Decision for dispute CAC-UDRP-103153

Case number	CAC-UDRP-103153
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Domain names	nextkeys.com

Case administrator

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

Complainant

Organization	Hesalite Ltd

Complainant representative

Name	Mr. Roberto Manno

Respondent

Name	Argishti Badalian

Respondent representative

Organization	FASANO PAULOVICS Società tra Avvocati

OTHER LEGAL PROCEEDINGS

The Panel is not aware of any other legal proceedings which are pending or decided and which relate to the disputed domain name.

IDENTIFICATION OF RIGHTS

The Complainant is the owner of the European Union trademark NEXTKEYS with registration No. 018046857, applied for on 3 April 2019 and registered on 3 August 2019 for goods and services in International Classes 9, 42 and 45 (the “NEXTKEYS trademark”).

FACTUAL BACKGROUND

FACTS ASSERTED BY THE COMPLAINANT:

The Complainant operates as an online seller of software products.

The Complainant maintains its official website at the domain name <nextkeys.io>, registered on 7 August 2018.

The disputed domain name was registered in 2013. It was acquired by the Respondent on 4 July 2019 and is currently inactive.

PARTIES CONTENTIONS

PARTIES' CONTENTIONS:

COMPLAINANT:

The Complainant states that the disputed domain name is identical to the NEXTKEYS trademark and to the Complainant's domain name <nextkeys.io>, as they all contain the same verbal element "nextkeys", and the only difference in the disputed domain name is the extension ".com" which cannot not distinguish it and avoid confusion among customers. The Complainant refers to the WIPO decision in Hesalite Ltd v. Netsmedia, Jonathan Petit, WIPO Case No. D2020-0383, which acknowledged the Complainant's rights in the NEXTKEYS trademark.

The Complainant contends that the Respondent has no rights or legitimate interests in the disputed domain name, as the Respondent is not affiliated with the Complainant or commonly known by the disputed domain name, and does not have any relevant trademark rights or licenses. According to the Complainant, the disputed domain name is inactive, and the Respondent has not made any reasonable and demonstrable preparations to use it commercially or in a non-commercial or fair use context.

The Complainant contends that the disputed domain name was registered and is being used in bad faith. The Complainant points out that the last transfer of the disputed domain name was completed on 6 October 2019, which is ten months after the Complainant registered the domain name <nextkeys.io> from which it runs its business. After its acquisition by the Respondent, the disputed domain name has been passively held without any operative website to which it may resolve, and displays an error message. According to the Complainant, the non-use of the disputed domain name does not prevent a finding of bad faith under the doctrine of passive holding.

The Complainant submits that in the course of the negotiations for the sale of the disputed domain name that were held between the Parties via the platform at www.domainagents.com, on 18 November 2019 the Respondent submitted a counteroffer of USD 50000 in response to the Complainant's initial offer of USD 500. According to the Complainant, this shows that the disputed domain name was acquired by the Respondent with the primary purpose to sell it to the Complainant who is the owner of the NEXTKEYS trademark for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly related to the disputed domain name.

The Complainant notes that the Respondent is concealing its identity under a privacy shield, but is also the holder of the domain name <nextkeys.eu>, which has been exploited in conjunction with a nearly identical trademark for a business activity involving the commercialization of the same products as the Complainant's via the online platform at www.gamivo.com. The Complainant submits that it contacted the platform provider with a request to change the Respondent's trade name appearing on the platform as it was infringing the Complainant's intellectual property rights, further to which the Respondent agreed to change its trade name and logo to "NKEYS", considered as less likely to create confusion with Complainant's NEXTKEYS trademark.

In its supplementary submission, the Complainant notes that it did not know the Respondent's identity until it received information from the CAC and was requested to amend the Complaint. It points out that the Respondent claims to be familiar with the same kind of business activity as the Complainant's, and is the manager of several NEXTKEYS accounts, but did not defend against the Complainant's removal requests to the Gamivo and Eneba platforms and did not argue that it

was using the disputed domain name legitimately or was carrying out a bona fide offering of goods through it.

The Complainant maintains that, according to the general criteria applied either in real estate and intellectual property, where a "register" is established in order to make any property changes opposable to third parties, all circumstances surrounding the acquisition of the disputed domain name by the Respondent must be assessed as of the date when the change in the ownership of the disputed domain name was registered into the WhoIs records (i.e., 30 September 2019). As of that date, the Complainant had already been active for years on the same market and its NEXTKEYS trademark application had been pending before the EUIPO since April 2019, while the Respondent had not used the NEXTKEYS sign in a significant way.

The Complainant asserts that the Respondent was aware of the Complainant's rights and active use of the NEXTKEYS trademark for the same business activity, and nevertheless registered the disputed domain name and the <nextkeys.eu> domain name with the intent to disrupt the business of its competitor, by preventing it from reflecting the NEXTKEYS trademark in a corresponding domain name, or to sell to it the two domain names for valuable consideration in excess of the expenses for them.

The Complainant points out that it started using the NEXTKEYS trademark on the global Internet platforms Kinguin, G2A and Eneba in 2015, and maintained its exclusive use of Nextkeys accounts on all major software/game key platforms, such as Eneba. Since 1 July 2015, the Complainant's Nextkeys website invoiced more than 750 000 items worldwide, with an average delivery of 15 000 – 20 000 orders per month, including in Russia. The Complainant states that it has been active in the CIS countries markets since 2015.

According to the Complainant, the evidence submitted by the Respondent shows that its use of the Nextkeys name was only internally-relevant and does not represent prior genuine use under the generally accepted trademark law principles. Whenever the Respondent tried to make any public use of the Nextkeys name, the Complainant immediately took action for the removal of this name from the respective Internet platforms, as a result of which the Respondent was put on notice of the Complainant's rights, but never took steps to defend against the actions of the Complainant.

According to the Complainant, the lack of records in the www.archive.org website about the Complainant's domain name <nextkeys.io> for the period until 31 January 2020 does not support a conclusion that there was no website at this domain name in this period.

In response to the Respondent's request for a finding of Reverse Domain Name Hijacking, the Complainant notes that, well before the Complaint has been filed, the use of the Respondent's Nextkeys accounts on Gamivo and Eneba was stopped by the Complainant, so that its existence as a major direct competitor in the same market, including on the important platforms KINGUIN and G2A, and under the NEXTKEYS trademark was well known to the Respondent before it acquired the disputed domain name. According to the Complainant, the Respondent ignores the fact that the Complainant has successfully affirmed its trademark rights in the WIPO decision in Hesalite Ltd v. Netsmedia, Jonathan Petit, WIPO Case No. D2020-0383.

The Complainant maintains that its initial offer of USD 500 to the Respondent was made only to avoid unnecessary costs and the length of the proceedings, and does not amount to an automatic surrender of any exclusive rights over the NEXTKEYS trademark or an implicit acknowledgment of its invalidity. According to the Complainant, it is only up to the EUIPO to address any claim on the validity of the NEXTKEYS trademark, which was applied for and registered prior the acquisition of the disputed domain name by the Respondent in July 2019 and the appearance of public notice of this acquisition through the 30 September 2019 update of the WhoIs records for the disputed domain name.

RESPONDENT:

The Respondent denies that the present dispute relates to a clear-cut case of cybersquatting and submits that the Complainant deliberately does not reconstruct chronologically the events and its conclusory allegations are not supported by documentary evidence. The Respondent maintains that it has been conducting his business under the Nextkeys name for years, that it has acquired the disputed domain name in good faith, and that it has made demonstrable preparations to use

the disputed domain name or a name corresponding to it for a bona fide offering of goods and services. The Respondent seeks a declaration that the Complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.

The Respondent submits that it is an individual, residing in Russia and has been active in providing IT products and services since December 2014, and has been conducting business under the Nextkeys trade name for years. The Respondent states that on 8 August 2018 it started offering its products and services through the Gamivo platform under the Nextkeys trade name, and has generated a turnover of Euro 57765 on this platform in 2019.

The Respondent explains that it chose the name Nextkeys for its online business project because it consisted of two simple and generic words that sound catchy together. It states that "next" refers to "next generation" and something new, while "keys" is a term commonly used in the IT sector for digital codes. The Respondent states that it acquired the disputed domain name on 4 July 2019 from a South Korean seller through the Sedo domain name marketplace for the amount of USD 7000.

The Respondent submits that the disputed domain name does not currently resolve to an active website and has not being used for collecting private information from the Internet. The Respondent denies that it was aware of the Complainant's NEXTKEYS trademark when it acquired the disputed domain name, and that its acquisition was made with the primary purpose to sell it or to exploit the Complainant's trademark rights. According to the Respondent, the disputed domain name is inactive because the website for it is not ready yet and because the Respondent suspended its launch until the legal situation with the disputed domain name becomes clear. The Respondent maintains that it has taken active steps to create an online shop of software and game keys and has incurred marketing costs of about EUR 20 000 to promote its business under the Nextkeys name, to acquire the disputed domain name and the domain name <nextkeys.eu> and to develop the associated website.

The Respondent points out that it started the use of the Nextkeys trade name in the beginning of 2015, while the Complainant was incorporated on 28 July 2016. The Respondent acquired the disputed domain name for its online project on 4 July 2019, while the Complainant's NEXTKEYS trademark was registered on 3 August 2019.

According to the Respondent, the Complainant has not shown that the NEXTKEYS trademark has become a distinctive identifier that consumers associate with the Complainant's goods and services, and has not established unregistered or common law trademark rights for purposes of the UDRP.

The Respondent states that the NEXTKEYS trademark is valid only in the European Union, and the Complainant has not provided evidence that it has used this trademark or that it has acquired distinctiveness among the consumers, especially in Russia where the Respondent is residing. It points out that the Complainant's domain name <nextkeys.io> was registered on 7 August 2018, and the Complainant has not provided any evidence that it has been used for any online activity since its registration, and according to the information available on the website at www.archive.org, there has been no corresponding website before 31 January 2020. The Respondent adds that there is no evidence that the Complainant is the registrant of this domain name, as the WhoIs extract submitted by the Complainant shows that its registrant is located in Panama.

The Respondent disputes the probative value of the letter by Kinguin submitted by the Complainant stating that this company has started its partnership with the Complainant acting under the name Nextkeys on 25 August 2015, and points out that the Complainant was incorporated on 28 July 2016.

The Respondent maintains that there is no evidence that the Complainant's business and its trademark were known and used in Russia and in particular known by the Respondent at the moment of the acquisition of the disputed domain name on 4 July 2019. According to the Respondent, the fact that the Parties are active in a very similar business and chose (the Respondent first) the same name is to be attributed to a mere chance, as the terms combined in the wording "nextkeys" are generic and commonly used in the IT sector.

The Respondent goes on to state that the Complainant has not provided evidence that the Respondent was targeting the Complainant, its business and trademark, and suggests as more likely that the opposite has happened, as the Complainant

might have been aware about the existence of the disputed domain name registered since 2013 and of the fact that it was for sale, and might have tried to acquire it without success, had filed a trademark application in order to establish a right and had submitted an offer to the Respondent, which was rejected, and then initiated, in bad faith, the present proceeding with the attempt to deprive the Respondent of the disputed domain name.

The Respondent draws the attention to the fact that it was the Complainant who first approached the Respondent on 5 November 2019 with its initial offer to acquire the disputed domain name for the amount of USD 500. The Respondent had already spent considerable time and money since 2015 to promote his business under the trade name Nextkeys, to acquire the disputed domain name for USD 7000, and to develop the website for it, so it did not accept this offer, and made a counter-offer of USD 50000. According to the Respondent its counter offer does not show that the Respondent has acquired the disputed domain name for the purpose of selling it to the Complainant or its competitor. Rather, the circumstances show that by filing the Complaint, the Complainant has pursued a classic "Plan B" scenario, using the UDRP after failing to acquire the disputed domain name in the marketplace.

The Respondent denies that it is concealing its identity under a privacy shield, and notes that the WhoIs of the disputed domain name indicates "Protection of Private Person", because Russian laws, similarly to the GDPR in the European Union, require Russian registrars to redact the data of individuals in the publicly accessible WhoIs database.

The Respondent also confirms that it is the registrant of the domain name <nextkeys.eu> and has acquired it for the same online project, and notes that this domain name is currently inactive as the disputed domain name for the same reasons.

The Respondent explains that in order to avoid being involved in legal issues, the Gamivo platform decided on its own to make changes to the Respondent merchant name, and although it did not recognise any right of the Complainant to the name Nextkeys, the Respondent had no other choice and accepted the decision of Gamivo.

Finally, the Respondent states that the decision in Hesalite Ltd. v. Netsmedia, Jonathan Petit, WIPO Case No. D2020-0383 referred to by the Complainant, is irrelevant, as it involved a different respondent and completely different facts and legal arguments.

In its supplementary submission, the Respondent requests the Panel to disregard the Complainant's supplemental filing, as the Complainant has not demonstrated any exceptional circumstances that justify its submission. According to the Respondent, the Complainant attempts to fill gaps in its Complaint on issues that it should have addressed in the Complaint, as the Complainant knew that the country of the registrant of the disputed domain name was Russia when it filed the Complaint.

RIGHTS

The Complainant has, to the satisfaction of the Panel, shown the disputed domain name is identical or confusingly similar to a trademark 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

In light of its findings on the issue of bad faith, the Panel does not need to make a finding on the issue of whether the Complainant has shown that the Respondent lacks rights or legitimate interests in respect of the disputed domain name (within the meaning of paragraph 4(a)(ii) of the Policy).

BAD FAITH

The Complainant has failed to show that the disputed domain name has been registered and is being used in bad faith (within the meaning of paragraph 4(a)(iii) of the Policy).

PROCEDURAL FACTORS

Language of the proceeding

The Registrar has confirmed that the language of the Registration Agreement for the disputed domain name is Russian. The CAC informed the Complainant that its online platform currently does not work in Russian, and asked it to request the change of the language into English. Accordingly, the Complainant requested the present proceeding to be conducted in English, also on the basis of the circumstances of the case, including the earlier indirect correspondence between the Complainant and the controller of the domain name. The Respondent expressed its consent the language of the proceeding to be English and submitted its Response in that language. Therefore, the Panel is satisfied that the Parties are in agreement on the language of the proceeding and will proceed on this basis. At the same time, it will take into account all evidence in the case file that is available in Russian.

Supplemental submissions

Both Parties have filed supplemental submissions. These submissions touch upon certain matters that the Parties could not have anticipated when preparing their original submissions and on which they should have an opportunity to comment, as the Respondent had not reacted to the Complainant's actions prior to this proceeding and had not brought forward the arguments now included in its Response. The Respondent has also requested a finding of Reverse Domain Name Hijacking, against which the Complainant should be provided an opportunity to defend itself.

Therefore, the Panel decided to accept the supplemental submissions of the Parties and take them into account for its decision.

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

Pursuant to the Policy, paragraph 4(a), a complainant must prove each of the following to justify the transfer of a domain name:
(i) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;
(ii) the respondent has no rights or legitimate interests in respect of the domain name; and
(iii) the respondent has registered and is using the domain name in bad faith.

Identical or confusingly similar

The Complainant has provided evidence and has thus established its rights in the NEXTKEYS trademark. The Panel notes that the NEXTKEYS trademark was registered on 3 August 2019 - after the Respondent acquired the disputed domain name on 4 July 2020. However, as discussed in section 1.1.2 of the WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition ("WIPO Overview 3.0"), the date of registration of the trademark in which the Complainant has rights is not considered relevant to the first element test, but may however bear on a panel's further substantive determination under the second and third elements.

The Panel notes that a common practice has emerged under the Policy to disregard in appropriate circumstances the general Top-Level Domain ("gTLD") section of domain names for the purposes of the comparison under the Policy, paragraph 4(a)(i). The Panel sees no reason not to follow the same approach here, so it will disregard the ".com" gTLD section of the disputed domain name.

The relevant part of the disputed domain name is therefore the element "nextkeys", which is identical to the word element of the NEXTKEYS trademark.

Taking all the above into account, the Panel finds that the disputed domain name is confusingly similar to the NEXTKEYS trademark in which the Complainant has rights.

Rights and legitimate interests

In light of its finding that the Complainant has failed to establish that the disputed domain name has been registered and is being used in bad faith, the Panel does not need to make a finding on the issue of whether the Complainant has shown that the Respondent lacks rights or legitimate interests in respect of the disputed domain name (within the meaning of paragraph 4(a)(ii) of the Policy).

Bad faith

Paragraph 4(b) of the Policy lists four illustrative alternative circumstances that shall be evidence of the registration and use of a domain name in bad faith by a respondent, namely:

"(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your website or other online location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your website or location or of a product or service on your website or location."

The Complainant maintains that all circumstances surrounding the acquisition of the disputed domain name by the Respondent must be assessed as of 30 September 2019 - the date when the change in the ownership of the disputed domain name was registered into the WhoIs records. The Panel disagrees. The evidence submitted by the Respondent shows that it has acquired the disputed domain name at the SEDO platform on 4 July 2019. The date when the Registrar has updated its records is arbitrary and does not depend on the conduct of the Respondent, so the relevant date for the assessment of the Respondent's conduct is the date when it acquired the disputed domain name.

As mentioned above, the Respondent acquired the disputed domain name on 4 July 2019, and this took place before the registration of the NEXTKEYS trademark on 3 August 2019. As discussed in sections 3.8.1 and 3.8.2 of the WIPO Overview 3.0, where a respondent registers or acquires a domain name before the complainant's trademark rights accrue, panels will not normally find bad faith on the part of the respondent. As an exception to this general proposition, in certain limited circumstances where the facts of the case establish that the respondent's intent in registering the domain name was to unfairly capitalize on the complainant's nascent (typically as yet unregistered) trademark rights, panels have been prepared to find that the respondent has acted in bad faith.

The Complainant has submitted evidence that its business at the Kinguin online platform was started in 2015 under the name Nextkeys. As noted by the Respondent, the Complainant was formally established only in 2016, but it is an accepted principle that the founders of a business may start carrying it out at their own risk before the formal establishment of a legal entity, and when this entity is established, it assumes all rights and obligations that have already arisen in relation to this business, so it is possible that the business under the Nextkeys name had started prior to the date of the Complainant's formal establishment as a company. The Complainant has also shown that it participates in other online platforms under the name Nextkeys, but the dates when this participation has started is not clear from the available evidence.

The Complainant also states that it operates through its official website at the domain name <nextkeys.io>. This domain name was registered on 7 August 2018, so no website could have operated at this domain name prior to this date. The Respondent points out that there are no archived versions of the website at this domain name in the Wayback Machine for the period prior to 31 January 2020. While this in itself is no proof that no website existed prior to that date, the Complainant has not submitted evidence that the website was indeed activated earlier. The Google Analytics data submitted by the

Complainant for the website at the domain name <nextkeys.io> refers to the period from 1 April 2018 until 2 August 2020 respectively, but this piece of evidence only contains aggregated data with no chronological distribution, so it remains unclear whether the website at this domain name became active prior to the date of acquisition of the disputed domain name by the Respondent and whether it had any visitors from Russia prior to the same date. The same piece of evidence shows that the total number of visitors of the Complainant's website from Russia is 192 out of 14314 for the whole period, or only 1.34%.

The Complainant has also provided information of its sales since 2015 under the Nextkeys name. However, this appears to be internal information, and it does not specify what proportion of these sales was to customers from Russia. In the lack of such information, it seems reasonable to expect that this proportion would be similar to the proportion of Russian visitors to the Complainant's website from the total number of visitors to it, discussed in the previous paragraph.

In view of the above, it does not appear from the evidence that the Complainant had a significant presence on the Russian market and was known to Russian customers by the date when the Respondent acquired the disputed domain name. It is also notable in this regard that the Complainant does not appear to have taken steps to register its NEXTKEYS trademark in Russia.

The Respondent has provided evidence that it has started to participate on the online platform Gamivo as a seller under the name Nextkeys in 2018 – one year before the acquisition of the disputed domain name, and that it has started the development of a website and logo reflecting the same name. The Respondent denies that it had knowledge of the Complainant prior to the acquisition of the disputed domain name from a South Korean seller, and the Complainant has not provided evidence demonstrating that the Respondent had such knowledge at the time. The Complainant started actions for the blocking of the activities of the Respondent on the Gamivo and Eneva platforms only after the registration of the NEXTKEYS trademark, and did not put the Respondent on notice of the Complainant's trademark application before the acquisition of the disputed domain name, although the Respondent had been active on the Gamivo platform under the name Nextkeys for the whole period from the date of application to the date of registration of the NEXTKEYS trademark.

The negotiations between the Parties for the sale of the disputed domain name by the Respondent to the Complainant were started at the initiative of the Complainant, and not vice versa, so they do not necessarily show that the Respondent registered the disputed domain name with an intent to sell the disputed domain name to the Complainant.

Taking all the above into account, the Panel reaches the conclusions that it does not appear as more likely than not that the Respondent was aware of the Complainant and of the existence of the NEXTKEYS trademark application when it acquired the disputed domain name, and that it does nor appear as more likely than not that the Respondent's intent when it acquired the disputed domain name was to unfairly capitalize on the Complainant's yet unregistered trademark.

There is no dispute between the Parties that the disputed domain name is inactive. Given that the Complainant has taken various steps to stop the Respondent from using the name Nextkeys in its business, the decision of the Respondent to postpone the activation of the website at the disputed domain name until the termination of the dispute between the Parties appears reasonable and should not be interpreted against the Respondent.

Therefore, the Panel finds that the Complainant has not established that the disputed domain name was acquired and is being used in bad faith.

Reverse Domain Name Hijacking

The Respondent requests a finding of Reverse Domain Name Hijacking ("RDNH") in the present case. The definition of RDNH in the Rules is "using the Policy in bad faith to attempt to deprive a registered domain-name holder of a domain name". It is generally accepted that mere lack of success of a complaint is not itself sufficient for such a finding.

The Panel finds that there is insufficient evidence to accept the claim. The Complainant had legitimate reasons to believe that the Respondent acquired the disputed domain name without rights and legitimate interests in it, as the Respondent did

not react to the Complainant's actions for the closing or renaming of the Respondent's profiles under the name Nextkeys on the Gamivo and Eneba platforms. This, coupled with the lack of active use of the disputed domain name following its acquisition, may have made it likely in the eyes of the Complainant that the Respondent has acquired the disputed domain name mainly for speculative purposes and that the Complainant would prevail in a proceeding under the Policy, although the Complainant did not ultimately succeed in proving its allegations on the balance of probabilities. The failure of the Complainant to meet its burden of proof, and the fact that the Complainant filed the Complaint after an unsuccessful attempt to acquire the disputed domain name from the Respondent are as such insufficient to conclude that the Complainant engaged in RDNH.

Therefore, the Panel denies the request for a finding of RDNH in the present case.

FOR ALL THE REASONS STATED ABOVE, THE COMPLAINT IS

Rejected

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

1. **NEXTKEYS.COM**: Remaining with the Respondent

PANELLISTS

Name	**Assen Alexiev**

DATE OF PANEL DECISION 2020-08-26

Publish the Decision