



WIPO Arbitration and Mediation Center

ADMINISTRATIVE PANEL DECISION

Fall Nummer: D2003-1028

Entscheidung vom 17. März 2004

1. The Parties

Complainants are
Staples, Inc.,
Staples The ..., Inc.,
Staples C. & C.: Inc., ..., United States of America.

Respondent is Staple.com, .., Canada.

2. The Domain Name and Registrar

The disputed domain name <staple.com> is registered with OnlineNic, Inc. d/b/a China-Channel.com.

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the "Center") on December 23, 2003. On December 24, 2003, the Center transmitted by email to OnlineNic, Inc. d/b/a China-Channel.com a request for registrar verification in connection with the domain name at issue. On December 25, 2003, OnlineNic, Inc. d/b/a China-Channel.com transmitted by email to the Center its verification response confirming that Respondent is listed as the registrant and providing the contact details for the administrative, billing, and technical contact. In response to a notification by the Center that the Complaint was administratively deficient, Complainants filed an amendment to the Complaint on January 6, 2004. The Center verified that the Complaint together with the amendment to the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the "Policy"), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the "Supplemental Rules").

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified Respondent of the Complaint, and the proceedings commenced on January 7, 2004. In accordance with the Rules, paragraph 5(a), the due date for Response was January 27, 2004. On January 21, 2004, Respondent requested an extension of time of one week to file the Response. Complainants took no position on that request but noted that it did not appear that Respondent had shown any exceptional circumstances, as required under the Rules, paragraph 5(d). Taking into account Complainants's comments, on January 27, 2004, the Center granted an extension of time until January 30, 2004. The Response was filed with the Center one day late, on January 31, 2004. Despite this failure to comply with the Rules, the Panel admits the Response in the interests of fairness and because the delay was minimal.

The Center appointed Alan L. Limbury, Sandra Franklin and Clive L. Elliott as panelists in this matter on March 4, 2004. The Panel finds that it was properly constituted. Each member of 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 9, 2004, Complainants sought leave to file a Reply and submitted a proposed Reply. Respondent filed an Objection on March 11, 2004. Under the Rules, paragraph 12, the Panel may in its sole discretion request further statements or documents from either of the parties. Thus, no party has the right to insist upon the admissibility of additional evidence: *SembCorp Industries Limited v. Hu Huan Xin*, WIPO Case No. D2001-1092. It is appropriate to consider the circumstances of each case before deciding whether to admit additional submissions: *Toyota Jidosha Kabushiki Kaisha d/b/a Toyota Motor Corporation v. S&S Enterprises Ltd.*, WIPO Case No. D2000-0802

The Panel has considered the proposed Reply in order to decide whether to admit it. The only "new evidence" relied on is that a package containing the Response was sent to Complainants from Mr. Mitchell, not from Respondent as named in the registration details in 1998; that the package did not emanate from Canada, where Respondent was said to be in 1998 and that the telephone number of Respondent given for the sender of the package is in Utah. Similar details are given in the Response. Complainants contend that Respondent has thus provided false contact information, either to the Registrar in 1998 or to the Panel in 2004, and that this goes to the issue of bad faith.

Given the passage of nearly 6 years since the disputed domain name was registered, the Panel is not persuaded that this "new evidence" should be accorded any weight. Both in content and in timing (5 weeks after the Response), it appears to be a device to make admissible the remainder of the proposed Reply, which constitutes by far the bulk of it and which seeks impermissibly to re-argue each element of Complainants' case by taking issue with the points made by Respondent. It also seeks to introduce certain Canadian trademark registration details which were available to be exhibited to the Complaint.

The Panel has formed the view that this is not a case of discovery of evidence (of any substance) not reasonably available to Complainants at the time of their initial submission, nor of arguments by Respondent that Complainants could not reasonably have anticipated: see *Goldline International, Inc. v. Gold Line*, WIPO Case No. D2000-1151. Accordingly, the Panel does not admit the Reply and disregards it.

The language of the proceeding was English.

4. Factual Background

Complainants are related corporations involved continuously since 1986 in the retailing to consumers and businesses in North America and Europe, under the name and mark STAPLES, of office supplies, business services, furniture and technology. The mark STAPLES has been heavily advertised and promoted in connection with these activities.

Staples Inc. is the proprietor of United States registered trademark STAPLES, No. 1438390, registered on April 28, 1987, in respect of office supply store services. It is also the proprietor of United States registered trademark STAPLES, No. 1459182, registered on September 29, 1987, in respect of operation of mobile retail stores for the sale of office supplies, office furniture and related items, and in respect of office supplies, namely pads of paper.

Staples The Office Superstore, Inc. is the proprietor of United States registered trademark STAPLES.COM, No. 2397238, registered on October 24, 2000, in respect of mail order catalog services via a global computer network featuring office supplies, office furniture, computer hardware and software, computer accessories, and telephones. This mark was first used in commerce in November 1998 and the application to register the mark was filed on April 20, 1999.

Since March 5, 1995, Staples Inc. has been the registrant of the domain name <staples.com> and since March 29, 2000, it has been the registrant of the domain name <staples.biz>. Since July 27, 2001, Staples The Office Superstore has been the registrant of the domain name <staples.info>. Since April 19, 2002,

Sandy Goldstein, the Manager, Partnerships & Online Marketing at Staples Contract & Commercial, Inc., has been the registrant of the domain name <staples.us>.

Staples Contract & Commercial, Inc. operates an "Affiliate Program" whereby its designated Affiliates receive commissions from sales made through the <staples.com> website to purchasers referred by the Affiliates. The contractual arrangements stipulate for Staples Contract & Commercial, Inc. to specify and provide the only links and marks that Affiliates may use on their websites in order to provide a "certified" link to the <staples.com> website. Affiliates agree that "Staples.com" shall be the exclusive Office Products Supplier on their site. They are licensed to use the STAPLES.COM trademark and logo for the sole purpose of selling Staples products on their site for Staples.com. Affiliates are assigned a unique identifier number, for use only in connection with their nominated website, which number is logged every time a potential Staples customer clicks through the Affiliate's nominated website. This enables appropriate commissions to be paid to the Affiliate.

The disputed domain name <staple.com> was registered on April 14, 1998.

5. Parties' Contentions

A. Complainants

Complainants' extensive use in commerce of the <staples.com> domain name evidences Complainants' ownership of common law rights in that mark. Complainants also own the famous registered mark STAPLES, further evidencing Complainants' rights in that mark.

The disputed domain name is identical to Complainants' company name and famous registered trademarks STAPLES and STAPLES.COM. The removal or addition of the plural letter 's' at the end of the disputed domain name does not obviate confusion. Confusing similarity is established by the fact that the disputed domain name is virtually identical to Complainants' famous registered trademarks STAPLES and STAPLES.COM.

Respondent is not licensed by any of Complainants to use the STAPLES or STAPLES.COM marks and has no rights or legitimate interests in the disputed domain name. Removing the letter 's' from the STAPLES mark does not create a new mark in which Respondent has legitimate rights.

Since registering the disputed domain name, Respondent has not created a website corresponding to it. At some point after registering the disputed domain name, it was linked automatically to the <staples.com> website.

The disputed domain name was registered and is being used in bad faith in that, with both constructive and actual knowledge of Complainants' trademark rights, Respondent registered and uses a typosquatted domain name; is misusing Complainants' Affiliate Program; incorporated Complainants' famous registered trademark and company name into the domain name in its entirety; and failed to make any use of the disputed domain name until it linked to <staples.com>. Further, there is the implausibility of any legitimate reason for Respondent's choice of a domain name that both incorporates Complainants' famous trademarks and company name and is virtually identical to a domain name and registered mark, STAPLES.COM, that Complainants use to provide services to their customers.

As to constructive knowledge, Complainants' mark STAPLES was registered in the United States in 1987 and its domain name <staples.com> was registered in 1995. Because Complainants are based in the United States and Respondent is merely redirecting all its web traffic to their website based in the United States, it is appropriate to apply the principle of constructive notice of Complainants' trademark registrations, pursuant to 17 U.S.C. § 1072. The domain name registration agreement states that the governing law is that of California. See also *Wal-Mart Stores, Inc. v. Walmart Canada*, WIPO Case No. D2000-0150, in which principles of law set out in U.S. court decisions were applied even though Respondent resided in Canada.

As to actual knowledge, it is inconceivable that Respondent did not have actual notice of Complainants' rights before registering the disputed domain name. Complainants began doing business under the name STAPLES in 1986 and began doing business through the website <staples.com> in 1998. Respondent appears to maintain some establishment in Edmonton, Canada, in which area Complainants have seven Staples stores.

The misuse of Complainants' Affiliate Program comes about in the following way. First, when web traffic to the disputed domain name is automatically redirected by Respondent to the <staples.com> website, the unique identifying number assigned to a Staples Affiliate, Smart Biz, is logged with Staples. Under the Affiliate Program, that number is supposed to be associated only with the website <smartbiz.com>. Second, the Smart Biz unique identifying number is credited with commission each time customers who initially typed in <staple.com> purchase goods from the <staples.com> website.

As the registrant of the disputed domain name, Respondent is responsible for thus defrauding Complainants into paying commissions on what they were led to believe were referred sales when in fact the purchasers were seeking to buy directly from Complainants. Complainants' customers were defrauded because those who accessed <staples.com> through the disputed domain name most likely thought there was some approved, established connection between Respondent and Complainants or that Complainants and Respondent were one and the same.

Web users may save the disputed domain name as a "favorite" in their web browsers, thereafter being directed to the website of Respondent's choosing whenever they click on their "Staples" favorite link.

B. Respondent

[Respondent referred to all Complainants compendiously as one].

Complainant claims Respondent must have known of its trademarks STAPLES and STAPLES.COM when registering the disputed domain name in April 1998. According to Complainant's trademark application, STAPLES.COM was not used in commerce before November 1998.

Complainant's Affiliate Program was launched some time between May 1999 and March 2000 and according to the Canadian Intellectual Property Office, Complainant used the mark STAPLES in Canada "since at least as early as March 2000" but did not register that mark until 2002. Complainant has not stated when its Edmonton stores were opened nor the business names of those stores. Its <staples.ca> website seems to have been launched in 2000.

Others have registered STAPLE and STAPLES at the USPTO. Other applications to register those marks have been rejected, including applications by Complainant to register marks incorporating STAPLES.

Respondent denies that it knew of Complainant's rights in the mark STAPLES when it registered the disputed domain name. Respondent had no knowledge other than the fact that a common dictionary word was available for registration. It is not a violation of the Policy simply to register a generic word and match that word with a pool of advertisers seeking to use them [sic].

Respondent expends considerable time and effort to configure the domain for shared use among advertisers in the third party database. It derives revenue from its business, has a legitimate expectation in the continuation of its revenue, and consequently, UDRP panels have repeatedly found that companies that employ this business model such as Ultimate Search to be engaged in a legitimate business practice.

The term "staple" has meanings including a commodity, a basic element or feature, a basic dietary item and/or a city. Respondent maintains that <staple.com> has always been active and has and is being used as a search engine that serves advertisements from partners since April 1998.

Respondent asserts that it has been commonly known and has been doing business as Staple.com since April 1998, prior to Complainant's use of "Staples.com" in commerce. Respondent contends that since it has been using <Staple.com> since April 1998, it has common law rights to the name "Staple.com". As documented by Complainant, Respondent registered and was using <staple.com> prior to Complainant's use of "Staples.com".

Respondent maintains that there is and always has been a website associated with <staple.com> and users would therefore not be able to bookmark it if the redirection Complainant alleges is accurate.

The dispute between Complainant and SmartBiz is beyond the limited scope of this arbitration. Complainant alleges that SmartBiz violated the terms of its Affiliate Program. According to SmartBiz, it was accepted into Complainant's Affiliate Program on May 27, 2003, and was removed on January 7, 2004, the commencement date of this proceeding.

Respondent and SmartBiz entered into a contract for specific keywords between June 1, 2003, until Respondent terminated its relationship with SmartBiz on January 7, 2004. During that time, SmartBiz was licensed to use Complainant's Affiliate Program and until this proceeding, Complainant never notified Respondent or SmartBiz of SmartBiz's alleged abuse. Upon notification of this proceeding, Respondent terminated its contract with SmartBiz and in addition, removed all instances of partner links including Complainant's to Staples.com.

Respondent denies it has intentionally attempted to attract, for commercial gain, Internet users to its website or other on-line location, by creating a likelihood of confusion with Complainant's mark as to the source, sponsorship, affiliation, or endorsement of Respondent's website or location or of a product or service on Respondent's website or location.

The confusion Complainant alleges stems from Complainant's and others (including SmartBiz) use of keyword advertising of Respondent's mark <staple.com> and <staple> in partner engines. Complainant is paying .07/click for <staple.com> and .25/click for <staple> in Overture and approximately .25/click for <staple> and \$10 Canadian dollars for <staple> to appear above the 1.1 million results for "staple" in Google. By employing these tactics, Complainant is purposely diverting traffic from Respondent's site to its own. Once again, all of these partner links have been removed from Respondent's website. The confusion Complainant alleges was not intentional as Complainant has no trademark on "staple" or "staple.com".

Additionally, upon notice of disputes, Respondent promptly seeks to resolve them.

The practice of registering generically-applicable domain names and deriving revenue from advertiser referral links from the corresponding website was affirmed as establishing a legitimate interest in *Sweeps Vacuum v. Nett Corporation*, WIPO Case No. D2001-0031, which involved the domain name <sweeps.com>, in which the domain name was used not in the trademark sense, but to describe the types of businesses (sweepstakes related) listed on the directory page. See *CRS Technology Corporation v. Condenet, Inc.*, NAF Case No. FA93547 (finding that where the registrant is using the domain name to communicate some aspect of the services it provides, then the first to register a domain name containing a generic or descriptive mark should prevail, absent bad faith and a lack of legitimate interest).

Respondent denies that it is "typosquatting" Complainant's trademarks, as evidenced by Respondent's registration of the domain name prior to Complainant's trademarks and commercial usage. Additionally, Complainant's argument that Respondent is diverting traffic or controlling Complainant's members to Respondent's website through <staple.com> is outrageous.

Respondent denies that it is incorporating Complainant's entire corporate name and famous trademark as Respondent's usage preceded Complainant's commercial usage.

As in *America Online Inc. v. Media Dial Communications*, WIPO Case No. D2001-0799, Respondent should have a right to use a common English word to describe its services. Otherwise, parts of the English language would soon be acquired and removed from common use by those wishing to name their businesses or describe their services.

6. Discussion and Findings

Paragraph 15(a) of the Rules instructs this Panel to decide a complaint on the basis of the statements and documents submitted in accordance with the Policy, the Rules and any rules and principles of law that it deems applicable.

Paragraph 4(a) of the Policy requires that a complainant must prove each of the following three elements to obtain an order that a domain name should be cancelled or transferred:

- (i) the disputed domain name is identical or confusingly similar to a trademark or service mark in the complainant has rights; and
- (ii) the domain name registrant has no rights or legitimate interests in respect of the disputed domain name; and
- (iii) the disputed domain name has been registered and is being used in bad faith.

A. Identical or Confusingly Similar

It is established that essential or virtual identity is sufficient for the purposes of the Policy. Likewise, it is established that the test of confusing similarity under the Policy is confined to a comparison of the disputed domain name and the trademark alone, independent of the other marketing and use factors usually considered in trademark infringement or unfair competition cases.

It is not disputed and the Panel finds that the domain name <staple.com> is virtually identical and confusingly similar to Staples Inc.'s trademark STAPLES.

Complainants have established this element of their case.

B. Rights or Legitimate Interests

Although the words 'staple' and 'staples' are common descriptive words in the English language, Complainants have shown that the mark STAPLES, to which the word 'staple' is confusingly similar, has been used by them since 1986 and has become distinctive of their business and services in North America. Complainants have not licensed Respondent to use that mark or any mark confusingly similar thereto.

Respondent says it entered into a contract with Smart Biz a few days after Smart Biz joined Complainants' Affiliate Program and that Respondent terminated its contract with Smart Biz on the very day on which Complainants terminated their commission arrangement with Smart Biz. This account is consistent with Complainants' assertions regarding the use by Respondent of the disputed domain name to link to Complainants' <staples.com> website and the use by Respondent of the Smart Biz identifier in order to generate commissions to Smart Biz from sales made to Internauts reaching the <staples.com> website via the disputed domain name. Respondent has not specifically denied that it acted in this way prior to notice of the Complaint.

The Panel infers that Respondent's contract with Smart Biz ceased to be of value to Respondent once those commissions from Complainants were terminated and concludes that Respondent did use the disputed domain name in the manner described by Complainants, in order improperly to siphon profits from Complainants to Smart Biz.

It appears that such use of the disputed domain name began shortly after Smart Biz was accepted into Complainants' Affiliate Program, which Respondent says was on May 27, 2003.

Respondent has asserted that it has been commonly known and has been doing business as Staple.com since 1998; that it "expends considerable time and effort to configure the domain for use among advertisers in the third party database"; and that <staple.com> "has always been active and has and is being used as a search engine that serves advertisements from partners since April 1998". However, Respondent has produced no evidence of any of these assertions. Its claim to common law trademark rights arising out of its asserted use of the disputed domain name since 1998 is likewise unsubstantiated.

Having asserted that the disputed domain name has always been active and then to fail to provide any evidence of its use for the period of over 5 years between registration and the commencement of its siphoning activity leads the Panel to conclude that Respondent has no right or legitimate interest in the disputed domain name, despite that name comprising a common English word. See *Alberto-Culver Company v. Pritpal Singh Channa*, WIPO Case No. D2002-0757.

Complainants have established this element of their case.

C. Registered and Used in Bad Faith

Respondent's use of the disputed domain name since about June 2003 to redirect traffic to Complainants' website <staples.com> in order to siphon profits to Smart Biz was clearly done with knowledge of Complainants' rights in the mark STAPLES. It involved intercepting traffic intended for Complainants' website but mis-typed by omitting the final 's'. Respondent stood to gain from this syphoning of profits, through its contract with Smart Biz, which was of value to Respondent only so long as Smart Biz remained an Affiliate of Complainants.

Such use falls squarely within the circumstances contemplated in the Policy, paragraph 4(b)(iv), being use of the disputed domain name intentionally to attract, for commercial gain, Internauts to Respondent's on-line location by creating a likelihood of confusion with Complainants' mark as to the source of Respondent's on-line location.

Use within that paragraph of the Policy is to be taken as evidence of both bad faith registration and bad faith use, both of which must be established. Registration in bad faith is insufficient if Respondent does not use the domain name in bad faith, and conversely, use in bad faith is insufficient if Respondent originally registered the domain name for a permissible purpose.

In this case the bad faith use commenced some 5 years after registration. The Policy enables a finding of bad faith registration to be made where bad faith use within the Policy, paragraph 4(b)(iv) is the only evidence tending to show the purpose for which the domain name was registered. Where, however, there is other relevant evidence, such as evidence that the domain name was registered for a permissible purpose, it must be weighed against any evidence of bad faith registration constituted by evidence of bad faith use within paragraph 4(b)(iv). It is difficult to imagine circumstances in which, under this approach, subsequent bad faith use within paragraph 4(b)(iv) would suffice to prove that a domain name was originally registered in bad faith: *Passion Group Inc. v. Usearch, Inc.*, eResolution case AF-0250, followed in *Viz Communications, Inc., v. Redsun dba "www.animerica.com"* and *David Penava*, WIPO Case No. D2000-0905.

Here, there is simply no evidence that the domain name was registered for a permissible purpose and the evidence of bad faith use within paragraph 4(b)(iv), albeit after 5 years, is the only evidence tending to show the purpose for which the domain name was registered. Accordingly the Panel finds the disputed domain name was registered and is being used in bad faith.

Complainants have established this element of their case.

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 domain name <staple.com> be transferred to Complainant Staples, Inc.

(The Panelists)