Panel Decision for dispute CAC-ADREU-003804

Case number	**CAC-ADREU-003804**
Time of filing	**2006-11-21 12:23:45**
Domain names	**contraste.eu, exis.eu, amsit.eu**

Case administrator

Name	**Tereza Bartošková**

Complainant

Organization / Name	**Contraste Europe SA, M. Jean-Michel LUDOVICY**

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

Nil

FACTUAL BACKGROUND

This Complaint arises out of the interpretation and application of Commission Regulation (EC) No 874/2004 of 28 April 2004 (“Regulation 874/2004”) and the .eu Registration Policy and Term and Conditions for Domain Name Applications made during the Phased Registration Period (hereinafter “the Sunrise Rules”).

Art. 10 (1) of said Regulation 874/2004 provides that holders of prior rights recognised or established by national or Community law shall be eligible to apply to register domain names during a period of phased registration before general registration of .eu domain starts, and that prior rights shall be understood to include, inter alia, trade names, business identifiers such as company names, registered national and community trademarks.

Art. 12(3) of said Regulation 874/2004 provides that the request to register a domain name based on a prior right shall include a reference to the legal basis in national or Community law for the right to the name, as well as other relevant information, such as trademark registration number.

Recital 12 of said Regulation 874/2004 sets out the purpose of the phased registration period in the following terms:

“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.”

The Sunrise Rules govern all applications during the phased registration period (vide Object and Scope).

Section 3.1 (1) of the Sunrise Rules states that an application is only considered complete when the Applicant provides the Registry, via a registrar, with at least the following information, inter alia the full name of the Applicant.

Section 11 (3) the Sunrise Rules, the Applicant for a domain name must be the owner or licensee of the claimed Prior Right.

The Complainant is a limited commercial partnership engaged in IT and MIS consultancy, duly incorporated in Belgium with a number of subsidiary companies in France and Luxembourg all within the European Community.

On 7 February 2006, the Applicant applied to register the domain names <contraste.eu>, < AMSIT.eu> and <EXIS.eu> during Phase II of the phased registration period.

In support of its application under the Sunrise Rules, the Complainant relied inter alia on a document showing that its official full name is Contraste Europe SA together with a two-page letter claiming that it had traded under the contracted name "Contraste" for the best part of 15 years thus establishing its Prior Right. The Complainant's creation of such prior right through a trade name is not disputed. What is disputed is whether the documentary evidence submitted clearly evidences that the Applicant enjoys the prior right. The Complainant is also contesting the Registry's rejection of its application for the domain names <AMSIS.eu> and <EXIS.eu> on the same basis i.e. that the documentary evidence submitted does not substantiate the claim to a prior right. (In this case the only evidence presented at that stage was a letter from each of the companies concerned giving Europe SA the mandate to apply on its behalf).

A. COMPLAINANT

The Complainant provides lengthy and detailed argumentation as to how its application was rejected by the Registry due to "a (too) strict application of the burden of the proof, and a (too) weak application of the other provisions of the Regulations," alleging that "Eurid tried to transform its assessment duty in an empty shell."

It is Complainant's "strong feeling that it was within the powers and possibilities of Eurid to quickly draw the Complainant's attention on the formalistic approach of article 16 of the Sunrise rules, and that Eurid could have proceeded in compliance with the above mentioned legal provisions".

The Complainant later, in a Non-standard communication, provided detailed argumentation as to the fact that there exists controversy amongst ADR panelists as to the importance of taking a substantive approach as opposed to a formalistic approach to rule interpretation. Its base contention remained that it is "also very clear, from the documentary evidence provided, that each application satisfied with the purpose, the aim and the material rules of the Regulation, although it dosn't exactly satisfies with the formal approach of article 16". The Complainant goes as far as to advocate that "Since the Sunrise Rules are not part of the Regulation, the Panel should simply disregard it. (see case 2661 Klangwerk)."

It also rebutted comments made in the respondent's response about the objectivity of the Panelists in a number of decisions it had cited in the complaint.

The Complainant requests the Panel to decide that its Application was in accordance with the .eu Regulations, and that the Respondent's decision to reject the Application was not in accordance with the .eu Regulations. For these reasons, in accordance with Section B 11 (c) of the ADR Rules the Complainant requests the annulment of the disputed decision taken by the registry and, in accordance with Section B 11 (c) of the ADR Rules, the Complainant further requests the attribution of the domain name contraste.eu, amsit.eu and exis.eu to the Complainant.

B. RESPONDENT

The Respondent admitted to the processing agent received the documentary evidence on 17 March 2006, which was before the 19 March 2006 deadline.

Regarding the application for the domain name CONTRASTE, the validation agent received documentary evidence consisting of :
- a document with the title "Pleading for contraste.eu" in which the Complainant explains that, even tough it was the second applicant in the line, its application should nevertheless be considered to have been received simultaneously as the first application because there is only 1'30'' of difference between the two applications and because the international group has been using the name "contraste" for 12 years in Europe; and
- documents from public authorities in Belgium and Luxemburg indicating the official name of "Contraste Europe SA".

Regarding the application for the domain name EXIS, the validation agent received documentary evidence consisting of :
- a letter from Mr B. Pirotte, the director of EXIS, dated 16 March 2006 and stating that Contraste Europe is the majority shareholder of EXIS and that it is therefore authorized to apply of the domain name instead of EXIS;
- an abstract from the company register of the Commercial Court of Nanterre (France) showing that the company EXIS is registered in France; and
- documents from public authorities in Belgium and Luxemburg indicating the official name of the "Contraste Europe SA".

Regarding the application for the domain name AMSIT, the validation agent received documentary evidence consisting of :
- a letter from Mr B. Pirotte, the director of AMSIT, dated 16 March 2006 and stating that Contraste Europe is the majority shareholder of AMSIT and that it is therefore authorized to apply of the domain name instead of AMSIT;
- documents from public authorities in Belgium indicating the official name of the “AMSIT SA”.; and
- documents from public authorities in Belgium and Luxemburg indicating the official name of the “Contraste Europe SA”.

Therefore, the Respondent argued that the validation agent correctly found that the Complainant did not meet its burden of proof pursuant to article 14 of the Regulation and the Respondent claims that it correctly rejected the Complainant's application.

The Respondent provides argumentation as to why one could not admit any further evidence at this stage since “pursuant to article 14 of the Regulation, new documents attached to the present complaint may not be considered as documentary evidence to verify the claimed prior rights.”

The Respondent provides even lengthier argumentation as to why it favours the formalistic approach rather than the substantive one citing a number of cases especially insofar as “The Respondent and the Validation agent were under no obligation to investigate into the circumstance of the application”. After two pages of such argumentation, one reads that “The Respondent is aware of the decisions cited by the Complainant to support its contention that the validation should have contacted the applicant to ask for more documents. However, these decisions are clearly isolated decisions, which are based on a wrong interpretation of the Regulation. Furthermore, the Respondent notes that at least three of these decisions (ADR 642 CRUX, 2621 MOTORLAND and 2385 GEHL) were decided by a member of the very same law firm as the one representing the Complainant in the present proceedings.” (To this the Complainant later rebutted “As a matter of fact, the substantive approach is gaining more and more support from authors and panelists. These are definitely NOT isolated decisions.”).

The Respondent then turns his attention “to answer to the Complainant’s argument that the Sunrise Rules should not be applied.

The Respondent first notes that disregarding the Sunrise Rules would not help the Complainant because the rejection of the Complainant’s application is based on articles 10(1), 10(2), 12 (3) and 14 of the Regulation.

The Respondent also notes that the Complainant’s arguments are partly based on the investigation powers granted by the Sunrise Rules to the validation agent (section 21 (3)). The Complainant may not at the same time both reject the application of the Sunrise Rules and seek support from their application.

Finally, the Respondent argues that the Sunrise Rules are an integral part of the body of law dealing with the application of domain names under the .eu TLD and that they may not be disregarded.

The Sunrise Rules contain many rules that further clarify the intention of the Regulation which are of great importance in the validation agent's assessment of a domain name application. Before submitting an application it is important that the applicant acquaints itself with these rules. With regard to the validity and the importance of these Sunrise Rules, article 5 (3) of Regulation N° 733/2002 states that "Before starting registration operations, the Registry shall adopt the initial registration policy for the .eu TLD in consultation with the Commission and other interested parties. The Registry shall implement in the registration policy the public policy rules adopted pursuant to paragraph 1".

Moreover, so as to make the application procedure more transparent to the applicants, article 12 (1) 3 of the Regulation states that the additional framework rules, such as the Sunrise Rules, must be published on the Respondent's website.”

DISCUSSION AND FINDINGS

The Panelist determines as follows:

The Panelist does not deem it appropriate to enter into the merits of the remarks made by the Respondent regarding the “subjectivity” or “objectivity” or otherwise of other Panelists. The Panelist invites the Respondent to consider the value of prudence and of restricting its comments to the facts and merits of the case in question rather than indulge in remarks which could be construed or misconstrued as being gratuitous and ad hominem. Let the facts speak for themselves.

The Panelist however accepts in toto the arguments made by the Respondent regarding the integral importance of the Sunrise Rules in relation to the Regulations and the contradiction in terms wherein “The Complainant may not at the same time both reject the application

of the Sunrise Rules and seek support from their application".

The Panelist notes that both the Complainant and the Respondent expend considerable energy expounding the existence and the perceived virtues of the "formalistic vs. substantive debate" that has developed during the past several months within ADR.eu circles. This Panelist shall remain consistent with his past decisions and those of many other Panelists who have sought to achieve the right balance between an overly-strict formalistic approach and a substantive approach which, however fundamental to justice, cannot be allowed to veer towards chaos. To cite but two examples, it was this Panelist who was amongst the first to introduce the notions of the substantive approach (in Schoeller) which the Respondent openly does not favour and it was this Panelist who co-authored and indeed presided the Panel in Pallmann, which the Respondent cites in its favour.

Which is why this Panelist must first refer both Complainant and Respondent to one of the decisions cited by the Respondent : As the panel clearly summed up in case ADR 1886 (GBG), "According to the Procedure laid out in the Regulation the relevant question is thus not whether the Complainant is the holder of a prior right, but whether the Complainant demonstrated to the validation agent that it is the holder of a prior right. If an applicant fails to submit all documents which show that it is the owner of a prior right the application must be rejected".

This Panelist respectfully finds that while the first sentence cited is laudable, the second sentence is patently incorrect. Nowhere in the Regulations or in the Sunrise Rules does one find a stipulation that an applicant must submit ALL (emphasis added) documents. On the contrary, what the Regulations, together with the Sunrise Rules and the Annexes try to achieve is the letter and the spirit of "sufficiency". This Panelist holds therefore that what the applicant is required to do is provide sufficient documentary evidence which clearly evidences the claim to a prior right and not necessarily all the existing evidence on the planet. The notion of sufficient is such that it reasonably gives the Validation Agent the discretion to decide "Yes, I have received enough documentary evidence to convince me" or "I have received enough documentary evidence to convince me on a balance of probability but I still have some reasonable doubt which I can clear up with some investigation" or "I have not received enough documentary evidence to convince me that this applicant has a prior claim and my decision is to advise the Registry to reject outright".

This discretion and the notion of sufficient (which is used verbatim in this sense in the Regulations and the Sunrise Rules) do not however exist in a vacuum: there exist a number of rules, notably those in Arts 12 and 16 of the Sunrise Rules which exist to provide guidance to the Applicant as to what shall be deemed to be sufficient. When turning to the facts of this case the Panelist finds that the application for "Contraste" is one based on the prior right for a "trade name", the nature of the documentary evidence of which is clearly indicated in Art. 16 (5) of the Sunrise Rules.

The Complainant is clearly suggesting that the Validation Agent did not perform its functions properly and is inviting this Panelist to substitute his judgement for that of the Validation Agent in an attempt to rectify an alleged error. Even if one were to do so, this Panelist would have been hard put to consider that the Complainant had submitted sufficient evidence. Quite simply, for an Applicant who is supposed to have familiarized himself with the provisions of the Sunrise rules beforehand, the two-page letter submitted was not enough. Had the Complainant been careful enough to read Article 16 (5) of the Sunrise Rules together with Annex 1 thereto (specifically dealing with Belgian law) he should have known that, in terms of "sufficiency", he was expected to submit
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DOCUMENTARY EVIDENCE FOR TRADE NAMES AND BUSINESS IDENTIFIERS
Unless otherwise provided in Annex 1 hereto, it is sufficient to submit
the following Documentary Evidence for trade names and business
identifiers referred to in Section 16(2) respectively 16(3):
(i) where it is obligatory and/or possible to register the relevant
trade name or business identifier in an official register (where
such a register exists in the member state where the business is
located):
a. an extract from that official register, mentioning the date on
which the trade name was registered; and
b. proof of public use of the trade name or business identifier
prior to the date of Application (such as, but not limited to,
proof of sales volumes, copies of advertising or promotional
materials, invoices on which the trade name or business
identifier is mentioned etc., proving public use of the name in
the relevant member state);
(ii) where registration is not obligatory, the Documentary Evidence
referred to in Section 12(3) hereof.

The Documentary Evidence for a trade name or a business identifier must clearly indicate that the name for which the Prior Right is claimed is the trade name or business identifier of the Applicant.
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By then turning to Article 12 (3), it should have been clear to the Complainant
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If, under the law of the relevant member state, the existence of the Prior Right claimed is subject to certain conditions relating to the name being famous, well known, publicly or generally known, have a certain reputation, goodwill or use, or the like, the Applicant must furthermore submit
(i) an affidavit signed by a competent authority, legal practitioner, or professional representative, accompanied by documentation supporting the affidavit or
(ii) a relevant final judgment by a court or an arbitration decision of an official alternative dispute resolution entity competent in at least one of the member states
stating that the name for which a Prior Right is claimed meets the conditions provided for in the law (including relevant court decisions, scholarly works and such conditions as may be mentioned in Annex 1 (if any)) of the relevant member state in relation to the type of Prior Right concerned.
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It appears that while the Complainant submitted evidence to prior right to “Contraste Europe”, beyond the two page letter it did not provide documentary evidence as required above for “Contraste”. It also appears from the evidence presented to this Panel that the Complainant has not entered into the merits of what Belgium law provides for proof of a trade name and that the Complainant has not submitted any forms of the documentary evidence indicated in 16 (5) or 12 (3). So, for example, even if one were to admit into evidence the sixteen pages of documentation annexed to the Complaint, nowhere there does one find the minimum of formal documentary evidence required by 12 (3) eg. an affidavit by a legal practitioner attesting to the prior right to “Contraste” under Belgian law.

By applying the Schoeller or Google test to Contraste, this Panelist has no doubt as to the Complainant having a considerable case for prior claim but this does not absolve him of the obligation of, in a timely manner, presenting the documentary evidence required by 16(5) and 12 (3). The documentation and especially the newspaper clippings presented with the Complaint would possibly have been adequate when annexed to an affidavit as prescribed in 12(3) but the Panelist must ask “why was an affidavit not submitted?”. The question of timing is important and has been dealt with in other decisions, including Schoeller. It would be unreasonable to hold however that the Complainant was free to submit the Documentary evidence referred to above at any time, when a careful reading of Arts. 16(5) and 12 (3) should have shown any Applicant what was expected of him/her by way of such evidence at the time of submission.

As correctly cited by the Respondent, “Even Panels which were in favour of the “substantive” approach, did not require the Respondent to search for missing documents or to correct gross carelessness. This was reaffirmed by a three-member Panel in PALLMANN (1992), where the Panel decided that: “While the Validation Agent may be expected to utilize discretionary powers of investigation in cases where much of the evidence is clearly corroborative or where a resultant rejection is manifestly unjust, neither the Validation Agent nor the Respondent are obliged to go out of their way to correct gross carelessness on the part of the Applicant. Had they done so, rather than perform due diligence with the Applicant they would be acting to the detriment of Justice with all the other Applicants who had utilized diligence and avoided gross carelessness when preparing and submitting an application. This, in itself would have constituted lack of due process with other applicants for, as is noted in 1614 (TELENET): "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 (…) 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)”.

This Panelist notes the admission of the Complainant that it did not adhere to the provisions of Art 16 and therefore, in the case of “Contraste” again holds that carelessness on the part of the Complainant in the face of clearly specified rules as to what constitutes sufficient documentary evidence is not sufficient grounds to warrant invalidation of a rejection by the Respondent. As advanced in Case

865-Hi “the ADR has to check whether the validation agent and EURid acted reasonably under the circumstances “

This Panelist finds that since, when read together, the Regulations, the Sunrise Rules and the Annexes thereto create clear expectations for the Validation Agent and the Registry as to what is sufficient Documentary Evidence and since the Complainant did not provide such evidence at the time of submission, the Validation Agent and EURid acted reasonably under the circumstances.

Insofar as EXIS and AMSIT are concerned, as correctly argued by the Respondent, for the domain names EXIS and AMSIT, the Complainant applied for these two domain names based on company names. However the documentary evidence itself shows that it is not the holder of those prior rights. Since the Regulation clearly requires that prior rights in the form of company names may only be claimed by their respective holders, there was nothing the Respondent could do other than rejecting those applications."

In terms of law, what EXIS and AMSIT granted was a mandate for CONTRASTE to apply on their behalf but this, when read together with the doctrine of separate legal personalities, does not make CONTRASTE the holder of the prior right. The holders of the prior right were respectively EXIS and AMSIT and the fact that CONTRASTE is/was majority shareholder does not make it the holder of the prior right. If CONTRASTE were to dispose of its shares in EXIS or AMSIT, these two companies would normally carry their prior right with them. Given the doctrine of separate legal personalities one cannot automatically hold majority shareholding to be synonymous with holder of prior rights and it is to the latter that the Regulations make specific and strict reference.

So, having established that the Validation Agent and the Registry acted reasonably, one then notes from WHOIS that it appears that there is nobody else in the queue so what is the best way to provide a remedy for somebody who does have a prior right, even if the documentary evidence for this is formalistically defective? Why should one not grant the Complainant’s request if it appears, prima facie that, notwithstanding that formal requirements on proof/documentary evidence were not met, the Complainant does in point of fact have a prior right, at least in the case of CONTRASTE, and no other holder of a prior right is requesting the domain? The answer is relatively simple: apart from the obvious dangers of sending out a message that the ADR Panel can change any decision of the Registry, even if the Validation Agent and the Registry were not at fault, it should be pointed out that the Panel can only invalidate a decision if the Registry’s decision can be held to be in conflict with the Regulations. To do otherwise would be ultra vires. Indeed Article 27 is very explicit about what a Panel must do (the Panel has no discretion in such circumstances): If the ADR Proceeding concerns a decision by the Registry not to register a Domain Name and the Panel or Panellist appointed by the Provider concludes that that decision does not conflict with the Regulations, then the Panel or Panellist will reject the Complaint.

In the circumstances the requests of the Complainant should be denied.

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	**Professor Joseph André Cannataci, LLD MBCS CITP**

DATE OF PANEL DECISION 2007-02-17

Summary

ENGLISH SUMMARY OF THIS DECISION IS HEREBY ATTACHED AS ANNEX 1

The complainant challenged the rejection of its domain name applications by the registry. For the domain CONTRASTE.EU, the complainant CONTRASTE EUROPE SA. alleged that it had used the contracted version “Contraste” as a trade name for 15 years and that this granted it prior right as contemplated in the Regulations. The dispute arose since CONTRASTE EUROPE SA had its application rejected on the grounds that it had not submitted sufficient evidence to clearly demonstrate a prior right. The Complainant admitted that it had not submitted the documentary evidence required under Art 16 (5) of the Sunrise rules but that it should not be bound by such a requirement since its application substantively met with the requirements of the Regulation.

The Panelist noted the admission of the Complainant that it did not adhere to the provisions of Art 16 and therefore, in the case of “Contraste” held that carelessness on the part of the Complainant in the face of clearly specified rules as to what constitutes sufficient documentary evidence is not sufficient grounds to warrant invalidation of a rejection by the Respondent. Furthermore, the Panel found that since, when read together, the Regulations, the Sunrise Rules and the Annexes thereto create clear expectations for the Validation Agent and the Registry as to what is sufficient Documentary Evidence and since the Complainant did not provide such evidence at the

time of submission, the Validation Agent and EURid acted reasonably under the circumstances.

For the domain names EXIS and AMSIT, the Complainant applied for these two domain names based on company names. However the documentary evidence presented itself shows that Contraste Europe is not the holder of those prior rights but that it is its subsidiary companies which are the holders of such rights. Since the Regulation clearly requires that prior rights in the form of company names may only be claimed by their respective holders, the Panelist agreed that there was nothing the Respondent could do other than rejecting those applications.

The Complaint was therefore rejected.