

ADMINISTRATIVE PANEL DECISION

Illycaffè S.p.A. v. John Frisco & Associates Pty Ltd trading as Illycafe / CEW Pty Ltd

Case No. DAU2015-0009

1. The Parties

The Complainant is Illycaffè S.p.A of Trieste, Italy, represented by Kivial s.r.l, Italy.

The Respondent is John Frisco & Associates Pty Ltd trading as Illycafe / CEW Pty Ltd of Mascot, New S South Wales, Australia, represented by Maddocks, Australia.

2. The Domain Name and Registrar

The disputed domain name <illy.com.au> is registered with NetRegistryPty Ltd.

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the “Center”) on February 27, 2015. On February 27, 2015, the Center transmitted by email to NetRegistryPty Ltd. a request for registrar verification in connection with the disputed domain name. On March 4, 2015, NetRegistryPty Ltd. transmitted by email to the Center its verification response confirming that the Respondent is listed as the registrant and providing the contact details.

The Center verified that the Complaint satisfied the formal requirements of the .au Dispute Resolution Policy (the “auDRP” or “Policy”), the Rules for .au Dispute Resolution Policy (the “Rules”), and the WIPO Supplemental Rules for .au Domain Name Dispute Resolution Policy (the “Supplemental Rules”).

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified the Respondent of the Complaint, and the proceedings commenced on March 4, 2015. In accordance with the Rules, paragraph 5(a), the due date for Response was March 24, 2015. The Response was filed with the Center on March 24, 2015.

The Center appointed Andrew F. Christie as the sole panelist in this matter on April 1, 2015. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

On March 30, 2015, the Complainant transmitted by email to the Center a supplemental filing in response to

the Respondent's response. On April 2, 2015, the Respondent transmitted by email to the Center a response to the Complainant's supplemental filing.

4. Factual Background

The Complainant was founded in 1933, in Italy, by Francesco Illy. It produces and sells, all over the world, high quality espresso coffee consisting of nine types of pure Arabica coffee sourced from South America, Central America, India and Africa. The Complainant's coffee is distributed to hotels, restaurants and cafes, and is consumed at home and in the office. It is currently marketed in 140 countries, in all five continents, and is served in more than 50,000 commercial businesses.

In 2003 the Complainant created "Espressamente illy", a chain of Italian-style bars which operate under a licensing agreement. Over the years more than 200 bars have been opened in 20 countries. In 2013 the illycaffè group, which includes eight controlled companies and one connected company, and which employs more than 800 people, had a consolidated turnover of EUR 373.9 million.

The Complainant is the proprietor of a considerable portfolio of trademark registrations in Australia and around the world for ILLY and for device marks including the characters "illy", dating from at least as early as April 1993. The Complainant started operating on the Internet in 1996 using the domain names <illy.com> and <illy.it>. It then registered, over the years, domain names in the main generic extensions and in the extensions of the United States of America where the Complainant mainly operates.

The Respondent, which used to be called "Il Cafe Espresso" before becoming "John Frisco & Associates Pty Ltd" in 2009, has previously been the Complainant's local distributor for Australia. The first distribution agreement between the two parties was signed in 1992. On July 2, 2013, the Complainant gave notice to the Respondent that the distribution agreement was terminated, with effect on December 31, 2013. From September 2008, the Complainant repeatedly requested the Respondent use the disputed domain name according to the Complainant's regulations, and to transfer the disputed domain name to the Complainant or an authorized third party when the distribution agreement ceased.

The disputed domain name was registered on December 29, 1997. Screenshots provided by the Complainant show that it resolved to a website stating "Welcome to illy Australia" followed by the words "Shop Online" and an image of an "Illy" espresso coffee canister. It currently resolves to a website with the same home page layout, colors and images, but now stating "Welcome to Australia". It contains information about the Complainant's goods, as well as goods by other manufacturers, and offers them for online purchase.

5. Parties' Contentions

A. Complainant

The Complainant contends that the disputed domain name is identical to its ILLY trademark and that the Respondent has taken over its trademark in its entirety. The Complainant contends that its trademark is extremely distinctive, since it quotes a specific Italian family name that is neither banal nor common, with no specific meaning in other languages to its knowledge, and that it is also well-known in the coffee market worldwide.

The Complainant contends that the Respondent has no rights or legitimate interests in the disputed domain name because the Respondent has no title or license to use the Complainant's trademark.

The Complainant contends that the disputed domain name has been registered or subsequently used in bad faith because: (i) the distribution agreement signed in 1992 by the Complainant and Respondent (which was then called "Il Caffe Espresso") did not include the license to register the domain name containing the Complainant's trademark; (ii) the Respondent is no longer the distributor of the Complainant's brand and

has no specific interest in maintaining that domain name and has no *bona fide* rights; (iii) the disputed domain name is currently linked to the Respondent's website which uses the Complainant's trademarks and colors and welcomes visitors with the statement "Welcome to illy Australia", thus pretending to be an official website or even the one and only local distributor, and not disclosing the Respondent's real relationship with the Complainant.

The Complainant's supplemental filing in response to the Respondent's response refers, amongst other things, to the "*Oki Data* principles", originating from *Oki Data Americas, Inc. v. ASD, Inc.*, WIPO Case No. D2001-0903, as the test for what is a *bona fide* use of a domain name by a reseller/distributor of trademarked goods. The Complainant contends that the Respondent fails on all four requirements of the *Oki Data* principles, and that the Respondent's arguments relating to the situation following termination of the distribution agreement are not relevant in the context of this domain name dispute.

B. Respondent

The Respondent admits that the Complainant has rights in the ILLY trademark and that the disputed domain name is confusingly similar to the ILLY trademark in which the Complainant has rights.

The Respondent contends that it has rights or legitimate interests in respect of the disputed domain name because: (i) before any notice to the Respondent of the subject matter of this dispute, it has, since 1997, made a *bona fide* use of the disputed domain name in connection with an authorized offering of the Complainant's goods to Australian consumers; (ii) the Respondent's registration of the disputed domain name predates the Complainant's own domain name registrations in other domain extensions and predates all of the Complainant's trademark registrations listed in the Complaint; (iii) the Respondent registered the business name "Illycaffe" on June 16, 1992, and has been commonly known by that business name and by the domain name since that date; (iv) the Respondent has at all times made a legitimate fair use of the disputed domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the name or the Complainant's trademarks, specifically for the sole purpose of promoting sales of the Complainant's goods as its exclusive distributor in Australia; (v) the Complainant was fully aware and supportive of the Respondent's registration of the disputed domain name and establishment of a website resolving from it in 1997, and only sought to formalize arrangements about the website some 11 years after its launch; and (vi) the Complainant entered into a further distribution agreement with the Respondent, notwithstanding that the Respondent had not entered into the domain name agreement proffered by the Complainant.

The Respondent contends it did not register and is not using the disputed domain name in bad faith because: (i) the reason the Respondent registered the disputed domain name was to promote the Complainant's products to Australian retailers and consumers in accordance with its role as the authorized exclusive distributor, and this did not intend, nor have the effect of, interfering with the Complainant's business or its ability to register its ILLY trademark or other domain names which include the ILLY trademark; (ii) the Respondent's use of the disputed domain name has been for the purpose of selling the Complainant's genuine ILLY-branded products and there has been no intention to act in a way which is likely to cause consumer confusion; (iii) the Respondent registered the disputed domain name in good faith and with the full support and endorsement of the Respondent [*sic*], and has always distributed and continues to distribute the Complainant's products in good faith; and (iv) since the date of termination of the distribution agreement, the Respondent has diligently attempted to mitigate its losses caused by the Complainant's failure to purchase its remaining stock of products (in breach of the Complainant's obligations under the distribution agreement) by continuing to sell its remaining stock by using the website resolving from the disputed domain name.

The Respondent contends that the Complainant has brought these proceedings in bad faith in order to harass the Respondent into giving up its claim under the distribution agreement that the Complainant is obligated to purchase the remaining stock of ILLY-branded products from the Respondent, and that this is an abuse of the auDRP proceeding. The Respondent further contends that, due to significant delay in bringing these proceedings, the Complainant is estopped from obtaining relief under the proceedings.

The Respondent's supplemental filing in response to the Complainant's supplemental filing refutes the statements made by the Complainant, and contends, amongst other things: (i) that the Complainant was well aware of the website resolving from the disputed domain name, including its content and the goods offered for sale on it; and (ii) that the *Okidata* case noted that the UDRP was designed to prevent cybersquatting and that the Respondent is not in the position of a cybersquatter.

6. Discussion and Findings

A. Identical or Confusingly Similar

When the country code Top-Level Domain ("ccTLD") identifier ".au" and the second-level extension "com" are ignored, the disputed domain name consists of the Complainant's ILLY trademark. Thus, the Panel finds that the disputed domain name is identical to a trademark in which the Complainant has rights.

B. Rights or Legitimate Interests

The distribution agreement between the Complainant and the Respondent was terminated with effect from December 31, 2013. The position of the Respondent following termination of the distribution agreement is not clear to the Panel from the limited material in the case file. One document supplied by the Complainant indicates that on September 27, 2013, the Complainant proposed that the Respondent would be authorized to sell stock of the Complainant's products on hand at termination to specified retailers until December 31, 2014, on the condition that the Respondent thereafter offered its remaining stock on hand to the Complainant's new authorized distributor. While it is not clear whether the Respondent accepted this proposal, it is clear that the Respondent has, since termination of the distribution agreement, continued to offer for sale the Complainant's goods from the website to which the disputed domain name resolves. From the limited material in the case file before the Panel, it appears that such an offering of the Complainant's goods by the Respondent is no longer authorized following termination of the distribution agreement.

The fact that the Respondent is no longer an authorized distributor does not preclude the application of the principles set out in *Okidata Americas, Inc. v. ASD, Inc.*, WIPO Case No. D2001-0903 (hereafter "*Okidata*"). As paragraph 2.3 of the auDA Overview of Panel Views on Selected auDRP Questions, First Edition ("auDRP Overview 1.0") explains, these principles have been applied by auDRP panels to a reseller that is unauthorised, as well as to one that is authorised, to use the trademark by the trademark owner. Under the *Okidata* principles, a reseller or distributor can be making a *bona fide* offering of goods and services, and thus have a legitimate interest in the domain name, if its use meets these requirements: (i) the respondent must actually be offering goods or services related to the trademark in respect of which the domain name is confusingly similar; (ii) the respondent must offer only those goods or services in connection with the disputed domain name; (iii) the respondent must have disclosed its true relationship with the owner of the trademark to which the domain name is identical or confusingly similar, prior to notice of the dispute; and (iv) the respondent must not have attempted to "corner the market" in domain names that reflect that trademark.

While the Panel accepts that the Respondent in this case has satisfied the first of the *Okidata* requirements, it does not accept that it has satisfied the second and third requirements. In particular, the Panel notes that the website to which the disputed domain name resolves offers goods other than those supplied by the Complainant, and does not make clear the true relationship between the Respondent and the Complainant. On the latter point, not only does the website not set out the true relationship between the parties, but its striking use of the Complainant's trademarks on every page of the website is likely to lead the viewer to conclude (wrongly) that the Respondent *is* the Complainant. For these reasons, the Panel is of the view that the Respondent's use of the disputed domain name is not a *bona fide* use for the purposes of paragraph 4(c)(i) of the Policy. Accordingly, the Panel finds that the Respondent has no rights or legitimate interests in the disputed domain name.

C. Registered or Subsequently Used in Bad Faith

It is clear from the evidence in the case record that the Respondent has used the disputed domain name to

attract, for commercial gain, Internet users to a website in competition with the Complainant's business being conducted by its authorized distributor in Australia. Given the Panel's conclusions, above, that the disputed domain name is identical to the Complainant's trademark, and that the Respondent has no rights or legitimate interests in the disputed domain name, it follows that the Respondent is using the disputed domain name to attract, for commercial gain, Internet users to its website by creating a likelihood of confusion with the Complainant's trademark as to the source, sponsorship, affiliation, or endorsement of that website. According to paragraph 4(b)(iv) of the Policy, this is evidence of use of the disputed domain name in bad faith.

D. Delay in Commencement of Proceedings

The issue of delay – and the related issue of acquiescence and the doctrine of laches – has been considered in a number of cases decided under the Policy. As paragraph 4.10 of the auDRP Overview 1.0 explains, auDRP panels have recognised that the doctrine or defence of laches does not generally apply under the auDRP. Thus, delay in bringing a complaint does not, of itself, prevent a complainant from filing under the auDRP or from succeeding under the auDRP. However, panels have also noted that a delay in bringing a complaint may make it more difficult for a complainant to establish its case on the merits, especially in relation to the second and third elements of the Policy. In particular, delay in bringing a complaint in the situation where the respondent is using the domain name in connection with relevant goods or services may result in the respondent acquiring a right or legitimate interest in the domain name, when it previously had none, that is sufficient to defeat a claim under the Policy.

Prior to termination of the distribution agreement, the Respondent's use of the disputed domain name may have been in connection with a *bona fide* offering of goods. (Whether or not it was is a matter that the Panel does not need to resolve, and has not done so.) However, even assuming that the Respondent's previous use of the disputed domain name was in connection with a *bona fide* offering of goods, it does not follow that the Respondent acquired rights or legitimate interests in it. The disputed domain name is identical to the Complainant's trademark (once the first-level and second-level extensions are ignored), and the distribution agreement between the parties provided, as is typical, that the Respondent would not obtain any interest in, or right to enforce, the Complainant's trademark. It seems clear to the Panel that, while the distribution agreement was in force, the Respondent was entitled to use the disputed domain name in connection with its offering of the Complainant's goods, but it did not thereby acquire any rights to the disputed domain name (at least where, as is the situation in this case, the domain name is identical to the complainant's trademark).

It follows that the only period in which the Respondent could have acquired rights or legitimate interests in the disputed domain name, and hence the only period in respect of which the argument of "delay" could be relevant, is the period following termination of the distribution agreement. For the reasons explained above, however, the Panel has concluded that the Respondent's use of the disputed domain name subsequent to termination of the distribution agreement is not in connection with a *bona fide* offering of goods. It follows that the Respondent's claim of "delay" by the Complainant in bringing these proceedings provides no basis for resisting the Complainant's entitlement to a remedy under the Policy.

7. Decision

For all the foregoing reasons, in accordance with Paragraphs 4(i) of the Policy and 15 of the Rules, the Panel orders that the disputed domain name <illy.com.au> be transferred to the Complainant, subject to the determination of the registry authority that the Complainant satisfies the eligibility requirements for registration of the disputed domain name.

Andrew F. Christie
Sole Panelist
Date: April 23, 2015