

**IN THE MATTER OF A COMPLAINT PURSUANT TO
THE CANADIAN INTERNET REGISTRATION
AUTHORITY
DOMAIN NAME DISPUTE RESOLUTION POLICY & RULES**

Dispute Number: DCA- 1398– CIRA
Domain(s) in Dispute: patagonia.ca
Complainant: PATAGONIA INC.
Registrant: Netnic Corporation O/A Patagonia.ca
Registrar: dot-ca-registry.ca (Burmac Business Systems Ltd., 338341)
Service Provider: British Columbia International Commercial Arbitration Centre
Panel: R. John Rogers, Eric Macramalla and Elizabeth Cuddihy (Chair)

DECISION

The Parties

1. The Complainant is PATAGONIA INC. of 259 West Santa Clara Street, Venture, CA 93001, U.S.A., hereinafter referred to as the “Complainant”.
2. The Registrant is Netnic Corporation O/A Patagonia.ca, Attention: Mr. Daniel Mullen (Administrative Contact), of Charlottetown, PE, C1A 7N, Canada, hereinafter referred to as the “Registrant”.

The Disputed Domain Names and Registrar

3. The Domain name at issue is patagonia.ca, hereinafter referred to as the “Disputed Domain Name”.
4. The Registrar of record at the time of the Complaint is dot-ca-registry.ca (Burmac Business Systems Ltd., 338341).
5. The Disputed Domain Name was registered on February 9, 2005.

Procedural History

6. The British Columbia International Commercial Arbitration Centre (“BCICAC”) is a recognized service provider to the Domain Name Dispute Resolution Policy (the “Policy”) and Rules (the “Rules”) of the Canadian Internet Registration Authority (“CIRA”).

7. The Complainant filed a complaint dated May 24, 2012 on May 25, 2012, (the "Complaint") with the BCICAC seeking an order in accordance with the Policy and the Rules directing that the registration of the Disputed Domain Name be transferred to the Complainant forthwith.
8. The BCICAC determined the Complaint to be in administrative compliance with the requirement of the Rules, and, by letter and email dated May 29, 2012 so advised the parties and forwarded a copy of the Complaint to the Registrant.
9. Within the timeframe to file a Response, the Registrant requested an extension, which the BCICAC granted. On July 13, 2012, the Registrant delivered to the BCICAC its Response to the Complaint in compliance with the Policy and the Rules. The BCICAC found the Response to be in administrative compliance and, on July 13, 2012 delivered a copy of the Response to the Complainant.
10. By letter dated July 18, 2012, the Complainant made a request to file further submissions in reply to the Registrant's Response and by email dated July 18, 2012, the Registrant objected to the Complainant's request to file further submissions.
11. By letter dated July 20, 2012, the BCICAC appointed the above-named persons as a three-person panel, (the "Panel").
12. Relying on the BCICAC, the Panel deems that it has been properly constituted as the three member panel to determine the Complaint in accordance with the Rules.
13. Pursuant to Rule 9.1(e), the Panel considered the Complainant's request of July 18, 2012 to file further submissions and the Registrant's response of July 18, 2012 objecting to the request and ruled that the Complainant may file further submissions provided such submissions are made within five (5) days from the date of notification to the Complainant by the BCICAC of the Panel's ruling and also provided that the Registrant may file further submissions in response to the Complainant's reply providing such submissions are filed within five (5) days from the date of the Centre forwarding to the Registrant a copy of the Complainant's reply.
14. The BCICAC received the Complainant's reply submissions dated August 6, 2012 and delivered the submissions to the Panel and the Registrant on August 7, 2012. Prior to the time set by the Panel for the receipt of a Registrant Response, the Panel, on request of the Registrant

to the Service Provider, granted an extension to September 4, 2012. The Registrant filed its Response to the Complainant's Reply on August 17, 2012.

15. The Complaint with supporting material, the Response with supporting material together with the further submissions of the parties form the record for consideration by the Panel in the determination of the matter.

Canadian Presence Requirements

16. The Canadian Presence Requirements for Registrants (the "Presence Requirements") require that in order for a Registrant to be permitted to apply for registration of, and to hold and maintain the registration of a dot- ca domain name, the applicant must meet at least one of the criteria listed as establishing a Canadian presence. Section 2(q) of the Presence Requirements specifies that the owner of a trade-mark which is the subject of a registration under the *Trade-Marks Act* (Canada) R.S.C. 1985, c.T-13 as amended from time to time qualifies, provided the application to register the dot ca domain name consists of or includes the exact word component of that registered trade-mark. In addition section 1.4 of the CIRA Domain Name Dispute Resolution Policy, Version 1.3 (August 22, 2011), (the "Policy") makes an exception to the Presence Requirements when the Complaint relates to a trade-mark registered in the Canadian Intellectual Property Office ("CIPO") and the trade-mark is owned by the Complainant.

17. The Complainant is the owner of the CIPO registered trade-marks PATAGONIA registered in CIPO under nos. TMA32574 and TMA467807, March 27, 1987 and December 17, 1996 respectively and PATAGONIA and design registered in CIPO under no TMA325074, March 20, 1987, collectively referred to as (the "Marks") and the Complaint is based on the Marks which is identical to the Disputed Domain Name, accordingly, the Complainant satisfies the Canadian Presence Requirements.

The Position of the Parties

The Complainant's Position

18. The Complainant is a California based company and the owner of the trade-marks PATAGONIA, registered in CIPO under nos. TM325274 and TMA467807 and PATAGONIA and DESIGN registered in CIPO under no. TMA325074, collectively referred to as (the "Marks"), as

evidenced by abstracts of CIPO records provided by the Complainant. The Marks are in good standing with CIPO.

19. Although the mark PATAGONIA and PATAGONIA & DESIGN were registered in CIPO on March 27, 1987 and March 20, 1987 respectively in connection with the wares set forth in the registration records, the Complainant has used the mark PATAGONIA and PATAGONIA & DESIGN in Canada since at least as early as 1976 in connection with a broad range and wide variety of men's, women's and children's clothing, inner and outerwear, summer and winter sportswear, including, t-neck tops, shirts, sweaters, jackets, trousers, shorts, bib pant, hats, gloves, shoes, boots and a variety of sporting equipment covering a wide spectrum of sport including fishing gear, ski gear and clothing, scuba diving, swimming, paddle sportswear, sailing to name a few. It has used the mark PATAGONIA in connection with luggage and a variety of sport bags, water packs, etc, variety of boots, shoes, sandals, a variety of sporting equipment to name a few in Canada since at least, as early as July 1996 although registration of that mark in connection with such use was December 17, 1996.

20. The Complainant's extensive use of the Marks in connection with its branded products which are sold through various channels of trade together with its extensive advertising of its product in the US and Canada, its widespread advertising in a variety of contexts including catalogues, magazines, points of purchase, social media and the like, the maintenance of an active web site patagonia.com which prominently displays the Marks has made that the Complainant's Marks are well-known in North America and around the world.

21. Due to the widespread use, advertising and promotion of the Marks in Canada, where the Registrant is based, as well as abroad and based on the further circumstances presented, the Complainant submits that the Registrant was well aware of the Marks at the time of registration of the Disputed Domain Name.

22. The Complainant submits that the Disputed Domain Name is confusingly similar to the Marks in which the Complainant had rights prior to the registration of the Disputed Domain Name and continues to have such rights, the Registrant has no legitimate interest in the Disputed Domain Name and the Registrant has registered the Disputed Domain Name in bad faith, the whole in accordance with paragraphs 3.1(a), 3.4 and 3.5 respectively of the Policy.

23. In particular, the Complainant claims that the Registrant registered the Disputed Domain Name in order to prevent the Complainant from registering the Marks as a domain name. In support of its claim, the Complainant alleges that the Registrant and its administrative contact,

Daniel Mullen either directly or through an apparent corporate entity have a long and well documented history of registering domain names in bad faith for the purpose of preventing mark owners from registering their marks as domain names and provides a list of domain names that are purportedly owned by the Registrant.

24. The Complainant further claims that the Registrant registered the Disputed Domain Name primarily for the purpose of disrupting the business of the Complainant in that the Disputed Domain Name has been used by the Registrant for the purpose of redirecting Internet users to links to third party websites and referencing goods of the same nature as those associated with the Complainant's Marks, including the Complainant's goods, the whole presumably for the purpose of collecting pay-per-click advertising fees, and alleges that the Registrant is a competitor of the Complainant.

25. The Complainant further claims that the Registrant registered the Disputed Domain Name primarily for the purpose of selling or otherwise transferring the registration to the Complainant. On September 1, 2009, solicitors for the Complainant notified the Registrant, (the "Clarke Letter") that the registration of the Disputed Domain Name violated the Complainant's trade-mark rights in the Marks and requested the transfer of the Disputed Domain Name for Can\$250.00 representing the reasonable expenses associated with the registration or acquisition of the Disputed Domain Name from the Registrant. In response to that notification, the Registrant requested the sum of 11,600 Euros, a sum which the Complainant deemed far in excess of the reasonable expenses associated with the registration of the Disputed Domain Name.

26. Further the Complainant alleges that the Registrant has no legitimate interest in the Disputed Domain Name and requests an Order that the Disputed Domain Name be transferred to the Complainant forthwith.

The Registrant's Position

27. The Registrant is a domain name registration management service provider, one of the top ranking in terms of market share in Canada and the largest of its kind Canadian owned and operated company. James Deighan is the sole owner, director and officer with sole signing authority. Contrary to the contention of the Complainant that the Registrant owns the hundreds of domain name registrations that it listed as Exhibit H to the Complaint and /or

Attachment 3 to the Complainant's Reply submission, the Registrant claims it, itself, owns only four (4) domain name registrations.

28. The beneficial registrant of the Disputed Domain Name is Daniel Mullen, ("Mullen") owner of Patagonia Beverages Canada Inc.

29. Mullen has two relationships with the Registrant, one on a contract to contract basis, where his work is billed to the clients through the Registrant and second as a client of the Registrant.

30. On a contract to contract basis, the Registrant calls upon Mullen to address any trade-mark filings the Registrant provides for clients and to ensure customer service agreements are in full compliance with the rules and policies of the various registries in which the Registrant holds domain names for its clients, including CIRA and to deal with counsel enquiries.

31. As a client, the Registrant manages Mullen's domain names, ambrew.ca and patagonia.ca, the Disputed Domain Name, which he registered in 2005. These domain names were registered in Mullen's personal name originally and later were included in the Registrant's account at the CIRA registrar, Burmac Business Systems Ltd, operating as a dot-ca-registry.ca, to take advantage of the discounts for registrations and renewals. Unlike most portfolio domains managed by the Registrant, which are renewed on a year to year basis, the Disputed Domain Name registration is paid to the year 2014.

32. The Disputed Domain Name was registered by Mullen on February 9, 2005 and managed by Netnic Corporation, with whom, Mullen had a contractual relationship, while Mullen directed his efforts to developing a line of products for sale under the Patagonia name, principally beer and water.

33. Patagonia is an internationally renowned South American region known for its pristine beauty and range of vistas, including the water source and visually impressive *Perito Moreno* glacier. The *Los Glaciares* National Park was named a UNESCO World Heritage site in 1981, further contributing to the fame of the Patagonia region and increasing its draw for visitors, along with beaches, the Andes, Valleys and plateaus. The term "Patagonia" is not a coined word and the Complainant has no special rights to the term. The place name Patagonia is used by several other CIPO registered trade-mark holders for goods such as fruit and vegetables and fish from the region.

34. Mr. Max de Hoop Carter, (“Carter”) owner of the Patagonia Brewery, has had the Patagonia trade-mark registered in Europe in many categories including for water and other local products since 1995. In the summer of 2007, Carter sought additional rights to the Patagonia mark to protect water and other local products to be exported to Canada. He has claimed registered trade-marks in Europe for those goods since 1995. Carter further authorized Mullen’s use of the Patagonia mark with or without a formal company under that name, at the latter’s discretion. Warsteiner Brauerel Haus Cramer KG (“Warsteiner”) first commercialized the Patagonia brand in Canada for Carter and since 2009 Mullen has been continuing the development plans for the Canadian market.

35. Prior to the Clarke Letter to the Registrant advising that the Complainant had exclusive right to the Marks and that its trade-mark rights were being infringed by the registration of the Disputed Domain Name, Mullen was carrying on the business noted above as licensee of Carter, owner of the Patagonia Brewery and claims not to have been aware of the Complainant or its Marks until then.

36. Following the Clarke Letter, Mullen, following consultation with Warsteiner and Carter, attempted to work out a settlement whereby he could continue to market with the Patagonia name without the threat of legal action hanging over the business. He also provided counsel with advertising materials to its pages on the Disputed Domain Name site where establishment owners could see marketing items to order and so on. Patagonia beer had been enjoyed in Canada starting in Manitoba since the 2000s and by this year 2012 into major markets such as Toronto, Ontario. At the request of Mr. Clarke he quantified his costs and arrived at the 11600 Euro figure. The key to any agreement was the requirement that the Complainant then respect Mullen’s right to continue to market as Patagonia Water and Patagonia Beer under URLs such as drinkpatagonia.ca or patagoniabeer.ca respectively. No agreement was reached in spite of Mullen’s efforts to settle the issue of the mark in use as the Complainant refused to address the issue. The Complainant’s Counsel then requested that CIRA instigate a Registrant Information Validation during which time the Disputed Domain Name was in limbo with CIRA and the Respondent was required to establish that Mullen was entitled to the Disputed Domain Name registration. Following this validation, CIRA changed the Registrant to NETNIC Corporation O/A patagonia.ca and in spite of several requests to CIRA to transfer the domain name registration to the company he owned, it remained in the NETNIC account.

37. Contrary to the Complainant’s contention that the Disputed Domain Name was used by the Registrant for the purpose of redirecting internet users to links to third party websites and referencing goods of the same nature as those associated with the Complainant’s Marks,

including the Complainant's goods in order to collect pay-per-click advertising fees, the Registrant claims that during the short period, as acknowledged by the Complainant, that the Disputed Domain Name was parked, the Complainant actively used the Disputed Domain Name website to place paid advertising to promote sales of its product and to attract traffic to its web site.

38. Mullen claims he has had quiet enjoyment of the Disputed Domain Name for more than seven years, carrying on his active business of selling Patagonia products and except for the incident in 2009, has had no contact with the Complainant until he was informed of the Complaint. He has accordingly assumed that the Complainant was satisfied that there was no basis for a Complaint in respect of the registration of the Disputed Domain Name.

39. The Complainant now has two dealers in western Canada and has applied for a CIPO trade-mark registration for intent to use the name "Patagonia Provisions" to cover a range of goods which corresponds with those products already registered at CIPO by Carter. Mullen, the beneficial registrant currently sells water from Patagonia. The Complainant does not yet sell water but is seeking, as disclosed in its submission, to register a trade-mark for "Patagonia Provisions", beverages and thus is seeking to use the Complaint as a mechanism to eliminate a future true competitor and avoid challenges to its trade-mark application at CIPO. While the beneficial registrant currently sells water from Patagonia, the Complainant plans to sell "flavored" or "enhanced" water which has no connection with the Patagonia region or the very famous mountain range to which it alluded in the original logo used by the Complainant.

40. The Registrant claims that Mullen, the beneficial owner of the Disputed Domain Name has an active business of selling Patagonia beer and water, that there are other Patagonia trade-mark registrations at CIPO for various classes of goods that are not goods of the Complainant and that he has and continues to have extensive interests and rights in the Disputed Domain Name. Based on the above the Registrant claims a legitimate interest in the Disputed Domain Name and requests that the Complainant's claim for the transfer of the Disputed Domain Name be denied.

Analysis and Findings

41. The purpose of the Policy as stated in paragraph 1.1 of the Policy is to provide a forum by which cases of bad faith registration of dot-ca domain names can be dealt with relatively

inexpensively and quickly. The Policy does not apply to other types of differences between owners of trade-marks and Registrants of Domain names.

Relevant provisions of the Policy are provided below

42. Paragraph 4.1 of the Policy provides

4.1 **Onus.** To succeed in a Proceeding, the Complainant must prove, on a balance of probabilities, that:

(a) the Registrant's dot-ca domain name is Confusingly Similar to a Mark in which the Complainant had Rights prior to the date of registration of the domain name and continues to have such Rights; and

(b) the Registrant has registered the domain name in bad faith as described in paragraph 3.5;

and the Complainant must provide some evidence that:

(c) the Registrant has no legitimate interest in the domain name as described in paragraph 3.4.

Even if the Complainant proves (a) and (b) and provides some evidence of (c), the Registrant will succeed in the Proceeding if the Registrant proves, on a balance of probabilities, that the Registrant has a legitimate interest in the domain name as described in paragraph 3.4.

43. Paragraph 3.2 of the Policy provides in part

3.2 **Mark.** A "Mark" is

(a) A trademark, including the word elements of a design mark, or a trade name that has been used in Canada by a person, or a person's predecessor in title, for the purpose of distinguishing the wares, services, or business of that person or predecessor or a licensor of that person or predecessor for the wares, services or business of another person;

44. Paragraph 3.3 provides

3.3 "**Confusingly Similar**". In determining whether a domain name is "Confusingly Similar" to a Mark, the Panel shall only consider whether the domain name so nearly resembles the Mark in appearance, sound or the ideas suggested by the Mark as to the likely to be mistaken for the Mark.

45. Paragraph 3.4 provides:

3.4 **Legitimate Interest.** For the purposes of paragraphs 3.1(b) and 4.1(c), any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate that the Registrant has a legitimate interest in the domain name:

(a) the domain name was a Mark, the Registrant used the Mark in good faith and the Registrant had Rights in the Mark;

(b) the Registrant used the domain name in Canada in good faith in association with any wares, services or business and the domain name was clearly descriptive in Canada in the English or French language of (i) the character or quality of the wares, services or business; (ii) the conditions of, or the persons employed in, production of the wares, performance of the services or operation of the business, or (iii) the place of origin of the wares, services or business;

- (c) the Registrant registered the domain name in Canada in good faith in association with any wares, services or business and the domain name was understood in Canada to be the generic name thereof in any language;
 - (d) the Registrant used the domain name in Canada in good faith in association with a non-commercial activity including without limitation, criticism, review or news reporting;
 - (e) the domain name comprised the legal name of the Registrant or was a name, surname or other reference by which the Registrant was commonly identified; or
 - (f) the domain name was the geographical name of the location of the Registrant's non-commercial activity or place of business
- In paragraphs 3.4 (d) "use" by the Registrant includes, but is not limited to, use to identify a web site.

46. Paragraph 3.5 provides:

3.5 Registration in Bad Faith. For the purposes of paragraph 3.1(c) and 4.1(b), any of the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence that a Registrant has registered a domain name in bad faith:

- (a) the Registrant registered the domain name, or acquired the Registration, primarily for the purpose of selling, renting, licensing or otherwise transferring the Registration to the Complainant, or the Complainant's licensor or licensee of the Mark, or to a competitor of the Complainant or the licensee or licensor for valuable consideration in excess of the Registrants' actual costs in registering the domain name or acquiring the Registration;
- (b) the Registrant registered the domain name or acquired the Registration in order to prevent the Complainant, or the Complainant's licensor or licensee of the Mark, from registering the Mark as a domain name, provided that the Registrant, alone, or in concert with one or more additional persons has engaged in a pattern of registering domain names in order to prevent persons who have Rights in Marks from registering the Marks as domain names;
- (c) the Registrant registered the domain name or acquired the Registration primarily for the purpose of disrupting the business of the Complainant, or the Complainant's licensor or licensee of the Mark, who is a competitor of the Registrant; or
- (d) The Registrant has intentionally attempted to attract for commercial gain, Internet users to the Registrant's website or other on-line location, by creating a likelihood of confusion with the Complainant's Mark as to the source, sponsorship, affiliation or endorsement of the Registrant's website or location or of a product or service on the Registrant's website or location.

47. As stated above, the purpose of the Policy is to provide a forum limited to dealing with cases of bad faith registration of dot-ca names. This limitation is by design flowing from the presumption of good faith registration based upon a first come, first served registration basis. It is only in those limited instances where a complainant is able to demonstrate a registrant's bad faith that it will obtain the relief it seeks with respect to the disputed domain name.

48. This in turn places a heavy burden on a complainant to prove on a balance of probabilities three concepts: that there is a confusing similarity between the intellectual property owned by the complainant and the disputed domain name; that the registrant has registered the disputed

domain name in bad faith as defined by the Policy; and that the registrant has no legitimate interest as defined by the Policy in the disputed domain name.

49. Even if a panel is satisfied that the complainant has met this heavy onus of proof, the complainant is not entitled to its sought for remedy, if the registrant demonstrates an element of legitimate interest in the disputed domain name.

50. In the matter at hand, the Panel finds that the Complainant had Rights in the Marks at the date of registration of the Disputed Domain Name and continues to have such Rights in the Marks all as required by the Policy. Further, the Panel finds that the Marks are Confusingly Similar with the Disputed Domain Name. In other words, the Panel finds that the Complainant has satisfactorily met its onus of proof with respect to the first concept.

51. With respect to the second concept, the Panel finds that during such time as the Registrant had the Disputed Domain Name “parked” that the Complainant has demonstrated the element of bad faith as encapsulated in paragraph 3.5(d) of the Policy.

52. The third concept which is included in paragraph 4.1(c) of the Policy required the Complainant to prove a negative. That is, the Complainant must prove that the Registrant does not have the defined “legitimate interest” in the Disputed Domain Name. And from the wording of this paragraph, it is the legitimate interest not at the date of registration of the Disputed Domain Name, but at the date that the Complaint is filed.

53. Although it is difficult to imagine how a complainant can be found to have satisfied the provisions of paragraph 4.1(c) and still leave it open to the Respondent to demonstrate some legitimate interest in the Disputed Domain Name, the proviso attached to the end of paragraph 4 of the Policy opens that door for the Registrant.

54. In other words, even if the Complainant has demonstrated bad faith at the date of registration or acquisition of the Disputed Domain Name, if the Registrant can demonstrate a legitimate interest in the Disputed Domain Name at the date of the Complaint, the Complainant is not entitled to the remedy sought.

55. Although the Complainant has gone to great lengths to prove that the Registrant has no legitimate interest in the Disputed Domain Name, we find that at the date of the filing of the Complaint that the Registrant has demonstrated that in accordance with the provisions of paragraph 3.4(b) of the Policy, the Respondent used the Disputed Domain Name in Canada in

good faith in association with the Aguas de la Patagonia Premium Artesian Still Spring Water product and the domain name was clearly descriptive in the English language of the place of origin of the water contained in the product.

56. We therefore find that the Complainant has not satisfied the onus placed upon it in order to succeed in this proceeding and we dismiss this Complaint.

57. The parties to this dispute made lengthy submissions much broader in scope than the right to use the Disputed Domain Name. The Panel is of the view that these submissions were not within the narrow scope of the Policy, which deals exclusively with instances of bad faith registration of a dot-ca domain name.

58. The submissions before us demonstrate that the dispute between the parties is fundamentally a trade-mark dispute, as the Complainant is challenging the Registrant's right to use "Patagonia". Such a dispute is broader in scope and is therefore ill-suited for the summary nature of these proceedings. It is more properly suited for the broad causes of action provided for under the *Canadian Trade-Marks Act* and the common law. It is beyond the purview of this Panel in these summary proceedings to determine whether or not the Registrant has the right to use the mark in question. The Courts are better suited to review the more sophisticated evidence and legal arguments required for an infringement assessment. This is a mark's dispute that involves a domain name, which takes it outside the Policy, and not strictly a domain name dispute *per se*.

Decision

59. For the reasons set out herein, the Panel dismisses the Complainant's request for the transfer to the Complainant of the Disputed Domain Name, patagonia.ca.

Dated, September 7, 2012

R. John Rogers, Eric Macramalla and Elizabeth Cuddihy

Per 

Elizabeth Cuddihy (Chair)