with the EU Commission, developed the Sunrise Rules. This Panel agrees that if there is a contradiction between the Sunrise Rules and the applicable EU Regulations, the former would not apply.

As long as they do not contravene the EU Regulations, the Sunrise Rules provide a clear and transparent set of Rules that can guide

applicants throughout the application process and, more importantly, that can give them a degree of predictability when filing domain name applications.

The Panel finds that Section 20.3 of the Sunrise Rules provides guidance regarding Article 14, Paragraphs 1 and 4 of Regulation 874 and, as far as this case is concerned, does not really add new elements to those included in Article 14, which Paragraphs 1 and 4 state as follows:

"All claims for prior rights under Article 10(1) and (2) must be verifiable by documentary evidence which demonstrates the right under the law by virtue of which it exists.

[…]

Every applicant shall submit documentary evidence that shows that he or she is the holder of the prior right claimed on the name in question. The documentary evidence shall be submitted to a validation agent indicated by the Registry. The applicant shall submit the evidence in such a way that it shall be received by the validation agent within forty days from the submission of the application for the domain name. If the
documentary evidence has not been received by this deadline, the application for the domain name shall be rejected."

If the Complainant had submitted documentary evidence other than "official documents" referred to in Section 20.3 of the Sunrise Rules to justify the differences between the domain name applicant and the holder of the prior right, and still the application had nevertheless been rejected, perhaps the validity of the Sunrise Rules could have been called into question. However, while there is a clear difference between the name of the domain name application and the holder of the prior right, the Complainant, aware of Section 20.3 of the Sunrise Rules (the Panel recalls the declaration signed by the Complainant when filing the domain name application) did not submit any evidence whatsoever, even if it had 40 days from the application date to make such submission (See Case no. 1071 ESSENCE).

Therefore, for the purpose of this case, the basic elements of Section 20.3 Sunrise Rules are included in Article 14 of Regulation 874 and the Panel does not need to review the relevance of the Sunrise Rules nor to interpret whether this particular case falls under that particular Rule.

D) Registry's threshold for "verification" and "due diligence"

D.1) Registry's threshold for "verification"

If the Complainant had followed Section 20.3 of the Sunrise Rules and submitted appropriate proof of its change of name, it could have been expected to succeed in its domain name application. However, for reasons not explained to this Panel, the Complainant chose not to file that information and instead, relied on the alleged obligations of the Registry to undertake VERIFICATION and DUE DILIGENCE.

In order to make out this argument, Complainant relies on a number of decisions from other .eu Panels which are based on the Sunrise Rules.

Regarding the alleged obligation of the Respondent to verify applications, Section 21.2 of the Sunrise Rules states that "The Validation Agent examines whether the Applicant has a Prior Right to the name exclusively on the basis of a prima facie review of the first set of Documentary Evidence […]".

In this Panel's view, this provision should be read in connection with Recital 12 of Regulation 874

"In order to safeguard prior rights recognised by Community or national law, a procedure for phased registration should be put in place. Phased registration should take place in two phases, with the aim of ensuring that holders of prior rights have appropriate opportunities to register the names on which they hold prior rights. The Registry should ensure that validation of the rights is performed by appointed validation agents. On the basis of evidence provided by the applicants, validation agents should assess the right which is claimed for a particular name. Allocation of that name should then take place on a first-come, first-served basis if there are two or more applicants for a domain name, each having a prior right."

It appears that the Validation Agents should make an "assessment" which should be reasonable under the circumstances.

Clerical, immaterial or obvious mistakes should generally not prevent the allocation of a domain name to the applicant. The question is

thus whether a difference between the domain name applicant and the holder of the prior right is immaterial. The complainant cites a number of cases in which the acronym indicating different type of company was considered immaterial. In the present case, however, the question is whether the difference between "Telenet NV" (domain name applicant) and "Telenet Operaties NV" (holder of the prior right) can be considered to be material.

The critical question is whether it is reasonable to apply a strict approach in cases such as this one. In order to decide on the particular point, the Panel notes the following circumstances:

1) Article 10(1) of Regulation 874 establishes the Phase registration as a privileged application period for "holders of prior rights". Therefore, there are two crucial elements that need to be self-evident from the documentary evidence to qualify for such application period: the existence of a prior right and the ownership of such right;

2) Article 2, Par. 2 of Regulation 874, when establishing the principle "first-come, first-served" admits that several applicants, with similar valid rights, might be eligible to register the same domain name. For the challenged domain name there exists a queue of four applicants. Three of those applicants are named "Telenet NV" (the Complainant), "Telenet s.r.o" (third applicant in the queue) and "Telenet GmbH" (fourth applicant in the queue). The existence of more than one applicant with an identical name provides a strong argument to be strict in the approach to this question as all of the applicants would have a priori a right to the name.

3) The Complainant has signed the cover letter submitted with its application, which includes the following statement: "The Rules, including the special terms that relate to the phased registration period [i.e. the Sunrise Rules], apply and have been read and approved without reservation by the Applicant". The Complainant certified that he was aware of Rule 20.3 of the Sunrise Rules and therefore, of the need to submit evidence if there was a name change.

For the above reasons, the Panel believes that the Validation Agent made a reasonable assessment in this particular case. In other words, the Panel is satisfied that it was not unreasonable for the Validation Agent to think that the domain name applicant was not the holder of the prior right and thus, the Panel rejects the Complainant's arguments on this ground.

D.2) Registry's threshold for "due diligence"

Section 21.3 of the Sunrise Rules states that "The Validation Agent is not obliged, but it is permitted in its sole discretion, to conduct its own investigations into the circumstances of the Application, the Prior Right claimed and the Documentary Evidence produced".

It is difficult to define the scope of Section 21.3 because it appears that it is entirely at the discretion of the Validation Agent whether to carry out such investigations. Unfortunately, the Panel does not have any guidance regarding when Validation Agents should exercise their investigation powers. In its response, Respondent does not provide any information that would assist the Panel on this point.

Prior cases such as ADI (no. 830), CAPRI (no. 396), CASHCONTROL (no. 431), EURACTIVE (no.1077), SCHOELLER (no. 253) and VOGELS (no. 774) dealt with deficient domain name applications which were either further substantiated by the Complainant during the ADR proceeding or which were substantiated by the Panels' own investigations. Panels in these cases accept, therefore, that the ADR proceedings may serve to correct such deficiencies. The mentioned cases (as well as the present one) should be distinguished from Case no. 00181 OSCAR since that case dealt with a technical problem.

On the other hand, Case no. 1537 SOLO states that neither EURid nor the Validation Agent is obliged to proceed to profound examination regarding the application. Consequently, minor defects, such as misspellings, are subjected to remedy. This case cites many prior cases and suggests that this is the majority view.

This Panel has not been able to verify whether indeed, the SOLO case represents the majority view. However, it has been able to retrieve numerous decisions supporting the view that deficient applications should not be granted a "second shot" (see for example AHOLD (no. 810), AUTOWELT and other (no. 706), COLT (no. 294), GMP (no. 954), INSURESUPERMARKET (no. 1194), PROTOOL (no. 1686), SYSTIMAX (no. 1504), ULTRASUN (no. 541) and many others.

This Panel finds that, at least one key consideration to be taken into account by the validation agent before exercising its powers of investigation is the existence of a queue of applicants for the same domain name. The Panel recalls that, for the challenged domain name, there are three applicants ("Telenet NV" –the Complainant- "Telenet s.r.o" and "Telenet GmbH") with virtually the same name.

The Panel notes the Complainant's argument regarding its interpretation of self-regulation/self-control by the applicants of the

application process, ultimately concluding that the burden of proof on the complainant should be softened based on Article 3 c) of Regulation 874 (The request for domain name registration shall include … an affirmation by electronic means from the requesting party that to its knowledge the request for domain name registration is made in good faith and does not infringe any rights of a third party).

The Panel cannot agree with this interpretation in a case such the present one, in which there are, a priori, another two "good faith" applicants. Furthermore, the Panel agrees that every applicant in the queue has a legitimate expectation to obtain the domain name and therefore, the observance of the application requirements must be strict. This Panel shares the view of the NAGEL case that the principle first-come, first-served is more properly described as "first-come-and-substantiate, first-served" (case no. 00119 NAGEL).

For the above reasons, this Panel finds that, when there is a queue of applicants a priori entitled to the domain name, it would appear improper if the Validation Agent carried out investigations to help an applicant when that applicant did not fulfill its duties.

E) Alleged right of priority for Phase II

Regarding the Complainant's last argument i.e. that the filing date in Phase I should be maintained in Phase II, the Panel does not find any convincing legal basis to sustain such an argument. Irrespective of its original application during Phase I, the Complainant could have filed an application during Phase II, but it chose not to.

Accordingly, the Panel rejects the Complaint on this ground.

F) Findings

In accordance with all the above, the Panel finds that the Complainant did not "submit evidence [showing] that [it] is the holder of the prior right claimed on the name in question" (Article 14 of Regulation 874).

Based on the documentary evidence submitted at the time of filing the domain name application, the Panel upholds the Registry's decision to reject the Complainant's domain name application and finds that the Registry's decision is not in conflict with the EU Regulations.

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	**Ignace Vernimme**

DATE OF PANEL DECISION 2006-09-20

Summary

ENGLISH SUMMARY OF THIS DECISION IS HEREBY ATTACHED AS ANNEX 1

The Complainant ("Telenet N.V.") filed an application to register the disputed Domain Name <telenet.eu> during Sunrise Period I based on a registered national trademark. The holder of the prior right as stated in the documentary evidence was "Telenet Operaties N.V.".

The Respondent rejected the domain name application since "the evidence received was insufficient to prove the existence of the invoked prior right".

The Panel agrees with the Respondent’s decision to reject the Complainant’s Application for the Domain Name for failing to sufficiently substantiate the valid prior right claimed in the application for the domain name.

The Respondent was correct in rejecting the Complainant’s Domain Name Application, and its decision was not in conflict with the Regulations.

The Complaint is denied.