Decision for dispute CAC-UDRP-105153

Case number	CAC-UDRP-105153
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Domain names	klarna-sofort.com

Case administrator

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

Complainant

Organization	Klarna Bank AB

Complainant representative

Organization	SILKA AB

Respondent

Name	Bezdetko Ilya Semenovich

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

In this proceeding the Complainant provides a list of its numerous registered trademarks with the word element “KLARNA” protected in various jurisdictions including the following:

- The international trademark registration “Klarna” (word) No. 1066079, registration date is December 21, 2010 and effective inter alia in China, Russia, Turkey and Norway;
- The international trademark registration “KLARNA” (word) No. 1182130, registration date is August 1, 2013, effective in the US; and
- The EU trademark registration “KLARNA” (word) No. 012656658, registration date is July 30, 2014.

The “Sofort” mark is owned by “SOFORT” GmbH, a member of the Complainant’s “Klarna” group. SOFORT” GmbH was acquired by the Complainant in 2014.

The Complainant also refers to various domain names owned by the Complainant that incorporate its “Klarna” trademark, including <klarnacredit.com> and <klarnabank.org>.

FACTUAL BACKGROUND

FACTS ASSERTED BY THE COMPLAINANT AND NOT CONTESTED BY THE RESPONDENT:

THE DISPUTED DOMAIN NAME IS IDENTICAL OR CONFUSINGLY SIMILAR TO A TRADEMARK OR SERVICE MARK IN WHICH THE COMPLAINANT HAS RIGHTS

The Complainant is a part of "The Klarna Group" and is a Swedish e-commerce company that provides payment services for online storefronts, that include direct payments, pay after delivery options and instalment plans in a one-click purchase flow. It was founded in 2005 in Stockholm, Sweden with the aim of making it easier for people to shop online.

The Complainant claims that its company has more than 5,000 employees, most of them working in Stockholm.

The Complainant emphasizes the importance of intellectual property protection for its business and states that since 2016, it has been successful in over 40 (forty) UDRP disputes and provides references to some of these earlier UDRP cases.

The disputed domain name was registered on September 20, 2022 and is not used for any website or a page.

The Complainant holds numerous trademark registrations for the word "Klarna", including the ones referred to above, and contends that its "Klarna" trademark is clearly recognizable within the disputed domain name.

The Complainant asserts that the mere addition of "Sofort" in the disputed domain name does not avoid a finding of confusing similarity and that the <.com> element does not affect the assessment of confusing similarity.

Therefore, the Complainant claims the disputed domain name is confusingly similar to its "Klarna" trademark.

THE RESPONDENT HAS NO RIGHTS OR LEGITIMATE INTERESTS IN RESPECT OF THE DISPUTED DOMAIN NAME

The Complainant asserts that in the present case there is neither the demonstrable preparation to use the disputed domain name as defined by the Policy nor a legitimate noncommercial or fair use of the disputed domain name is being made by the Respondent. The disputed domain name is not used and is passively held by the Respondent.

The Complainant argues that the disputed domain name incorporates a trademark which is neither owned by the Respondent, nor is the Respondent commonly known by the name "KLARNA" either as an individual, business or any other organization.

The Complainant highlights that the disputed domain name has a recent registration date of September 20, 2022, while the Complainant has been using the brand "KLARNA" for over a decade. The disputed domain name contains both the "Klarna" mark of the Complainant and the "Sofort" mark owned by one of The Klarna Group companies.

Thus, the Complainant believes it is extremely difficult to foresee any legitimate use that the Respondent may have in respect of the disputed domain name.

The Complainant alleges that the disputed domain name was registered by the Respondent to exclusively "pass off" as the Complainant in the near future and have a free ride on its reputation and goodwill. The combination of "Klarna" and "Sofort has never been used online (not even in any other domain name), except in reference to the Complainant and its acquisition/ownership of Sofort GmbH.

The Respondent is not making any legitimate or fair use of the disputed domain name, but is holding it passively with an intention for commercial gain to misleadingly divert consumers and tarnish the trademark at issue, given the distinctive nature of the mark and the huge popularity of the Complainant and its "KLARNA" trademark.

Based on the above, the Complainant claims that the second element of the UDRP is evident and prima-facie requirement has been satisfied.

THE DISPUTED DOMAIN NAME WAS REGISTERED AND BEING USED IN BAD FAITH

The Complainant's submissions on the bad faith element can be summarized as follows:

1. The Complainant claims to be one of the leading European providers of payment solutions and contends that its "Klarna" trademark has an international reputation. The Complainant asserts that its mark is well-known and the Respondent knowingly chose to register the disputed domain name incorporating the Complainant's trademark to divert customers. This can adversely affect the Complainant's goodwill and reputation.
2. The Complainant cites the "WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Third Edition" ("WIPO Overview 3.0") and states that the mere registration of a domain name that is identical or confusingly similar to a famous or widely-known trademark by an unaffiliated entity can by itself create a presumption of bad faith (par. 3.1.4). The Complainant relies on actual or constructive notice and wilful blindness. It asserts that it is inconceivable that the registration of the disputed domain name was made without actual knowledge of the existence of the Complainant and its 'well-known' trademark, when a simple Google search for KLARNA+SOFORT would have displayed results referring to the Complainant only.

3. The Complainant contends that the actual knowledge of Complainant's rights at the time of registration of the disputed domain name can easily be assumed based upon the fame of the "KLARNA" trademark and incorporation of another brand – "SOFORT" in the disputed domain name.
4. The Complainant relies on the passive holding doctrine and cites WIPO Overview 3.0 and previous UDRP cases. It states that the non-use does not prevent a finding of bad faith under certain circumstances. In particular, the Complainant relies on the totality of circumstances principle including "the degree of distinctiveness or reputation of the Complainant's mark" and "the implausibility of any good faith uses to which the domain name may be put".
5. The Complainant argues that any person or entity using the mark / name "KLARNA" in any manner is bound to lead customers and users to infer that its product or service has an association or affiliation with the Complainant and claims opportunistic bad faith of the Respondent in this dispute.
6. The Complainant concludes that the registration of identical or confusingly similar domain name that is patently connected with a particular trademark owned by an entity with no connection with the trademark owner is indicative of bad faith as understood in the Policy and that in the facts and circumstances of this case, the passive holding of the disputed domain name is bad faith as the disputed domain name cannot be put to any contemplated good-faith use.

Therefore, the Complainant claims the disputed domain name was registered and being used in bad faith.

PARTIES CONTENTIONS

The Complainant's contentions are summarized in the Factual Background section above.

NO ADMINISTRATIVELY COMPLIANT RESPONSE HAS BEEN FILED.

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

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 name (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 name has been registered and is 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 the UDRP were met and there is no other reason why it would be inappropriate to provide a decision.

Language of the Proceeding

According to the registrar's verification the language of the registration agreement is Russian.

The Complaint asked to conduct this proceeding in English based on the following:

- The registration agreement of the registrar – "Ru-Center" has both Russian and English versions. Therefore, the registration agreement is not exclusively in Russian and, in the Complainant's view, no presumption should be drawn that the Respondent does not understand English.
- The Respondent registered the disputed domain name that contains the words "Klarna" and "Sofort". These words are not Russian and involve Complainant's brands.

- The Complainant's representative sent a cease-and-desist letter to the Respondent's email address on October 25, 2022 and a reminder on October 31, 2022 but the Respondent never responded and never expressed lack of his understanding of the English language.

Under par. 11 (a) of the UDRP Rules unless otherwise agreed by the Parties, or specified otherwise in the Registration Agreement, the language of the administrative proceeding shall be the language of the Registration Agreement, subject to the authority of the Panel to determine otherwise, having regard to the circumstances of the administrative proceeding.

The Panel needs to consider the interests of both parties to the proceeding and provide them with a fair opportunity to present their case and at the same time to ensure that the administrative proceeding takes place with due expedition.

1) First, the Panel notes that the disputed domain name does not resolve to any active website or a page with content in any language.

2) Second, the Complainant indeed provided proof of sending a cease and desist letter regarding the disputed domain name to the email address of the Respondent that was later confirmed by the registrar in its verification. The Complainant later sent a reminder. Therefore, the Respondent was put twice on notice (first by the initial letter and second by the reminder) that the Complainant has certain claims in respect of the disputed domain name and could initiate a legal proceeding. The letter and the reminder were in English, however the disputed domain name was mentioned a few times along with Complainant's "Klarna" trademarks in both documents, including in the subject line and it was clear that the content of both notices relates to the disputed domain name.

3) Third, the disputed domain name contains both the "Klarna" trademark of the Complainant and the "Sofort" brand of one of the companies of the Complainant's group. Both terms are in Latin characters.

4) Fourth, the Czech Arbitration Court (CAC) sent a notification to the Respondent of commencement of the administrative proceeding in the Russian language and the time for response started from the date of sending the Russian language notification to the Respondent. The Respondent did not respond.

Based on the above, the Panel finds that the Respondent was notified, including by the CAC notice in the Russian language, and should have been aware of the situation and this proceeding.

The Panel knows both Russian and English and had the Respondent submitted any response or evidence in Russian, the Panel would have considered such evidence.

However, the Respondent chose not to respond. In particular, the Respondent did not challenge choice of the English language as the language of this proceeding and never questioned the language issue in this dispute.

As noted in WIPO Overview 3.0 panels have found that certain scenarios may warrant proceeding in a language other than that of the registration agreement and such scenarios include inter alia:

- the language/script of the domain name particularly where the same as that of the complainant's mark,
- any content on the webpage under the disputed domain name, potential unfairness or unwarranted delay in ordering the complainant to translate the complaint and
- other indicia tending to show that it would not be unfair to proceed in a language other than that of the registration agreement (see par. 4.5.1).

Taking into account that the Complainant sent two (2) letters to the Respondent prior to filing the complaint, that the CAC sent a notification to the Respondent in Russian, that the disputed domain name is in the Latin script fully incorporating the Complainant's mark plus another mark owned by one of the companies related to the Complainant and the Respondent's failure to respond, the Panel finds that it would be unfair for the Complainant to order it to translate the complaint into Russian. The Panel is also mindful of the obligation to ensure that the administrative proceeding takes place with due expedition.

Based on the above the Panel agrees with the Complainant and decides to proceed in English.

PRINCIPAL REASONS FOR THE DECISION

A. Identical or confusingly similar

The Complainant owns numerous "Klarna" trademarks protected in various jurisdictions throughout the world, including the EU, the US, China, Turkey and Russia.

As confirmed by WIPO Overview 3.0: "Where the complainant holds a nationally or regionally registered trademark or service mark, this prima facie satisfies the threshold requirement of having trademark rights for purposes of standing to file a UDRP case" (see par. 1.2.1).

The disputed domain name fully incorporates the word trademark of the Complainant with the addition of the "Sofort" term, that is the mark owned by one of the members of the Complainant's Klarna group.

The confusing similarity test for the purpose of the first element assessment is rather straightforward, namely: "whether the mark is

recognizable within the disputed domain name" (see par. 1.7 of WIPO Overview 3.0).

In the present case, the Complainant's word trademark is clearly recognizable within the disputed domain name. The addition of the "Sofort" brand owned by the Complainant's group company - "SOFORT" GmbH in the disputed domain name actually increases confusion as both "Klarna" and "Sofort" are associated with the Complainant's group.

The gTLD ".com" is to be disregarded under the confusing similarity test as it does nothing to eliminate confusion.

Therefore, the Panel finds that the first requirement of the Policy has been satisfied.

B. Rights or Legitimate Interests

The general rule is the following:

(i) a complainant is required to make out a prima facie case that the respondent lacks rights or legitimate interests; and

(ii) once such prima facie case is made, the burden shifts to the respondent who has to demonstrate his rights or legitimate interests in respect of the domain name under paragraph 4 (c) of the Policy.

If the respondent fails to do so, the second element of the Policy is satisfied, see Julian Barnes v. Old Barn Studios, WIPO Case No. D2001-0121; Belupo d.d. v. WACHEM d.o.o., WIPO Case No. D2004-0110.

The disputed domain name was registered on September 20, 2022. It does not resolve to any active page.

The Respondent did not respond.

While failure to respond does not per se demonstrate that the Respondent does not have rights or legitimate interests, it allows the Panel to draw such inferences as it considers appropriate (see paragraph 14(b) of the Rules and CAC Case No. 101284: "A respondent is not obliged to participate in a proceeding under the Policy, but if it fails to do so, reasonable inferences may be drawn from the information provided by the complainant").

The Complainant has made a prima facie case of Respondent's lack of rights or legitimate interests.

The Respondent is not known at the disputed domain name and is identified as an individual from Russia with no connection to the Complainant's business or the disputed domain name.

The Complainant has not granted any license or authorization to use its trademark to the Respondent and the Complainant is not doing any business with the Respondent.

The nature of the disputed domain name is such that it creates an association with the Complainant, Complainant's group of companies and its business. Passive holding of the disputed domain name in the circumstances of this case does not create any rights or legitimate interests of the Respondent.

Therefore, the Panel finds that the Complainant has satisfied the second element of the Policy.

C. Registered and Used in Bad Faith

Paragraph 4(b) of the Policy lists non-exhaustive circumstances indicating registration and use in bad faith.

These circumstances are non-exhaustive and other factors can also be considered in deciding about the bad faith element.

It is well established that bad faith under the UDRP is broadly understood to occur where a respondent takes unfair advantage of or otherwise abuses a complainant's mark (see par. 3.1 of WIPO Overview 3.0). Targeting is important in establishing bad faith under the UDRP.

The Panel finds that the Complainant provided sufficient evidence that the disputed domain name was registered and is being used in bad faith based on the following:

1. The nature of the disputed domain name that includes both Complainant's "Klarna" mark and the "Sofort" mark owned by a member of The Klarna Group and the timing of the registration of the disputed domain name – September 20, 2022, many years after the Complainant registered its "Klarna" trademarks. The nature of the disputed domain name indicates that the Respondent was aware of the Complainant and its trademark.
2. The strength and reputation of the Complainant's trademark. The Complainant provided evidence that its "Klarna" trademark is distinctive and enjoys significant reputation, at least in Europe (including the "Wikipedia" article and previous UDRP decisions). Previous UDRP decisions relating to the "Klarna" trademark could be an additional indication of popularity of Complainant's trademark. While each UDRP case is unique and has its own set of facts and circumstances, previous decisions in complainant's favor can demonstrate that the Complainant's mark was already targeted by cybersquatters and is popular (see e.g. CAC Case No. 104966, CAC Case No. 104809 and Klarna Bank AB v. 1&1 Internet Limited / Slawomir Markow, WIPO Case No. D2022-1193: "Considering the worldwide reputation of the

KLARNA marks in the financial industry, one finds it hard to conceive that the Respondent would have chosen and registered the disputed domain name without having been aware of the Complainant's trademarks").

3. Passive holding of the disputed domain name in the circumstances of this case. WIPO Overview 3.0 states that "from the inception of the UDRP, panelists have found that the non-use of a domain name would not prevent a finding of bad faith under the doctrine of passive holding" and the panelists "will look at the totality of the circumstances in each case" (par. 3.3). The Panel notes that passive holding per se does not indicate bad faith. However, the totality of the circumstances of this dispute indicates bad faith of the Respondent, in particular: i) strength and reputation of the "Klarna" mark as indicated above, ii) failure of the Respondent to respond and take part in this proceeding and iii) the implausibility of any good faith use to which the disputed domain name may be put – the Panel does not find any circumstances under which the Respondent could legitimately use the disputed domain name that is so closely associated with the Complainant, its "Klarna" trademark and "The Klarna Group" business. Any possible explanation of a potential legitimate use is solely within the Respondent's knowledge and the Respondent failed to respond and provide any explanations. As noted by the Panel in WIPO Case No. D2022-1193: "The Respondent, having neglected to participate in these proceedings, did not bring any evidence to support any good faith reason for having chosen to register <klarnacustomersupport.com>; such evidence is not apparent from the record, and the Respondent has to bear the consequences of its default in that regard".
4. The Panel finds that this is a clear case of targeting and an attempt to take unfair advantage of the Complainant's trademark and reputation by the Respondent. There are no any rights or legitimate interests of the Respondent taking into account evidence on the record and facts of this case and the only apparent reason for registration of the disputed domain name is an intent of the Respondent to take advantage of the Complainant's mark and business reputation.

Based on the above, the Panel finds that Respondent's behavior falls within, at least, par. 4 b (iv) of UDRP and the Respondent by using the disputed domain name has intentionally attempted to attract, for commercial gain, Internet users to its web site, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement and that the Respondent takes unfair advantage of the Complainant's mark and targets the Complainant.

The Panel holds that the third requirement of the Policy has been satisfied.

FOR ALL THE REASONS STATED ABOVE, THE COMPLAINT IS

Accepted

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

1. **klarna-sofort.com**: Transferred

PANELLISTS

Name	**Igor Motsnyi**

DATE OF PANEL DECISION 2023-02-27

Publish the Decision