Decision for dispute CAC-UDRP-102540

Case number	CAC-UDRP-102540
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Domain names	balenciagasfrance.com, balenciaga-uk.com, balenciagascarpeit.com

Case administrator

Organization	Iveta Špiclová (Czech Arbitration Court) (Case admin)

Complainant

Organization	BALENCIAGA SA

Complainant representative

Organization	INSIDERS

Respondent

Name	Angela J. Green

OTHER LEGAL PROCEEDINGS

There are no other proceedings the Panel is aware of.

IDENTIFICATION OF RIGHTS

The word mark BALENCIAGA is registered in class 25 (clothing) as both an international trade mark, number: 397506, and a European Union trade mark, number 11865805, registered in 2013 in classes 9, 14, 18, 25, 35. The word mark, BALENCIAGA, is also registered in the United States where the Respondent resides, according to the WHOIS information, as number 1018311 in class 25 for clothes, including shoes.

The Panel visited TM view on 6 August 2019 and it confirmed that the Complainant, also has many registered national marks worldwide including the distinctive and dominant element being the word mark. The Complainant also has unregistered rights arising from its use in trade of the word mark BALENCIAGA in jurisdictions that recognise unregistered rights

The BALENCIAGA mark is a well-known or famous trade mark.

FACTUAL BACKGROUND

BALENCIAGA SA is a well-known company, founded in June 1937, and today is present in over 90 countries all over the world, where it promotes and offers for sale its products under the trade mark BALENCIAGA in both physical, bricks and mortar, boutiques and online at the website www.balenciaga.com, registered as a domain name in 1999.

The Disputed Domain Names were registered on 6 February 2018. The registrant is a US national.

Balenciagasfrance.com was the subject of a Takedown Notice to the Internet Service Provider on 29 May 2019 and again on 5 June 2019.

A Cease and Desist Notice was given to the Respondent on 6 June 2019.

From 7 June 2019 and for several days thereafter, that domain was suspended, however, on 19 June 2019, that website resumed its activity and it and the others all remain fully active as at 6 August 2019.

PARTIES CONTENTIONS

PARTIES' CONTENTIONS:

COMPLAINANT:

1.The Disputed Domain Names are confusingly similar to the protected mark as follows:

a. <balenciagasfrance.com>; by the addition of the letter “s” and a geographical term;
b. <balenciaga-uk.com>, the addition of the “-uk,”, a geographical term; and
c. <balenciagascarpeit.com>, the addition of a generic term, word “scarpe”(“shoes” in Italian) plus “it”, a geographical term.

All three Disputed Domain Names contain in its entirety the word mark “BALENCIAGA“.

In <balenciagasfrance.com> BALENCIAGA is followed by “s” which probably is meant to indicate the plural, namely that multiple BALENCIAGA goods are offered for sale on the website. That with the word “france” indicates the country targeted by that domain. In <balenciaga-uk.com>, the “-uk” addition also serves to identify the targeted country. In <balenciagascarpeit.com> the final “it” and the word “scarpe” both suggest the domain is intended for Italian audience, interested in shoes. These simple additions do not validly distinguish the registered mark and so create a strong likelihood of confusion among the public.

2.The Respondent lacks rights or legitimate interests in the Disputed Domain Names and is engaged in the diversion of consumers and trade mark tarnishment.

The Respondent is not affiliated with the Complainant in any way and was not authorized by BALENCIAGA SA to use the registered BALENCIAGA mark. The Respondent has no legitimate interest in the Disputed Domain Names since the WHOIS records show no business name that might justify an interest in the Disputed Domain Names. The Respondent is not an authorized BALENCIAGA retailer, nor are they commonly known by the Disputed Domain Names.

3.The Disputed Domain Names have been registered in, and are being used in, bad faith.

The Respondent obviously knows of the BALENCIAGA brand and its products. The websites to which all the Disputed Domain Names resolve are designed to create the appearance of connection with BALENCIAGA. Therefore, the Respondent intentionally attracts potential BALENCIAGA clients by creating a likelihood of confusion with the brand BALENCIAGA. The websites display BALENCIAGA products and logo (both on the websites and as favicon) whereas BALENCIAGA clients are aware that the brand’s products can be bought online. The Respondent therefore put themselves in a perfect position to exploit BALENCIAGA’s popularity, fame and reputation for their own gain.

RESPONDENT:

NO ADMINISTRATIVELY COMPLIANT RESPONSE HAS BEEN FILED.

RIGHTS

The Complainant has, to the satisfaction of the Panel, shown the Disputed Domain Names are identical or confusingly similar to a trade mark or service mark in which the Complainant has rights (within the meaning of paragraph 4(a)(i) of the Policy).

NO RIGHTS OR LEGITIMATE INTERESTS

The Complainant has, to the satisfaction of the Panel, shown the Respondent to have no rights or legitimate interests in respect of the Disputed Domain Names (within the meaning of paragraph 4(a)(ii) of the Policy).

BAD FAITH

The Complainant has, to the satisfaction of the Panel, shown the Disputed Domain Names have been registered and are being used in bad faith (within the meaning of paragraph 4(a)(iii) of the Policy).

PROCEDURAL FACTORS

The Panel is satisfied that all procedural requirements under UDRP were met and there is no other reason why it would be inappropriate to provide a decision.

PRINCIPAL REASONS FOR THE DECISION

The Panel finds the Complainant has registered rights in the name and mark, BALENCIAGA, and that mark is a well-known or famous mark and is in the luxury product market.

The applicable Top Level Domain or “TLD”, here .com, is disregarded under the UDPR Policy’s first element, the identity/similarity test. The Disputed Domain Names contain the entirety of the Complainant’s name and word mark. Adding generic and/or geographical terms may have no impact on the analysis. The leading authority is WIPO Case No. D2000-0429 re rollerblade.net. While they may be relevant in some cases to the second and third elements. The rule is, identical means identical, see WIPO Case No. D2012-1862, <electrolux-vacuum.net>. and the Disputed Domain Names are therefore for our purposes similar.

The Complainant has made a showing that none of the grounds under paragraph 4 (c) of the Policy are prima facie applicable and so has discharged its burden under paragraph 4(a) of the Policy. The evidential burden then shifts to the Respondent (see WIPO Case D2004-0110 re belupo.com). The Respondent has not come forward, either to explain its rights or interests in the name and mark and why it has selected the Disputed Domain Names, or at all.

That does not mean there is a default decision however. Here on the face of the matter as far as the Panel is concerned – the obvious issue in this case is whether the Respondent is making a bona fide offering of goods or services as a reseller and has a legitimate right or interest in doing so under the second limb of the Complainant’s burden.

By way of background, the Panel starts with the fact that no trade mark owner in the EU, including the Complainant, has the right to monopolise the resale of second hand or previously sold goods. This is the limit to/exhaustion of the rights of a trade mark owner and the policy of the law to promote honest competition. The rule protects descriptive use if necessary to indicate the nature, kind or purpose of the goods provided it is done in accordance with honest practices—which encompasses a duty to act fairly in relation to the legitimate interests of the trade mark owner. The proviso of honest use means unless the mark is used in a way that may create the impression that there is a commercial connection--- in particular that the reseller’s business is affiliated to the trade mark proprietor’s or that there is a special relationship between the two undertakings—then such use may not meet the honest practices test. The rule is also more strictly applied in relation to luxury goods due to the spending and exclusivity required to create and maintain such an image and the need for strict enforcement of brand guidelines in order to remain in that market.

In UDRP jurisprudence this is reflected in the OKI DATA principles from WIPO Case No. D2001-0903 which provide that a reseller/distributor can make a bona fide offering of goods and services and have a legitimate interest in a domain name, provided that:

(a) The use involves the actual offering of goods and services in issue;
(b) The site sells only the trade marked goods;
(c) The site accurately and prominently discloses the registrant's relationship with the trademark holder;
(d) The Respondent must not try to "corner the market" in domain names that reflect the trademark.

The Panel notes that there may now be said to be a consensus amongst UDRP panels that provided there is no impersonation or sale of completing goods under the trade mark, then the OKI DATA principles are broadly fair. Turing to the application of these points.

(1) the sites to which the Disputed Domain Names resolve, appear to be selling genuine goods. More likely than not, these goods have been placed on the market in the EU by the Complainant, whose rights may then be exhausted. The Panel has no real evidence and the burden is the Complainant's.

(2) It appears those sites sell only the trade marked goods (this is a contentious requirement in any event as arguably overbroad).

(3) As to disclaimers and representations, the Panel visited the www.balenciaga-uk.com site on 6 August 2019 but found no disclaimers and when clicked on "who we are," it led nowhere. The other two sites are in French and Italian but appear similar. The Italian address bar shows the words Outlet Italia and the two back to back Bs logo in the address bar. There is an e-mail address of cs5@customercenterhome.com on the Italian site. The Panel cannot say there is not a disclaimer but could not identify one on any of the sites. Arguably, the use of "outlet" may signal that the site is not official.

(4) The addition of the words for shoes in Italian, scarpe, in < www.balenciagascarpeit.com> arguably operates as a kind of disclaimer and avoids impersonation and also responds to (d) above in that it does not block or corner the Complainant. This addition may also represent that the site is not official.

It is well established that the OKI DATA rule applies to unauthorized or unofficial resellers and repairers just as it does to official agents, per WIPO Case D2001- 1292 (Volvo Trademark Holdings AB) (OKI DATA principles apply as long as he operates a business genuinely revolving around the owners' goods and services) and WIPO Case D2007 -1524 (nascartours) (OKI DATA applies to authorized and unauthorized sellers). See also Bettinger, 2nd Ed. P1387 IIIE.310.

(5) Other: The evidence appears to show use of the back to back BBs logo mark on each site. It is not clear if that is also registered as a trade mark but it would be protected as a common law mark in common law jurisdictions and by copyright. The use of the logo of the manufacturer on the site itself –as opposed to the name, can often be a step too far and is not necessary to sell the trade marked goods.

There is also no evidence that the site is not a genuine reseller or that it is engaging in anything other than legitimate resales. However, the fact that the "who we are" and "privacy policy" and "terms and conditions" and "delivery information" on the <www.balenciaga-uk.com> site do not appear to resolve or open, is not promising. The Panel does not have any evidence of whether the ordered products arrive. The Panel has no real evidence and the burden is the Complainant's.

The view of the Panel is that on balance, the OKI DATA principles are not met and the Respondent has no legitimate interest in the use of the Disputed Domain Names.

It is our view that the fine line is crossed and there is a failure to disclose the relationship adequately and fairly and that there is arguably impersonation. This is very much compounded by the use of the back to back BBs logo on the sites themselves.

The Panel also notes that the general rules give way in EU law in the luxury goods market, see the legitimate reasons for limiting exhaustion under the Directive and Regulation, and the established categories which include cases where the condition of the goods is altered, luxury goods and commercial connection cases. Luxury goods cases often concern unlicensed or unauthorised dealers and dilution by tarnishing or blurring.

In Parfums Christian Dior SA v Evora BV C-337/95 (the defendant chain of chemists, Kruidvat, were not authorised distributors for Dior Netherlands but sold Dior products (stockings) obtained by parallel imports from within the EEA. Dior took exception to a Christmas advertisement featuring the goods — on the basis it did not correspond to their luxurious and prestigious image — and claimed infringement and an order that the defendant desist from use of DIOR marks in catalogues, brochures or advertisements. The court noted that without the right to make use of a trade mark in order to attract attention for further commercialisation, the right of resale, would be considerably more difficult and exhaustion would be undermined. The court held that where the marketing was by a retailer habitually marketing goods of the same kind (but not quality) in a manner customary in the trade, the marketing could not be opposed unless in the specific circumstances of the case, the use seriously damaged the luxurious and prestigious image of the mark and aura of luxury created by the mark owner's presentation and advertising of the goods. Some commentators have since described this as damage to the advertising function of the mark. This was applied in Copad SA v Christian Dior Couture SA C-59/08. This rule in EU law underpins the norms of the Policy.

The Panel finds that the Respondent is not making a bona fide offering of goods or services as a reseller and has no legitimate right or interest under the second limb of the Complainant's burden.

Bad Faith

While the issue is highly fact-sensitive, the registration of a domain name identical or similar to a well-known or famous mark without legitimate right or interest in the name creates a strong presumption of bad faith (see Societe Air France v ibiz hosting, CAC 46465, airfranceonline.eu). A finding of legitimate interests will often dictate the bad faith limb also. The Panel notes this is the case here and find bad faith registration and use.

FOR ALL THE REASONS STATED ABOVE, THE COMPLAINT IS

Accepted

AND THE DISPUTED DOMAIN NAME(S) IS (ARE) TO BE

1. **BALENCIAGASFRANCE.COM**: Transferred
2. **BALENCIAGA-UK.COM**: Transferred
3. **BALENCIAGASCARPEIT.COM**: Transferred

PANELLISTS

Name	**Victoria McEvedy**

DATE OF PANEL DECISION 2019-08-07

Publish the Decision