Panel Decision for dispute CAC-ADREU-005572

Case number	CAC-ADREU-005572
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Domain names	kgindustries.eu

Case administrator

Name	Josef Herian

Complainant

Organization / Name	KG Industries LLC

Respondent

Organization / Name	KG Industries, Gary Powell KG Industries

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 which are pending or decided and which relate to the disputed domain name.

FACTUAL BACKGROUND

The Complainant was incorporated in the United States in 2002. The Complainant provides dry-film lubricants and thin film protective coatings to aerospace, military, sporting goods and motor sport industries. The Complainant serves a worldwide market, including distributors in Italy, Austria, England and Australia.

Since 2001, the Complainant and its predecessor have done business in Europe under the names “KG INDUSTRIES” and “KG INDUSTRIES LLC“.

The Complainant owns German Trade Mark Registration No. 302009043069 “KG INDUSTRIES”, registered 4 September 2009.

The Respondent is a former distributor of the Complaint. He began distributing the Complainant’s products in England in 2004 and thereafter in Austria.

The Respondent registered the disputed domain name on 8 April 2006.

A. COMPLAINANT

The Complainant’s German Trade Mark Registration No. 302009043069 “KG INDUSTRIES” constitutes a valid right within the meaning of Article 21(1) of Commission Regulation (EC) 874/2004, as it is mentioned in Article 10(1) of the Regulation. The trade mark is not subject to any use requirement and enjoys protection for protective metal coatings; lubricants: technical wet and dry lubricants; non-stick coatings for pots and pans on the basis of common metals in classes 2, 4 and 6.

Under German and Austrian Law, namely Art. 5(2) of the German Trademark Act, company name rights are established by the use of the company name. The name “KG Industries” has been used by the Complainant as a company name since at least 2003 in Germany. According to Art. 12(1)c Italian IP Code and §32 Austrian Trademark Act, company name rights are also recognized in Italy and Austria. These national company name rights are listed in Article 10(1) of the Regulation 874/2004, and thus constitute a valid right within the meaning of Art. 21(1) of the Commission Regulation (EC) 874/2004.

The additional element “LLC” indicates only the legal structure of the company. The distinctive part of the company name is the word element “KG Industries”. Due to the identity in words, the company name is confusingly similar to the disputed domain name.

The Respondent has no rights and no legitimate interest in the disputed domain name. The business relationship with KG Industries LLC ended in July, 2009, and the Respondent has no right to use the designation “KG Industries” in Europe, nor a corresponding domain.

The disputed domain name was registered by the Respondent in bad faith within the meaning of Art. 21(3)(a) of Commission Regulation (EC) 874/2004 because the Respondent was a former distributor of the Complainant and therefore knew about the Complainant’s earlier rights when he registered the domain name without the Complainant’s consent. These circumstances indicate that the domain was registered in bad faith. In trademark law this behaviour would be called a “disloyal agent”. In domain name matters, it falls under the category of “bad faith”.

The Respondent still conducts business under the business name “KG INDUSTRIES” against the Complainant’s will and is now selling competing products from the website at the disputed domain name.

The Complainant approached the Respondent to seek transfer of the disputed domain name prior to the filing of this complaint but the parties could not reach an agreement.

B. RESPONDENT

The Respondent did not file a Response.

DISCUSSION AND FINDINGS

Introduction

Under Article 21(1) of Regulation (EC) 874/2004 (“the Regulation”), the disputed domain name is subject to revocation if it is identical or confusingly similar to a name in respect of which a right is recognized or established by national and/or Community law and where it (a) has been registered by its holder without rights or legitimate interests in the name or (b) has been registered or is being used in bad faith.

Rights

By virtue of its German registered trade mark, the Complainant has established rights in the name “KG INDUSTRIES” for the purposes of Article 21(1) of the Regulation.

The Panel finds that the disputed domain name is identical to the name “KG INDUSTRIES” in which the Complainant has established relevant registered trade mark rights.

Lack of Rights or Legitimate Interests or Registration or Use in Bad Faith

Under Article 21(1), a domain name is subject to revocation in the case of any one of the following:
(1) registration without rights or legitimate interests; or
(2) registration in bad faith; or
(3) use in bad faith.

Article 21(1) gives some examples of registration / use in bad faith including:

“(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 recognised 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”

Here, the Complainant has asserted that the Respondent was a distributor of its products within the EU between 2004 and 2009 and that the Respondent registered the disputed domain name during this period without the Complainant’s knowledge. The Complainant has provided no supporting evidence but the Respondent has not filed a Response to deny these assertions.

The Complainant further argues that, notwithstanding termination of the distributor relationship, the Respondent continues to use the name “KG INDUSTRIES” without the Complainant’s consent and that the Respondent is now selling competing products from the website at the disputed domain name. The Complainant has not provided a printout from that website. However, section B7(a) of the ADR Rules enables the Panel in its sole discretion to conduct its own investigations as to the circumstances of the case. The Panel

considers that it is appropriate in this case for the Panel to visit the website at the disputed domain name. Having done so, the Panel can verify that the site is indeed offering for sale products competing with the Complainant.

The Panel has little difficulty in concluding that, whatever the circumstances in which the disputed domain name was registered, the Respondent's use of that domain name – which is identical to the Complainant's distinctive trade mark - to offer for sale, after termination of the distribution relationship between the parties, products competing with the Complainant constitutes use in bad faith for the purposes of Article 21(1)(d) above.

Remedy

Article 22(11) of the Regulation states that the Panel shall decide that the domain name shall be revoked if finds that the domain name is speculative or abusive as defined in Article 21. It also provides that the domain name shall be transferred to the Complainant if the Complainant applies for the domain name and satisfies the general eligibility criteria set out in Article 4(2)(b) of Regulation (EC) 733/2002.

The Complainant has requested revocation and has not sought to establish that it satisfies the general eligibility criteria. Accordingly, the Panel's decision is that the domain name should be revoked.

DECISION

the domain name KGINDUSTRIES be revoked

PANELISTS

Name	**Adam Taylor**

DATE OF PANEL DECISION 2010-05-26

Summary

ENGLISH SUMMARY OF THIS DECISION IS HEREBY ATTACHED AS ANNEX 1

The disputed domain name is identical to the name "KG INDUSTRIES" in which the Complainant has established relevant registered trade mark rights.

The use by the Respondent of the disputed domain name, which is identical to the Complainant's distinctive trade mark, to offer for sale competing products following termination of the distribution relationship between the parties constitutes use in bad faith for the purposes of Article 21(1)(d) of Regulation (EC) 874/2004.

The disputed domain name should be revoked.