



WIPO Arbitration and Mediation Center

ADMINISTRATIVE PANEL DECISION

NET2PHONE INC (Complainant) –v- DYNASTY SYSTEM SDN BHD

Case No D2000-0679

1. The Parties

The Complainant is NET2PHONE INC of 171 Main Street Hackensack, New Jersey. The Complainant is represented by Gottlieb Rackman & Reisman PC of 270 Madison Avenue, New York, New York, USA. The Respondent is DYNASTY SYSTEM SDN BHD, a Malaysian registered company of 59, Jalan Pandan Indah 1/16, Pandan Indah, Kuala Lumpur, KL, Malaysia. The Respondent is represented by itself through Mr. Khor Kim Chucue.

2. The Domain Name in Dispute

The domain name in dispute is “n2phone.com” which is registered with Network Solutions Inc.

3. Procedural History

The Complaint was received by the WIPO Arbitration and Mediation Center on June 26, 2000. The Panel is satisfied that the Complaint was in the correct form and that the appropriate fee has been paid. Verification of the registration of the domain name was sought from Network Solutions Inc on June 29, 2000, and received on July 11, 2000. Notification of the Complaint was given to the Respondent on July 12, 2000, and a response was received on August 6, 2000. Somewhat unusually the Complainant submitted a Reply on August 18, 2000, which was transmitted to the Respondent. On August 30, 2000, the Respondent e-mailed the Center requesting that the Reply should be ignored in view of the fact that the Panel (which was appointed on August 24, 2000, consisting of a single panelist Mr. Clive Duncan Thorne) had not given directions for filing of a reply. In the event that the Panel accepted the Reply the Respondent asked for an opportunity to file a further statement. The Respondent subsequently submitted a Rebuttal dated August 30, 2000, which was sent to the Panel on September 10, 2000.

The Panel considers that it is prepared to accept the Reply and the Rebuttal. There are submissions contained in the Response, which benefit from a Reply. The Panel is also helped by the submissions contained in the Rebuttal. The Panel is also grateful for the extensions of time granted in this case (the original decision was scheduled for September 7, 2000,) which has enabled it to consider the further submissions.

4. Factual Background

Helpful evidence as to the Complainant's rights is given in the declaration of Mr. Reich at Exhibit C to the Complaint. The Complainant Net2Phone, Inc is a Delaware corporation that offers a variety of internet telecommunications products and services, including services that permit users to make local and long-distance telephone calls over the internet (commonly referred to as "Internet telephony"), under the mark NET2PHONE. The Complainant is the leading company in the world in the Internet telephony business and its services have become widely and readily associated with the NET2PHONE mark. The Complainant's website, accessible at "net2phone.com" and "net2phone.net", was launched in 1995. It is from this web site that the Complainant primarily conducts its Internet telephony business.

Internet telephony enables users to make high-quality, low-cost telephone calls over the Internet. The Complainant's services enable customers to call or send faxes to individuals and businesses worldwide. The Complainant's customers can use either their personal computers or traditional telephones to originate the call. Examples of the products and services offered by the Complainant bearing the NET2PHONE mark can be found on the Net2Phone web site. A copy of the "net2phone.com" home page is annexed as Exhibit D to the Complaint.

The Complainant has developed sophisticated software applications that enable the use of its Web-based Internet telephony services, and that software is distributed over the Internet by Net2phone. In 1997, to expand the marketing potential of its services, the Complainant began a worldwide reseller program by which individuals and businesses agree to purchase and then resell certain Net2Phone services. Specifically, authorized resellers buy services from the Complainant and then market and sell those NET2PHONE services in their respective countries. Currently, the Complainant has resellers selling its services under the NET2PHONE mark in nations around the world.

Before the Complainant became a public company in June 1999, it was a wholly owned subsidiary company of IDT Corporation ("IDT"), a Delaware corporation. IDT, and then the Complainant have been using the NET2PHONE mark globally on the Internet since at least 1995. On the basis of that usage, IDT applied for and secured the registration of NET2PHONE as a trademark with the United States Patent and Trademark Office ("PTO"). The registration evidences that the mark was first used by IDT on November 13, 1995. A copy of the registration is attached as Exhibit E to the Complaint. IDT assigned all rights in the NET2PHONE mark to the Complainant by assignment dated May 7, 1999. This assignment was filed with the Assignment Division of the PTO on June 18, 1999. A copy of the assignment from IDT to the Complainant and the registration reflecting the assignment from IDT to the Complainant is also attached as Exhibit E to the Complaint.

In addition to owning the mark NET2PHONE, the Complainant has adopted and used a family of NET2PHONE marks to identify its various Internet telephone services. The Complainant secured a registration in the United States for each of the following marks:

NET2PHONE in a stylized form (US Reg No 2, 393,395); NET2PHONE & GLOBE DESIGN (US Reg No 2,329,361), NET2PHONE PRO (US Reg No 2,306,620). A copy of each registration is annexed as Exhibit F to the Complaint. The Complainant has been using and has pending applications in the United States for the following marks: NET2PHONE DIRECT (Serial No 75/796,439) and NET2PHONE INTERACTIVE (Serial No 75/796,437). References to these applications can be found at www.uspto.gov and are also attached as Exhibit F to the Complaint.

The Complainant has made and is making a concerted effort to register its NET2PHONE mark globally. Attached, as Exhibit G to the Complaint is a list of the countries in which applications to register the NET2PHONE mark are currently pending. This list also shows the countries where the mark has been registered.

The Complainant has made and is making a concerted effort to register the term "NET2PHONE" as a top-level domain name throughout all of the registries in the world. A list of representative general Top Level Domains ("gTLDs") in which the Complainant has registered NET2PHONE as a second level domain to date is attached as Exhibit H to the Complaint. A list of representative country code Top Level Domains ("ccTLDs") in which the Complainant has registered NET2PHONE and NET2PHONEDIRECT as second level domains to date is attached as Exhibit I to the Complaint. Once the Complainant secures the registration of a ccTLD, it causes those domain names to redirect users to the web site at "net2phone.com". For example, a user who types the domain name "net2phone.gm" or "net2phone.com.ru" is redirected to the web page at "net2phone.com".

The NET2PHONE mark and the Internet telephony services offered by the Complainant have achieved wide recognition. Contributing to this wide recognition is the fact that Net2Phone has invested considerable time and effort in developing a "presence" on the Internet. As a result, information about Net2Phone, and its services offered under the NET2PHONE mark, can now be obtained through thousands of web sites, which have posted a "link" to the Complainant's web site. These links are the result of significant strategic alliances that the Complainant has with other businesses on the Internet. In addition, the Complainant has placed paid "banner" advertisements on other web sites for its services under the NET2PHONE name. These activities promote the NET2PHONE mark globally in the medium in which the services are primarily offered on the Internet.

Furthermore, the Net2Phone trade name and NET2PHONE mark have been the subject of extensive unsolicited media coverage by the New York Times, the Wall Street Journal, PC Magazine, and other media outlets available around the world. Representative articles are attached as Exhibit J to the Complaint. Furthermore, the Complainant has also been the recipient of a number of awards. A list of the awards received by the Complainant is attached as Exhibit K to the Complaint. The Complainant has also advertised its services through traditional magazines and newspapers, as well as over the Internet. The Complainant and IDT have advertised and promoted services in conjunction with the NET2PHONE mark since 1995.

It is undisputed that the Complainant has made a considerable financial investment in the advertising, marketing and promotion of its telecommunication services offered under the NET2PHONE mark. As a result of these efforts, the Complainant has been successful in selling its services. Since 1996, Net2Phone has registered over 700,000 customers worldwide and has carried over 50 million Internet Protocol telephony minutes. Net2Phone's business continues to operate on a global scale, as evidenced by

the fact that as of July 31, 1999, approximately 69% of Net2Phone's customers were based outside of the United States.

The Respondent registered the domain name "n2Phone.com" on 1 December 1997. The Respondent avers in its Reply that on December 5, 1997, the Respondent entered into an agreement with Aviva Sdn Bhd the Complainant's appointed agent for Singapore and Malaysia whereby Aviva agreed to grant the Respondent the exclusive right to distribute and sell in Malaysia the Complainant's Net2Phone Internet Telephony Debit Numbers which enabled users to make inexpensive long distance telephone calls via the Internet. A copy of the signed agreement is exhibited as exhibit A to the Response. The agreement was terminated in February 1998.

In August 1998, the Respondent signed up with Cognigen Networks Inc, another internet telephony services distributor whereby the Respondent would promote Cognigen's website which offered inter alia the Complainant's internet service. A copy of this agreement is annexed as Exhibit B to the Response.

On May 19, 1999, the Respondent signed up as an "affiliate" in the Complainant's Net2Partners Web Affiliate Program. The Respondent avers that it is obliged to use its best efforts to distribute and advertise a link to the Complainant's web site located at "http:www.net2phone.com". A copy of the terms of the Affiliate Program is annexed as Exhibit C to the Response.

Evidence of commission payments to the Respondent from the Complainant are exhibited at exhibit E to the Response. The Respondent maintains that it is still an affiliate of the Complainant's Net2Partners Web Affiliate Program since the program has not been terminated. It relies on an email from the Complainant dated 16 June 2000, and annexed as Exhibit F.

5. Submissions

The Complainant has the burden of proof under paragraph 4(a) of the Uniform Domain Name Dispute Resolution Policy to show:

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

The Complainant submits that it is necessary to "generally compare the look, sound and meaning of the disputed domain name with the look, sound and meaning of the complainant's mark". It points out that the only significant difference between its registered trade marks "NET2PHONE" and "n2phone.com" is the absence of the letters "et" which it argues has "little effect" in distinguishing the marks which "compels a finding of confusing similarity".

The Respondent denies that the two marks are confusingly similar and argues that "NET2PHONE" is pronounced as "NET-TWO-PHONE" whereas "N2PHONE" is pronounced as "N-TWO-PHONE", i.e. the first syllable of each is pronounced

differently. It relies upon a decision of Sargent L.J in London Lubricant's Application (1925 43 RPC7) where the learned Lord Justice stated; "the first syllable of a word is, as a rule, far the most important for the purpose of distinction".

The Respondent then goes on to argue that the number "2" is a common numeral over which the Complainant cannot claim rights whilst the word "PHONE" is generic and descriptive of the Internet telephony services.

The Panel considers that it is not bound by rules governing trade mark infringement and is entitled to apply its own interpretation of paragraph 4(a) of the Policy.

It accepts that the Complainant has trade mark registrations of "NET2PHONE" based upon the evidence set out above. The question that it has to determine is whether the domain name is in the Panel's view "confusingly similar". In the Panel's view it is. It has compared the domain name with "NET2PHONE" and in its judgment accepts the submission of the Complainant that the "look, sound and meaning" of "n2phone.com" compels a finding of "confusing similarity".

The Panel is also supported in its view by the Respondents own submission that it "registered the domain name "n2phone.com" to further promote the services of the Complainant i.e. Net2Phone Inc". There would be little benefit in doing so if there was not at least some degree of confusing similarity between "NET2PHONE" and "n2phone.com".

The Complainant therefore succeeds in proving this first head of paragraph 4(a).

(ii) The Respondent has no Rights or Legitimate Interest in the Domain Name

The Complainant argues that the Respondent has no legitimate interest in the domain name where the owner of a mark has not licensed or otherwise permitted the Registrant to use its mark. It points out that the Respondent registered "n2phone.com" nearly two years after IDT and the Complainant first used the mark.

The Respondent relies on an argument:

- (a) that a license or permission is not required to register the domain name
- (b) the Complainant is attempting to monopolize the use of a mark
- (c) that it has been marketing and promoting using the domain name as part of its dealings with Aviva, Cognigen and the Web Affiliate Program referred to above.

It maintains that it has legitimate interests by continuing to promote the domain name.

In its Reply the Complainant refers to the Web Affiliate Program and argues that this does not authorize the Respondent to use the domain name and that the Aviva agreement did not give any right to this domain name.

In its Rebuttal the Respondent denies the Complainant's interpretation of the Affiliate Program and the Aviva agreement. It asserts that the present proceedings were brought because of the Complainant's "dissatisfaction over its contractual relationship with the Respondent".

The Panel has sympathy with the view expressed in the Rebuttal; that the issues raised with regard to the Web Affiliate Program and Aviva agreement are "better addressed to a court, which is equipped to resolve such complicated factual disputes". However the Panel does not consider it necessary in the absence of a clear license provision to go into the terms of the agreements.

The Respondent argues that it registered the domain name to promote the services of the Complainant not that it is licensed to do so. In the absence of clear evidence of a license to use or register the domain name the Panel is satisfied that the Respondent has no legitimate interest in the domain name. It accepts the submissions set out in the Complainant's reply.

(iii) Bad Faith

Paragraph 4(b) of the Policy sets out particular circumstances which "in particular but without limitation" shall be evidence of the registration and use of a domain name.

The Complainant relies upon the following as indicative of bad faith:

- (a) Knowledge of a Complainant's prior use of a mark
- (b) That the Respondent ignored the issue of infringement in registering the domain name.
- (c) The lack of any rights or legitimate interest
- (d) Recognition of a domain name's potential to cause confusion
- (e) Creating a likelihood of confusion on the basis that the domain name is used with the intent to attract users for commercial gain.

The Respondent, putting it simply, argues that it is not attempting to compete with the Complainant "since the Respondent is promoting, marketing and selling the Complainant's Net2Phone services as its affiliate".

The Panel has already reached the decision that the Web Affiliate Program does not give a license to the Respondent. The Respondent effectively admits that it registered the domain name to attract Internet users for commercial gain by using it as a promotional device. By using the domain name the Respondent is attempting to attract Internet users familiar with Net2Phone who could be confused into thinking there was an affiliation with the Complainant.

The Panel is satisfied in all the circumstances that the Complaint succeeds in proving that the Respondent's acts fall within paragraph 4(b)(iv) of the Policy.

6. Decision and Findings

It follows that the Complainant succeeds in its complaint. Accordingly the Panel orders that the domain name “n2phone.com” be transferred to the Complainant.

The Respondent seeks a decision that the domain name “n2phone.com” rightfully belongs to it. The Panel cannot issue such a decision in favor of the Respondent having found in favor of the Complainant.

Clive Duncan Thorne
Sole Panelist

Dated: 19 September, 2000