



## **WIPO Arbitration and Mediation Center**

### **ADMINISTRATIVE PANEL DECISION**

**Net2Phone, Inc. v. J.N. Atala & Cia S.A.**

**Case No. D2003-0927**

#### **1. The Parties**

The Complainant is Net2Phone, Inc. of Newark, NJ, United States of America, represented by Gottlieb, Rackman & Reisman, PC, of New York, NY, United States of America.

The Respondent is J.N. Atala & Cia S.A. of Lima, Peru.

#### **2. The Domain Name and Registrar**

The disputed domain name <net2phoneperu.com> is registered with Melbourne IT trading as Internet Name Worldwide.

#### **3. Procedural History**

The Complaint was filed with the WIPO Arbitration and Mediation Center (the "Center") on November 21, 2003. On November 25, 2003, the Center transmitted by email to Melbourne IT trading as Internet Name Worldwide a request for registrar verification in connection with the domain name at issue. On November 25, 2003, Melbourne IT trading as Internet Name Worldwide transmitted by email to the Center its verification response confirming that the Respondent is listed as the registrant and providing the contact details for the administrative and technical contact. The Center verified that 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 the Respondent of the Complaint, and the proceedings commenced on November 27, 2003. In accordance with the Rules, paragraph 5(a), the due date for Response was December 17, 2003. The Respondent did not submit any response. Accordingly, the Center notified the Respondent's default on December 19, 2003.

The Center appointed J. Nelson Landry as the sole panelist in this matter on December 30, 2003. 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.

#### **4. Factual Background**

Complainant offers various Internet telecommunication services and related products, such as software, hardware and other accessories under the trademark NET2PHONE allowing users to make local and long-distance telephone calls over the Internet (“Internet telephone”) since 1995, when the Complainant web site was launched. The NET2PHONE trademark (herein “NET2PHONE Trademark”) has been used since that time.

Examples of the products and services offered by Complainant bearing the NET2PHONE Trademark, including phone cards and Internet telephony hardware, can be found on Complainant’s web site.

Complainant’s predecessor-in-title applied for and obtained the following registrations in the United States:

- NET2PHONE, U.S. registration No. 2,153,298;
- NET2PHONE in a stylized form, U.S. registration No. 2,303,395;
- NET2PHONE & GLOBE DESIGN, U.S. registration No. 2,329,361;
- NET2PHONE PRO, U.S. registration No. 2, 306,620;
- NET2PHONE DIRECT, U.S. registration No. 2,371,732;
- NET2PHONE, U.S. registration No. 2,448,438;
- NET2PHONE, U.S. registration No. 2,417,732.

The dates of first use of the trademarks disclosed in said registrations vary within the period of 1995 to September 1999, wherein all Trademarks were used in commerce with the exception of one, used as of October 1999, after the Reseller Agreement was entered into.

The trademark NET2PHONE has been registered in 87 countries, including Peru where Complainant owns registration No. 025,444 for the trademark NET2PHONE in class 38 and registration No. 088,286 for the trademark NET2PHONE in class 9. All said registrations for NET2PHONE are collectively referred to herein as “NET2PHONE Trademarks” or “Trademarks” or individually as “Trademark.”

Many of these Trademarks were used and their registrations issued prior to Respondent’s registration of the domain name in dispute.

Complainant has made and is making a concerted effort to register the term NET2PHONE as a top level domain name in all the major registries. It causes that domain name to redirect users to its web site at “www.net2phone.com.”

According to Complainant, it has invested considerable time and effort in developing a “presence” on the Internet. Information about Complainant and its NET2PHONE products and services can now be obtained through thousands of web sites which have posted a “link” to Complainant’s web site. These links are the result of strategic

alliances Complainant has with other businesses on the Internet. Complainant places paid “banner” advertisements for its NET2PHONE goods and services on other web sites.

Complainant has taken steps to prevent any unauthorized use of its Trademarks in third party domain names. Complainant has previously instituted five similar proceedings to enforce its trade name and service trademark NET2PHONE. See *NET2Phone Inc. v. Basheer Hallak*, WIPO Case No. D2000-0665; *Net2Phone Inc v. Netcall Sagl*, WIPO Case No. D2000-0666; *Net2Phone Inc. v. Dynasty System SDN BHD*, WIPO Case No. D2000-0679; *Net2Phone, Inc. v. WorldCall International Ltd.*, WIPO Case No. D2002-0142 and *Net 2Phone, Inc. v. Net2Phone, a.k.a. Dr. Syed K. Alsagoff*, WIPO Case No. D2002-0911. The decisions in all five proceedings directed the transfer of the contested domain names to the complainant Net2Phone, Inc.

Furthermore, Complainant contends that it’s name and Trademarks have been, firstly, 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 and, secondly, the recipient of a number of awards. It has advertised its services through traditional magazines and newspapers, as well as over the Internet and has made a considerable financial investment in the advertising, marketing and promotion of its telecommunication services and related goods.

As of July 31, 2003, Complainant had routed over five (5) billion minutes worldwide since 1996, and had over 450 resellers in over 130 countries around the globe with 50% of its total revenues derived from international sales of its products and services.

Complainant states that it has, since 1997, an extensive global reseller program through which individuals and businesses agree to purchase and then resell certain of its products and services. Entities seeking to become an authorized reseller of products and services must enter into a written agreement with Complainant. The Reseller Agreement does not permit resellers to use Complainant’s intellectual property unless it agrees in writing. Resellers cannot register any domain name that incorporates any of the NET2PHONE Trademarks.

On September 9, 1999, Complainant entered into a non-exclusive Reseller Agreement with Respondent by which Complainant permitted Respondent to resell Net2Phone products and services in Peru. Paragraph 5.1 of said Reseller Agreement provides that “Reseller shall not use Net2Phone’s trademarks, trade names, service marks, copyright, patents or logos (“Marks”) without Net2Phone’s prior written consent.” Furthermore, the said Reseller Agreement stipulates that “Net2phone’s failure to require Reseller’s performance of any term or condition of the agreement shall not constitute a waiver and shall not affect the right of Net2phone to later enforce such provision.”

Respondent registered the domain name on December 27, 2000, without obtaining Complainant’s prior written authorization. On August 12, 2003, Complainant terminated its Reseller Agreement with Respondent, effective September 11, 2003.

Respondent’s CEO sent Complainant a letter confirming that he had received the termination letter and corresponded with Complainant regarding Respondent’s termination as a reseller.

On October 6, 2003, Complainant’s counsel sent a letter to Respondent advising Respondent that its use of the domain name <net2phoneperu.com> was unauthorized.

Complainant and its counsel have not received a response to said letter.

Complainant states that prior to October 6, 2003, Respondent used the web site associated with <net2phoneperu.com> to defame the business reputation of Complainant, as well as to compete against it by diverting Internet users who got to “www.net2phoneperu.com” to a competitive Internet telephony company.

Respondent contends that Complainant has committed a serious ethical and “commercial offense” towards Respondent and Respondent is apparently not comfortable offering Complainant’s products and services since Complainant Net2Phone has allegedly lost \$800 millions over the last three years. Furthermore, Respondent advises Complainant’s customers that Respondent is now the master reseller of Dial Pad Communications, Inc., one of Complainant’s competitors in the Internet telephony field. Respondent event provides a link at “www.net2phoneperu.com” to “www.dialpadperu.com.”

Respondent was never given written permission by Complainant to apply for or use any domain name incorporating the NET2PHONE Trademark and Respondent did not request such permission from Complainant.

Respondent is no longer associated with Complainant in any way. Respondent is not licensed or otherwise permitted to use the NET2PHONE Trademark or any variation thereof, or to apply for, use or maintain the registration of any domain name incorporating the NET2PHONE Trademark.

The Respondent did not provide a response nor any evidence.

## **5. Parties’ Contentions**

### **A. Complainant**

Complainant submits that where a domain name incorporates the entirety of a mark plus a geographic designation, the domain name and mark are identical or sufficiently similar to render them confusingly similar and relies on Panel decisions in *Honda Motor Company Limited v. LOKITA Enterprises*, WIPO Case No. D2003-0507; *Parmalat S. p.A. v. Domain Strategy Inc.*, WIPO Case No. D2003-0021; *Net2Phone Inc. v. Netcall Sagl*, WIPO Case No. D2000-0666. It states correctly that the Domain Name in Dispute incorporates the distinctive NET2PHONE Trademark in its entirety and combines that Trademark with the geographic designation “Peru” and that there is sufficient similarity to find <net2phoneperu.com> identical to the NET2PHONE Trademark and confusingly similar with the other NET2PHONE Trademarks. The NET2PHONE Trademark and the domain name in dispute are both used in connection with the offering of Internet telephony services.

Complainant further submits that the presence of “.com” in <net2phoneperu.com> does not sufficiently distinguish the domain name in a manner that would eliminate or reduce confusion. See *E. Gluck Corporation v. James L. Clark d/b/a Animationwerks*, WIPO Case No. D2000-1651.

Complainant alleges that Respondent lacks rights or a legitimate interest in the domain name in dispute because it is not commonly known by that name, Respondent’s name being J. N. Atala & Cia. S.A. The only reason for Respondent to register the domain name in dispute and use it to host a web site with a link to a web site featuring a

competitor's products and services is to confuse Complainant's consumers and to trade on the goodwill and fame of the NET2PHONE Trademark in order to sell Dial Pad's competing Internet telephony communications equipment and services.

Complainant further alleges that Respondent also lacks rights or a legitimate interest because the domain name is likely to misleadingly divert to competitors, for commercial gain, consumers searching for Complainant's Internet presence and relies on Panel decisions in *Expedia Inc. v. European Travel Network*, WIPO Case No. D2000-0137. Respondent's conduct demonstrates that Respondent is intentionally using the goodwill and name recognition of the NET2PHONE Trademark to divert customers to the web site at "www.dialpadperu.com" and to publish disparaging and potentially defamatory comments that tarnish Complainant's Trademark and reputation and negatively influence business in that such a web site does not give rise to rights or a legitimate interests in that domain name. See *Lloyds TSB Bank PLC v. Paul Brittain*, WIPO Case No. D2000-0231; *Trygg Hansa Aktiebolag v. Mr. Björn Persson*, WIPO Case No. DNU2000-0003.

Complainant represents that there is no evidence that Respondent, before any notice of the dispute, was using the domain name in dispute in connection with a *bona fide* offering of goods or services.

According to Complainant under the Policy a use is only *bona fide* if it is a non-infringing use. See *Chanel, Inc. v. Estco Technology Group*, WIPO Case No. D2000-0413. Respondent is using the domain name in dispute to divert Internet users to a web site featuring a link to a web site offering from one of Complainant's competitors, the same goods and services Complainant offers under its NET2PHONE Trademark. This use of a domain name constitutes trademark infringement, and thus cannot give rise to a *bona fide* use. See *The Frozfruit Company v. Maui Bound Media Group*, WIPO Case No. D2000-0851. Respondent, as a Complainant reseller, had no rights in the NET2PHONE Trademark. In registering the domain name without authorization from Complainant, however, Respondent chose to ignore Complainant's rights.

Complainant represents that Respondent's use cannot be *bona fide* because Complainant has never licensed or otherwise permitted Respondent to use the NET2PHONE Trademark or to apply for or use any domain name incorporating the Trademark. See *Telstra Corporation Limited v. Nuclear Marshmallows*, WIPO Case No. D2000-0003; *Mary-Lynn Mondich and American Vintage Wine Biscuits, Inc. v. Shane Brown, doing business as Big Daddy's Antiques*, WIPO Case No. D2000-0004. Respondent never did obtain prior written approval from Complainant before making any use of Complainant's intellectual property.

Complainant states that Respondent's relationship with Complainant was terminated effective September 11, 2003, and that Respondent continues its registration and use of the domain name in dispute despite Complainant's request that Respondent transfer the said domain name in dispute.

Complainant, relying on *UVA Solar GmbH & Co. K.G. v. Mads Kragh*, WIPO Case No. D2001-0373; *Marine Toys for Tots Foundation v. Jim Gayles*, WIPO Case No. D2001-0088, submits that where an authorized distributor registers a domain name corresponding to a trademark without authorization and is thereafter terminated as a distributor, there is no *bona fide* offering of goods or services.

As a final argument in respect of lack of legitimate interest, Complainant submits that where a party has registered and used a domain name in bad faith, that party cannot be

found to have made a *bona fide* offering of goods and services, thus relying on Panel decisions *The PNC Financial Services Group, Inc and PNC Bank, N.A. v. Azra Khan*, WIPO Case No. D2002-0701; *AltaVista Company v. Saeid Yomtobian*, WIPO Case No. D2000-0937.

Complainant alleges hereafter many grounds on which it is founding its representation that Respondent registered and used the domain name in dispute in bad faith because Respondent is intentionally using the domain name to attract, for commercial gain, Internet users to its web site by creating a likelihood of confusion with Complainant's NET2PHONE mark as to the sponsorship, affiliation or endorsement of its web site and the products and services on the web site to which it provides a link. The Panel in *SGS Société Générale de Surveillance S.A. v. Inspectorate*, WIPO Case No. D2000-0025 has held that it is sufficient that the domain name is used with the intent to attract Internet users for commercial gain by diverting users to a web site totally different from the one intended.

Relying on the declaration of Javier Vergara, the Regional Manager, Latin America, for a subsidiary of Complainant, Complainant states that Respondent is apparently now a Dial Pad reseller and thus Respondent is attempting to increase its business by attracting Internet users familiar with Complainant who could be confused into thinking that Complainant is affiliated with or endorses Dial Pad's Internet telephony products and services. Respondent's acknowledged in the Reseller Agreement that all trademarks are Complainant's property. Respondent was well aware that Complainant was using the NET2PHONE Trademark. Respondent must have expected that Internet users would be confused into thinking that the entity operating at or linked to "www.net2phoneperu.com" and its goods and services are affiliated with Complainant.

According to Complainant, this association will harm its reputation and otherwise impair its business interests, since the "www.net2phoneperu.com" web site contains disparaging remarks about it.

Furthermore, Complainant submits that Respondent registered and used the domain name in dispute primarily to disrupt Complainant's business because it registered and is using the domain name in dispute in connection with a commercial venture offering goods that directly compete with those offered by Complainant. See *Société Air France v. Patrick Ory*, WIPO Case No. D2003-0628; *Mariah Boats, Inc. v. Shoreline Marine, LLC*, NAF Case No FA0004000094392 (National Arbitration Forum); *Easyjet Airline Company Ltd. v. Andrew Stegges*, WIPO Case No. D2000-0024.

Complainant represents that Respondent is knowledgeable about the Internet telephony field, and, in signing the Reseller Agreement, implicitly acknowledged Complainant's prior use of the Trademark NET2PHONE. Respondent must have recognized the potential of the domain name in dispute to cause confusion with Complainant's rights when it registered the domain name in dispute and even more so since Respondent uses <net2phoneperu.com> to link Internet users to a web site offering competitive Internet telephony hardware and services.

Relying on arguments that preceded, Complainant submits that Respondent acted at least irresponsibly, and can be found to have registered the domain name in dispute in bad faith. Given the arbitrary, fanciful and unique nature of the NET2PHONE Trademark, it is inconceivable that Respondent could make any use of the domain name in dispute without creating a false impression of association with Net2Phone, Inc. See *Sony Kabushiki Kaisha (also trading as Sony Corporation) v. Inja, Kil*, WIPO Case No. D2000-1409 and *Cellular One Group v. Paul Brien*, WIPO Case No. D2000-0028. The

uniqueness of the NET2PHONE Trademark, and the fact that Respondent has incorporated that Trademark in its entirety into the domain name in dispute, creates a confusingly similar domain name and weighs in favor of finding bad faith.

Finally, Complainant contends that the fact that the domain name in dispute was registered without any authorization from it, and that Respondent has maintained the said domain name registration even after its termination by Complainant, is further evidence of use of the domain name in dispute in bad faith. See *UVA Solar GmbH & Co. K.G.*, cited above.

## **B. Respondent**

The Respondent did not reply to the Complainant's contentions.

## **6. Discussion and Findings**

Paragraph 4(a) of the Policy requires that the Complainant prove each of the following three elements in order for a domain name to be cancelled or transferred:

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

### **A. Identical or Confusingly Similar**

Complainant has submitted ample evidence that it has used and is the owner of several registrations of the NET2PHONE Trademark, as well as other Trademarks incorporating NET2PHONE, in various countries around the world, including in Peru, where Respondent is located, the whole constituting a family of NET2PHONE Trademarks. Accordingly, the Panel finds that the Complainant has rights in all of said Trademarks.

There is no doubt that the domain name <net2phoneperu.com> is confusingly similar to the Trademark NET2PHONE of Complainant for purposes of the Policy. The domain name in dispute incorporates, in its entirety, the NET2PHONE Trademark and the distinctive element NET2PHONE of the other Trademarks.

In the opinion of the Panel relying on Panel decisions properly cited by Complainant, the addition, first, of the descriptive word "peru" to the distinctive part of the Trademark NET2PHONE and, second, the suffix ".com" does not deter the reader from the fact that the Trademark NET2PHONE has been taken and associated with the descriptive word "peru" and the suffix ".com" which result in the domain name in dispute. This view and assessment of the situation by the Panel is further reinforced by the volume of business and publicity that the Complainant carries under its registered Trademarks.

The Panel finds that the domain name in dispute is confusingly similar to the registered trademark NET2PHONE.

## **B. Rights or Legitimate Interests**

Respondent has not submitted a Response in this proceeding. Therefore, the Panel may accept all reasonable inferences and allegations included in the Complaint as true. The Complainant has made a *prima facie* case that the Respondent lacks rights or legitimate interest in the domain name in dispute by stating that the Respondent has never been known by the name NET2PHONE or the domain name in dispute, and is not making legitimate non commercial or fair use of the domain name in dispute.

As conclusively shown by the Complainant, the domain name in dispute has been used by the Respondent, at least since September 11, 2003, to divert to competitors, Internet users coming to Respondent, presumably in its former capacity as reseller for Complainant during the life of the Reseller Agreement between Complainant and Respondent. Thereafter, Respondent continued to use the domain name in dispute to divert Complainant's customers to Dial Pad Communications, Inc., a competitor of Complainant, for which competitor Respondent is now the master reseller. There is uncontradicted evidence by Javier Vergara that Respondent provides a link at "www.net2phoneperu.com" to "www.dialpadperu.com," the web site offering Dial Pad's products and services for sale, as shown in exhibit R. In so doing, the Respondent uses in the domain name in dispute, the Trademarks of Complainant, and such use is made without the authorization or license of the Complainant; and, furthermore, it is a use that is clearly prohibited in the Reseller Agreement in which the rights of Complainant are acknowledged by Respondent.

This is a classic case of trademark infringement where Respondent is using in the domain name in dispute the NET2PHONE Trademark of Complainant in association with the same classes of goods and services, but for competitive and unauthorized activities. Consequently, such activities of the Respondent cannot be legitimate non-commercial or fair use.

The Complainant's representations that such activities by Respondent do not constitute non-commercial or fair use of a domain name are based on several URDP decisions as cited hereinabove, supporting its representations, which the Panel considers well founded. Respondent has been made aware of the Complainant's position in the Complaint that was served upon the Respondent and the later has neglected to file any evidence which may rebut the *prima facie* case that the Complainant has made.

The Panel concludes that the Respondent has not made use of the domain name in dispute in connection with the *bona fide* offering of goods and services.

Accordingly, there is no evidence that the Respondent has any rights or legitimate interests in the domain name in dispute and the conditions for the second criteria have been fulfilled.

## **C. Registered and Used in Bad Faith**

Paragraph 4 (b) of the Policy states circumstances which, if found, shall be evidence of the registration and use of the 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 the 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 or 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.

It should be noted that the circumstances of bad faith are not limited to the above.

The Complainant contends that the domain name was registered and used in bad faith.

The Panel has determined from the well-documented evidence that the domain name in dispute was registered after Respondent had entered into the Reseller Agreement fully aware of the rights of Complainant and of the prohibition stipulated therein that Respondent was not to use Complainant's Trademark without Complainant's prior written consent, which consent was never sought nor given

Several of the Trademarks within the family of Trademarks of Complainant are registered not only in the United States; there are pending applications in at least 30 countries as listed in Exhibit G, and additional foreign registrations in at least 85 countries where, in many of such countries, there is more than one registration. Finally, as it is shown and proven in Exhibit H, Complainant has registered 27 generic top level domains (gTLDs) and an additional 54 second level domains as shown in Exhibit I.

All these registrations and uses of the NET2PHONE Trademarks and network of generic top level domains, and secondary level domains associated with the evidence of the volume of minutes of communication Complainant has routed between 1996 and July 2003, and the presence and activities of its 450 resellers in over 103 countries demonstrate, in the view of this to Panel, an exceptional number of steps to not only protect its Trademarks, but to extend its activities and resulting goodwill. It is not surprising that on the one hand, Complainant has stipulated terms and conditions to protect its rights in its Reseller Agreement with Respondent and on the other hand, its activities have been the subject of unsolicited favorable comments in the Press as evidenced in Exhibit J.

Based on the evidence, the Panel finds that Complainant enjoys substantial goodwill in association with the Trademarks.

The Panel considers that the Respondent, in adopting and registering the domain name in dispute had purposely selected a domain name identical or very similar to the Trademark of Complainant, and that the Panel therefore concludes that, in so registering and continuing the use thereof after the termination of the Reseller Agreement, the Respondent was well aware of the rights of the Complainant in the registered Trademarks and the prohibition to use them as stipulated in the Reseller Agreement.

It has been recognized in several URDP decisions, including those cited by Complainant, that using a confusingly similar domain name to the Trademark of a Complainant to divert Internet traffic to a competitor's web site, such as the web site of Dial Pad Communication Inc. of which Respondent is the master reseller, is neither a

*bona fide* offering of goods or services nor a legitimate non commercial or fair use. Furthermore, the same URDP decisions have qualified that such use as the one in the present instance made by Respondent to divert Internet users for its own financial gain amounts to registration and use of a domain name in bad faith.

The Panel in the present case finds that the intentional registration and use of the domain name in dispute clearly manifests an intent by Respondent to capitalize on and to benefit from the goodwill in the Complainant's family of Trademarks.

Therefore, the Panel finds that the domain name in dispute was registered and is being used in bad faith.

## **7. Decision**

The Panel concludes that:

- (a) the domain name <net2phoneperu.com> is confusingly similar to the Complainant's Trademarks "NET2PHONE";
- (b) the Respondent has no rights or legitimate interests in the domain name in dispute;
- (c) the domain name in dispute has been registered and is being used in bad faith.

Therefore, in accordance with Paragraphs 4(a) and 4(i) of the Policy and 15 of the Rules, the Panel orders that the domain name, <net2phoneperu.com> be transferred to the Complainant.

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J. Nelson Landry  
Sole Panelist

Dated: January 8, 2004