



IN THE MATTER OF

The Uniform Domain Name Dispute Resolution Policy, approved by the Internet Corporation for Assigned Names and Numbers (ICANN) on 24 October 1999 (the "Policy")

The Rules for Uniform Domain Name Dispute Resolution Policy, approved by ICANN on 30 October 2009 (the "Rules") and

The Asian Domain Name Dispute Resolution Centre ("ADNDRC") Supplemental Rules to the ICANN for the Policy and the Rules as effected on 28 February 2002 (the "Supplemental Rules")

Complainant: SWATCH LTD
Respondent: Jianyu Zhang
Case Number: HK-1000299
Contested Domain Name: www.swatch.pro
Panel Member: Peter Bullock

1. Parties and Contested Domain Name

The Complainant is SWATCH LTD with a registered address at 94, Rue Jakob Stampfli, CH-2502 Bienne, Switzerland. The Respondent is Jianyu Zhang with an address at 1-20-8, No. 123 Baogong South Street, Tiexi District, Shenyang, Liaoning, China. The contested domain name is "swatch.pro" which was created on 13 May 2009 and re-registered on 16 June 2010 after cancellation on 24 May 2010.

2. Procedural History

A Complaint in this matter was filed with the Hong Kong Office of Asian Domain Name Dispute Resolution Centre (ADNDRC) dated 28 June 2010. A Response from the Respondent was received by the ADNDRC Hong Kong office on 5 August 2010. The Complainant's Further Response was received by the ADNDRC on 10 August 2010.

This Panel was appointed on 24 August 2010, with papers delivered to the Panelist on the same date.

3. Factual Background

3.1 For Complainant

The Complainant, SWATCH LTD, is one of the subsidiaries of The Swatch Group Ltd ("Swatch Group"), which owns such world-famous watch brands as Bregue, Blancpain, Jaquet Droz, Glashütte-Original, Léon Hatot, Omega, Rado, Longines, Tissot, and Swatch, etc. In 1983, the Complainant launched the first SWATCH watch.

The Complainant has obtained 55 Chinese registrations and 58 international registrations of the trade mark SWATCH and various marks containing SWATCH. The earliest application for the

SWATCH mark in China was officially registered in 1985, which is designated on quartz watches and their parts in class 14.

As early as 11 June 1996, the Complainant registered the domain name SWATCH.COM which has since been used by the Complainant to introduce and promote its SWATCH watches.

Shenzhen Zeeis registered the disputed domain on 13 May 2009. The Complainant's authorised representatives wrote to Shenzhen Zeeis on 28 January 2010 to assert infringement of the SWATCH mark and request Shenzhen Zeeis to discontinue the use of the mark or its variant and to transfer the disputed domain to the Complainant. Shenzhen replied in its email that it did not know the Complainant and its trade mark and requested a transfer fee of RMB 15,000 for expenses including domain registration fees, tax, technical maintenance fees etc.

During negotiation from January to March 2010, the Complainant discovered that Shenzhen Zeeis also owned RADO.PRO, which is another brand of the Swatch Group. RADO.PRO was created on 13 May 2009, which is the creation date of the disputed domain. Subsequently, Shenzhen Zeeis offered to transfer the disputed domain and RADO.PRO to the Complainant for RMB11,000 and stated that the domains are very valuable and the registration fees for .PRO domain names are rather high, that concession was made since the Complainant is a famous enterprise and the transfer price would rise after renewal fees are paid upon the domains' expiration in May 2010. Shenzhen Zeeis refused to undertake never to register any domains similar to Swatch Group's registered trade marks. The Complainant offered RMB 7,000 for the two domains which was rejected by Shenzhen Zeeis which closed the negotiation on 18 March 2010.

It is shown in the respective whois search records dated 2 June 2010 (Exhibit 11 to Form C) that the registrant's name of both the disputed domain and RADO.PRO had been changed from Shenzhen Zeeis to the registrar Encirca Inc, and the records show that both domains' accounts were last updated on 24 May 2010 and the expiration date of both domains had been updated to May 2011.

The respective whois search records dated 23 June 2010 (Exhibit 1 to the Complainant's Further Response) show that the registrant's name of the disputed domain and RADO.PRO had been changed from Encirca Inc. to the Respondent and Richard Oiestad respectively. The records also show that the domain registration dates of the disputed domain and RADO.PRO had been changed to 16 June 2010 and 17 June 2010 respectively, instead of their creation date of 13 May 2009.

According to the email exchange record between the Respondent and Encirca Inc., the disputed domain expired after 13 May 2010 and was deleted on 24 May 2010 and then re-registered under the Respondent's name on 16 June 2010. RADO.PRO was re-registered under the name of Richard Oiestad on 17 June 2010. RADO.PRO was subsequently acquired by the Complainant.

3.2 *For Respondent*

The Respondent registered the disputed domain on 16 June 2010. It is contended that he made the registration for his non-profit website of an open source software project System Watch, as SWatch is for him the abbreviation of "System Watch".

4. **Parties' Contentions**

4.1 *For Complainant*

The Complainant contends that:

- The disputed domain is confusingly similar to the Complainant's registered trade mark SWATCH.

- The disputed domain name SWATCH.PRO is composed of PRO, the top-level domain, and SWATCH, the second-level domain, and the distinctive part is the second-level domain, SWATCH, which is identical to SWATCH, the Complainant's registered trademark.
- The Respondent does not have any rights or legitimate interests in respect of the disputed domain.
 - The Respondent's story that SWATCH comes from System Watch is not supported by any evidence.
- The Respondent acted in bad faith in registering and using the disputed domain.
 - The Complainant's SWATCH mark has achieved great fame and reputation and has become well-known to the public throughout the world, the Respondent should have known the Complainant's famous SWATCH trademark and his registration or holding of the disputed domain name would inevitably mislead the public and cause confusion to the public on the relationship between the Complainant and the Respondent. However, he registered such a famous trademark to which he does not own any right as the disputed domain name.
 - Shenzhen Zeis and the Respondent colluded to make the changes of the registrant domain name to keep holding the disputed domain name to sell it to the Complainant at a high price.
 - The Respondent's registration of the disputed domain name prevents the Complainant from using the domain to reflect its trademark and tradename rights. SWATCH is the Respondent's registered trademark registered worldwide and is the Complainant's trade name as well. The Complainant is entitled to use the disputed domain name to reflect its trademark rights and trade name rights on the internet. However, the Respondent does not own any right to SWATCH but cybersquatted the disputed domain name, which prevents the Complainant, the right owner, from using it to reflect its trademark rights.

4.2 *For Respondent*

The Respondent contends that:

- The Respondent acted in good faith in registering and using the disputed domain for a legitimate noncommercial purpose.
 - The Respondent registered the disputed domain on 16 June 2010 for his non-profit website of an open source software project System Watch, as SWatch is for him the abbreviation of "System Watch".
 - The website of the disputed domain had not yet been launched after registration by the Respondent since he needed time to develop the website. The Respondent has tried to develop and publish on the website but was disabled from doing so since the registrar EnCirca Inc has parked the website.
 - The disputed domain was newly created and registered by the Respondent. It was not transferred from third parties. The Respondent is not responsible for the Complainant's contentions against third parties namely Shenzhen Zeis and EnCirca.
 - The Respondent registered the disputed domain over a month after its expiration. There was enough time for the Complainant to register the domain but it did not. This shows the Complainant gave up the domain at that time.

5. Legal Findings

Paragraph 3(b)(ix) of the Rules directs that the Complainant must demonstrate each of the following:

- (i) the manner in which the domain name is identical or confusingly similar to a trade mark or service mark in which the Complainant has rights; and
- (ii) why the Respondent (domain-name holder) should be considered as having no rights or legitimate interests in respect of the domain name that is the subject of the Complaint; and
- (iii) why the domain name should be considered as having been registered and being used in bad faith.

(1) Identical / Confusingly Similar

The disputed domain SWATCH.PRO is confusingly similar to the Complainant's registered trade mark SWATCH, since "SWATCH" is the distinctive part of the disputed domain.

The Panel finds that the Complainant has satisfied the first condition under Paragraph 4(a) of the Policy.

(2) Rights and Legitimate Interests

The Respondent contends that he registered the disputed domain since SWATCH is the abbreviation of "System Watch" which is the name of his proposed nonprofit open source software project to be launched on the website.

The Complainant argues that the above story is not supported by any evidence and therefore the Respondent does not have any rights or legitimate interests in respect of the disputed domain.

The Policy at Paragraph 4(c) enumerates several ways in which a respondent may demonstrate rights or legitimate interests:

"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 your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii)

(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) you (as an individual, business, or other organisation) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue."

In respect of (i), the Respondent has failed to provide any evidence of demonstrable preparations to use the disputed domain in connection with the nonprofit open source software project.

The Respondent argues that he is prevented from updating the DNS settings, building the website and publishing a statement on the disputed domain since the website is suspended due to this Complaint. The suspension of the website could not have prevented him from making preparations prior to uploading to the website, such as undertaking webpage design. However,

no evidence has been submitted by the Respondent in this regard. At the very least, the Respondent could have submitted documentary evidence including description and objectives of the System Watch project and any logo or image to be used in the website.

Neither has the Respondent satisfied (ii) or (iii) above since he has not shown any use of the disputed domain since re-registration on 16 June 2010.

The Panel finds that the Complainant has satisfied the second condition under Paragraph 4(a) of the Policy.

(3) Bad Faith

The Policy at Paragraph 4(b) enumerates several circumstances which shall be considered as evidence of the Respondent's registration and use of a domain name in bad faith:

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

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

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

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site 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 your web site or location or of a product or service on your web site or location."

The Panel finds that the Complainant has satisfied Paragraph 4(b)(i) based on the following reasons.

Shenzhen Zeeis, the previous owner of the disputed domain, registered both the disputed domain and RADO.PRO simultaneously on 13 May 2009 without using them. It initially demanded a fee of RMB 15,000 for the transfer of the disputed domain alone, arguing the fee was necessary for covering expenses for the disputed domain including domain registration fees, tax, technical maintenance fees etc. The Panel finds this to be most likely higher than any conceivable fees for registering the disputed domain. Within the next two months the Respondent reduced the demanded fee to RMB 11,000 for the transfer of both the disputed domain and RADO.PRO. This shows that the initial fee of RMB 15,000 is in excess of the out-of-pocket expenses related to the disputed domain. The facts suggest that Shenzhen Zeeis is a cybersquatter which has acquired the disputed domain primarily for the purpose of transferring it to the Complainant or its competitor for valuable consideration in excess of out-of-pocket costs.

Shenzhen Zeeis refused to accept the Complainant's offer of RMB 7,000 for transferring both domains. It then abandoned the domains without renewal which were deleted on 24 May 2010. The disputed domain was re-registered under the Respondent's account on 16 June 2010 and RADO.PRO was re-registered under another individual account on 17 June 2010. The dubious circumstances suggest that the Respondent was in collusion with Shenzhen Zeeis in the scheme to obtain valuable consideration in excess of the out of-pocket costs related to the disputed domain.

It is common practice that upon expiration of a domain without renewal, there is a grace period in which a registrar would temporarily freeze the account for a number of days before cancellation, so as to allow the original registrant to renew the domain during the grace period. It is apparent from the facts that the disputed domain account was frozen until it was cancelled on 24 May 2010. The Respondent and the other individual could contact the registrar around

the time of cancellation to acquire the disputed domain and RADO.PRO respectively. It would have been difficult for the unaware Complainant to obtain the domains after the expiration date, as suggested by the Respondent.

The Respondent has failed to prove any use of or demonstrable preparations to use the disputed domain in connection with the purported System Watch project. Apparently, the Respondent's re-registration of the disputed domain is part of the scheme to obtain valuation consideration in excess of the out of-pocket costs by transferring the domain to the Complainant or its competitor. The Panel finds that Paragraph 4(b)(i) is satisfied.

The Complainant also contended that the Respondent's registration of the disputed domain has prevented the Complainant from reflecting its business in the corresponding domain name. According to Paragraph 4(b)(ii) of the Policy, this is only satisfied if it is demonstrated that the Respondent has engaged in a pattern of such conduct.

The Panel would tend to agree that the circumstances suggest a pattern of such conduct by the Respondent since RADO.PRO was also subject to the same pattern as the disputed domain i.e. registration by Shenzhen Zeeis, cancellation after non-renewal upon expiration and re-registration by an individual. However, RADO.PRO has since been acquired by the Complainant. Without knowing the circumstances in relation to the acquisition, the Panel declines to find that Paragraph 4(b)(ii) is satisfied. In any event, the third condition under Paragraph 4(a) of the Policy is satisfied by reason of satisfaction of Paragraph 4(b)(i).

Based on all of the above findings and comments, the Panel finds that the Complainant has satisfied all conditions provided in Paragraph 4(a)(i), (ii) and (iii) of the Policy, hence its claims shall be held.

Status

www.swatch.pro Domain Name Transfer

6. Decision

In light of all the foregoing findings and in accordance with Paragraphs 4(a) of the Policy and 5(e) of the Rules, the Panel holds that the disputed domain name "swatch.pro" is confusingly similar to the Complainant's registered trade mark SWATCH; the Respondent has no right or legitimate interest with regard to the disputed domain name; and the domain name was registered and subsequently used in bad faith.

Finally, the Panel decides the domain name "swatch.pro" be transferred to the Complainant.

Dated: 27th August 2010

Hong Kong



Peter Bullock