

**Israel Internet Society
Advisory Committee Panel**

Jonathan Agmon (Chairman)
Dr. Yuval Karniel
Brian Negin

**In the matter between
Snapple Beverages, Inc.**

v.

Sara Vidal

In respect of the domain Name: SNAPPLE.CO.IL

Decision

Jonathan AGMON (Chairman):

In accordance with section 16, 19.4 and 21 to the Rules for Allocation of Domain Names under the .il (Israel) Top Level Domain dated December 1998 (hereafter: "**the Rules**") this panel decides as follows:

Background

On 5 October 2000 Snapple Beverages Inc. of New York (hereafter: "**Snapple Beverages**") filed notice pursuant to Rule 19.3 of the Rules requesting the Advisory Committee Panel to reconsider the allocation of the domain name SNAPPLE.CO.IL to Sara Vidal (hereafter: "**the Domain Name**" and "**Vidal**"¹ respectively).

Procedure

Pursuant to establishment of the Panel, a copy of the notice was delivered to Vidal. On 29 October 2000 Vidal filed their answer to the notice. On 19 November 2000 Chairman Neil Wilkof stepped down as chairman. Jonathan Agmon was made Chairman of this Panel and Mr. Brian Negin joined as additional member. On 10 December 2000 we received Snapple Beverages response to Vidal's answer. On 24 December 2000 we asked the parties to file additional documents and arguments. Both parties filed these on 9 January 2001.

¹ We use the name Vidal for both Victor & Sara Vidal in this decision.

Nature of the Dispute

Pursuant to rule 19.3 of the Rules any person or organization that dispute the allocation of a Domain Name to a Holder may request reconsideration of the allocation, including transfer of the allocation to the challenger upon application to the Advisory Committee. Set below are the arguments brought by the parties, legal arguments presented to us and our decision in the matter.

Arguments by Snapple Beverages

Snapple Beverages requests the Advisory Committee Panel reconsiders the allocation of the Domain Name to Vidal and transfer said Domain Name to Snapple Beverages.

Snapple Beverages submitted that it first became aware of the allocation of the Domain Name to Vidal when it's contractor, Mr. Lior Israeli (Hereafter: "**Lior**") attempted to request the allocation of the Domain Name in January 2000.

A "whois" query performed by Snapple Beverages disclosed that Vidal is the holder of the Domain Name. On behalf of Snapple Beverages, Lior contacted Vidal requesting permission to use the Domain Name on behalf of Snapple Beverages.

Snapple Beverages alleges Vidal contacted Lior during February 2000 requesting a proposition concerning the use of the Domain Name. On behalf of Snapple Beverages Lior further offered Vidal to pay \$70 to cover the cost of the allocation of the Domain Name. Snapple Beverages claimed Vidal did not respond to this offer.

Snapple Beverages claims it has been using the "SNAPPLE" trademark in connection with soft drinks since 1978 in the United States and since 1991 internationally. Snapple Beverages claims it has been using this mark since the 1970s. Snapple Beverages further claims that it is the owner of the "SNAPPLE" trademark in Israel through its ownership of Israel Registered Trademarks Nos. 81524, 103678 and 103679 issued 5.10.1994, 2.7.1997 and 2.7.1997 for the classes 32, 30 and 32 respectively.

Snapple Beverages further claims it owns trademark registrations for its "SNAPPLE" mark in many other countries around the world.

Snapple Beverages claims it sells hundreds of millions of dollars worth of beverages annually around the world. In Israel Snapple Beverages claims it sold over 250,000 cases last year.

Snapple Beverages submitted to us that it is the registrant of the WWW.SNAPPLE.COM and WWW.E-SNAPPLE.COM domain names. We reviewed these web sites operated by the Snapple Beverages.

Snapple Beverages further claims that it owns the "SNAPPLE" mark and the goodwill associated with it. Snapple claimed that it has not provided authorization to Vidal to make use of the SNAPPLE mark.

Snapple Beverages filed additional arguments on January 9, 2001. It submitted to us that there is a severe problem of cybersquatting in Israel through the presentation of an article published in Ha'aeretz newspaper on February 29, 2000, in the Captain Internet section. Snapple Beverages further claimed that "it is concerned and suspects that it may be the case in this situation that Holder is such a cybersquatter". Snapple Beverages further suggests Vidal chose the Domain Name for the purpose later selling it to Snapple. Snapple Beverages argues that its SNAPPLE mark is a well-known mark.

Arguments by Vidal

In response Vidal filed on 29 October 2000 a Statement of Response alleging that the Domain Name allocation should not be disturbed.

Vidal submitted that the Domain Name is used as an address for a business concern by the name of Snapple Consulting (hereafter: "**Snapple Consulting**"). Vidal states that the Domain Name is active and in use by Snapple Consulting.

Vidal further argues that Sara Vidal was the first party to register the Domain Name, on 1 August 1999. Vidal claims that the business of Snapple Consulting is programming services and building web-sites.

Vidal further argues that Snapple Beverages is not active in Israel. Vidal also questions the validity of Snapple Beverages' trademark registrations in Israel.

Vidal submitted that Victor Vidal has worked as a programmer for the last 15 years. Vidal asserts that in 1986 Victor Vidal obtained a Bachelor's degree in Computer Science. Vidal claims he has since continuously provided consulting services and programming services to many clients and corporations. This is his profession and legitimate business, which he has been operating in good faith for many years.

Notably, the statements made by Vidal do not specifically say that Vidal has been providing such services under the SNAPPLE CONSULTING or similar mark.

Vidal argues that Snapple Consulting has a common-law service-mark, both in Israel and in the USA, for the name "Snapple Consulting", in the class of programming services.

Vidal claims Snapple Consulting acted in good faith when Sara Vidal registered the Domain Name because Snapple Consulting operates a partnership by the name of Snapple Consulting both in Israel and in the US.

Vidal argues that to avoid confusion with the SNAPPLE brand and mark the web-site under the Domain Name of Snapple Consulting was programmed and designed in a way, that removes any possibility of public confusion. Vidal directs our attention to the fact that the web-site under the Domain Name states the pages are those of "“Snapple Consulting”", a team of professional programmers that provides programming services." Vidal also directs our attention to the title of the home page that reads "Snapple Consulting – Web Design and Web Production Services". Finally we are directed to the page's logos and slogans declaring that the owner of the page

provides programming services.

Vidal further submits that to avoid confusion Snapple Consulting used a disclaimer appearing in big fonts and highlighted in yellow "in each and every page of the web-site, with the following text: "Snapple Consulting is NOT affiliated with, or endorsed by, the "Snapple Beverage Corp" or the "Snapple" drinks. If you are looking for them, please click here and you will be transferred to their official web site at www.snapple.com ." The disclaimer includes hyperlinks to the address allocated in the U.S. to Snapple Beverages.

Vidal asserts that no actual confusion took place because Vidal did not receive any complaints from Internet users. Vidal argues that any reasonable user arriving at the web-site" immediately sees it is the home of Snapple Consulting – a business of programming services, and that it has nothing to do with Snapple Beverage."

Vidal further offers to continue to display on the web-site operated under the Domain Name the disclaimer and hyperlinks to Snapple Beverages.

Vidal asserts that Snapple Consulting is a legitimate business providing programming services and that it is not a "cyber-squatter". Vidal claims Snapple Consulting was never approached by Snapple Beverage, and has never offered to sell the Domain Name to any third party.

Vidal submits to us that Snapple Consulting plans to use the Domain Name for its own legitimate business, as it has been doing for the past 7 months.

In its additional submission of documents and evidence Vidal claims Snapple Consulting has been using the name "Snapple Consulting" since at least as *early as 1993* in a "continuous and active usage, in connection with bona fide offering of consulting and programming services".

Vidal presented before us various scanned documents, which show use of the Snapple Consulting name. Vidal submitted to us a cover of a brochure he claims was produced in 1993. Vidal asserts around 1500 brochures were produced and distributed to potential clients. A review of the scanned image shows that a copyright notice is included with the year 1993.

In addition Vidal provided us with an invoice dated 3 August 1994 to Isra-Tech/ Shimon Tamir for an automatic filing software project. We were also provided with an Order form and an additional brochure sample, which do not bear any date. A press release announcing Snapple Consulting offers programming services and a banner ad for Snapple Consulting were also added. These do not bear dates. Vidal asserts the banner ad cost \$5,000. The press release does not provide a number for contact, only a Hotmail address for Snapple Consulting.

Vidal claims the above documents show Vidal has been using the name Snapple Consulting for the past eight years in connection with offering consulting and programming services.

In conclusion Vidal asserts that "During the past eight years Snapple Consulting spent thousands of Dollars in connection with the said usage, as well as manpower, time and efforts by Snapple Consulting and its staff. The programming services offered by Snapple Consulting are true, bona fide services that are offered to the public under the name "Snapple Consulting" and through its web-site."

Several legal arguments are brought before us. We bring those arguments as presented to us next.

Legal Arguments By Snapple

Snapple Beverages presented before us the following legal arguments:

1. Snapple Beverages asserts it has rights to the Domain Name by virtue of its ownership of trademarks in Israel for the mark SNAPPLE in classes 30 and 32. Snapple Beverages further asserts it owns and devised the SNAPPLE mark. Snapple Beverages asserts it has been using the SNAPPLE mark for 20 years in connection with the sale of beverages.
2. Snapple Beverages asserts that the case before us is identical to the case decided before the ISOC-IL Advisory Committee Panel in the matter of Disney Enterprises, Inc. , Petitioner and Mrs. Arick Gross, Respondent (decided 28 January, 2000), in which the Panel ruled that the domain name "waltdisney.co.il" is to be reallocated to Walt Disney (hereafter: "**the Disney Decision**"). Snapple Beverages asserts that this is because Vidal is in the business of selling web sites and personalized e-mail address via www.vidal.com and also because Vidal expected more than nominal consideration for the transfer of the Domain Name
3. Snapple Beverages further claims that Vidal had knowledge of the Domain Name prior to requesting its allocation. Snapple refers us to the cases of SportSoft Golf, Inc. v. Hale Irwin's Golfers' Passport (FA94956), Marriott International, Inc. v. John Marriot (FA94737); Canada Inc. v. Sandro Ursino (AF-0211) and Centeon L.L.C./Aventis Behring L.L.C. v. Ebiotech.com (FA95037).
4. Snapple Beverages further request that we do not consider the "first come first served" rule as material to our determination. Snapple Beverages argues that the first come first served rule should not be used to allow another to violate proprietary rights.
5. Snapple further argues that Vidal's use of the Domain Name will mislead customers and tarnish the SNAPPLE mark or even create an association between Vidal's web-site and the SNAPPLE mark.
6. Snapple further argued before us that Vidal has not acquired any trademark or good will in the SNAPPLE mark and thus has no right to the Domain Name.
7. Snapple Beverages further directs our attention to the Tel Aviv District Court decision in Pepe (U.K.) Limited v. Pepe Jeans Fashion Industry Ltd., Case No. 1017/96 for the proposition that its licensing activity denotes use of the SNAPPLE mark in Israel.

8. Snapple Beverages also asserts that as of 1999 it has been actively publicizing the re-launch of its beverages in Israel. Snapple asserts that "[it] was working in a reasonable and timely fashion as it was re-entering the Israel marketplace and, as a natural progression, pursued the snapple.co.il domain name registration within a reasonable time (as it has done in other markets throughout the world)."
9. Finally, Snapple Beverages tells us that this case is not about reverse hijacking. For these reasons Snapple Beverages seeks the reallocation and the transfer of the Domain Name to Snapple Beverages.

Legal Arguments By Vidal

Vidal presented before us the following legal arguments:

1. Vidal argues that he registered the Domain Name in good faith, and have been using it bona fide for its legitimate business of programming services. Vidal argues that "[t]his business does not infringe on any trade-mark that Snapple Beverage claims to have in the class of beverage products. ... It is a matter of law and a matter of justice that the challenge by Snapple Beverage be denied, and that the allocation of The Domain shall remain as it is."
2. Vidal's main argument is that we should not reallocate the domain name because we should follow the "first come first served" principal. Vidal refers us to Rule 3 of the Rules. Vidal also asserts various U.S. court decisions affirms this rule. No cases were brought before us were cited to us.
3. Vidal also claims those Snapple Beverages without reasonable explanation was negligent by sleeping on its rights and failing to request the allocation of the Domain Name. Vidal argues Snapple Beverages have the duty to request the allocation of the Domain Name because it "is a corporation that has the money and the means to register domains, but neglected to register the domain that it currently attempts to get." Vidal asserts Israel Supreme Court ruled "that a party that "sleeps" on its rights or neglects its opportunity to secure them, knowingly takes the risk of losing its right to a third party, and cannot blame anyone else but itself for the consequences of its omission. It was also ruled by the courts, that the negligence and the omission of not registering a right is even stronger, when the "sleeping" party is a big corporation (such as a bank) which has the money and the means to secure its rights if it wants to." Vidal views the fact that Snapple Beverages fails to request the allocation of the domain name e-snapple.co.il as a showing for Snapple's negligent behavior.
4. Vidal further asserts that the use of the Domain Name by Vidal is not misleading because the use of the Domain Name for offering or rendering programming services is not in competition with Snapple Beverages. Vidal argues that Snapple Beverages does not own a trademark for the mark SNAPPLE for programming services. Vidal argues Snapple trademarks are limited to the class in which they were registered. Vidal brings several examples from the U.S. for different organizations using the READY WHEN YOU ARE mark when providing

different services or products.

5. Vidal further argues that Snapple failed to prove it owns valid trademarks in Israel.
6. Vidal also argues Snapple Consulting has common law rights to the mark SNAPPLE CONSULTING.
7. Vidal argues that the burden of proof for showing bad faith lies exclusively with Snapple Beverage. Vidal provides that "It is the challenger who has to positively prove "bad faith". This principle is well established, and was stated in numerous decisions in domain disputes. Naturally, this principle is also derived from the general legal rule, which puts the burden of proof on the plaintiff (the challenger), and not on the defendant (the holder)."
8. Vidal asks that this panel consider this case de novo based on Rule 19.5 to the Rules. Vidal requests that we distinguish the Disney Decision on its facts and because the holder of the domain name in that case intended to make the same use as Disney. Vidal also argues Snapple Beverages brand is not as strong as that of Disney.
9. Vidal argues that Snapple Consulting has reputation in the SNAPPLE mark and that such reputation is likely to be harmed if the Domain Name is reallocated.
10. Vidal also claimed he has never made any attempt to sell the Domain Name to Snapple Beverages. By offering to buy the domain Vidal argues that Snapple Beverages appears to be trying to hijack the Domain Name from Vidal.
11. When requesting additional information and evidence, Vidal disclosed before this panel that "As a full disclosure, Snapple Consulting would like to state, that members of the Vidal family purchased a few other domains of Generic terms. This was done in view of future business clients that may be interested in building their web-sites through the services of Snapple Consulting." Such disclosure was not made in Vidal's initial response to the notice requesting reallocation of the Domain Name. Vidal did not disclose to us which name they hold but claimed this was the practice of Internet consulting firms.
12. Finally, Vidal also argues that the mere holding of many domain names does not necessarily point out that Vidal acted in bad faith. Vidal demonstrates by saying the Proctor & Gamble holds some 1800 generic domain names.

Additional Findings by the ACP

On the initiative of the Advisory Committee Panel we have discovered that the following domain names are registered to Vidal as follows:

10 IL domains to Sara Vidal:
apartment.co.il

kool.co.il
captain.co.il
films.co.il
hersheys.co.il
yoofoo.co.il
hershey.co.il
tav.co.il
snapple.co.il

10 IL domains to Victor Vidal:

2001.co.il
111.co.il
can.co.il
levy.co.il
esek.co.il
2003.co.il
vidal.co.il
coke.co.il
dag.co.il
micron.co.il

We note that as per the Rules in effect prior to 1 January 2000 no more than 10 domains could have been registered to each individual.

A search conducted on the Internet provided that the word "SNAPPLE" means "a North American brand of soft drinks and iced teas. There are many flavors and varieties of Snapple. " <www.onelook.com>

The word "SNAPPLE" is not a dictionary word. It is not defined in dictionaries, nor is it used as a generic notation of any kind.

A search performed over several Internet search engines did not reveal additional references to SNAPPLE CONSULTING other than the use discussed in this case.

Finding of Facts

Having reviewed the arguments and documents supplied by the parties we find as a matter of fact as follows:

1. Snapple Beverages has been using the "SNAPPLE" trademark since 1970- and in connection with soft drinks since 1978 in the United States and since 1991 internationally.
2. Snapple Beverages owns the "SNAPPLE" trademark (Word and Logo) in Israel through its ownership of Israel Registered Trademarks Nos. 81524, 103678 and 103679 issued 5.10.1994, 2.7.1997 and 2.7.1997 respectively for the classes 32, 30 and 32. Snapple Beverages owns trademark registrations for the "SNAPPLE"

mark in many other countries around the world. Vidal did not receive Snapple Beverages' permission to use any of its registered trademarks.

3. Snapple Beverages owns a significant goodwill associated with the "SNAPPLE" mark. Snapple Beverages sells hundreds of millions of dollars worth of beverages annually around the world. The mark "SNAPPLE" is a coined word. It is not defined in dictionaries. It has no meaning per se and is used to indicate the source of soft drinks by Snapple Consulting.
4. Sara Vidal was allocated with the Domain Name, on 1 August, 1999. The Domain Name is being used for the web site operated by business by the name of Snapple Consulting. Vidal submitted that the business of Snapple Consulting is programming services and building web-sites.
5. Victor Vidal has worked as a programmer for the last 15 years. He has since continuously provided consulting services and programming services.
6. At a certain point in time after the Domain Name was assigned to Sara Vidal, Victor Vidal has begun use of the Domain Name. Victor
7. The use of the Domain Name was in conjunction with a Web Site showing the name "Snapple Consulting". The Web Site pertains to offer consulting and programming services. Such Web Site has existed for the past 7 months. We find that Vidal began using the SNAPPLE mark when he began to operate his Web Site. The statements made by Vidal do not specifically say that Vidal has been providing such services under the SNAPPLE CONSULTING or similar mark.
8. At the top of the home page it reads "Snapple Consulting – Web Design and Web Production Services". The Web Site includes a statement that states the pages are those of "“Snapple Consulting”, a team of professional programmers that provides programming services." A disclaimer appearing in the Web Site in big fonts and highlighted in yellow reads that "Snapple Consulting is NOT affiliated with, or endorsed by, the "Snapple Beverage Corp" or the "Snapple" drinks. If you are looking for them, please click here and you will be transferred to their official web site at www.snapple.com .”" The disclaimer includes hyperlinks to the address allocated in the U.S. to Snapple Beverages.
9. The parties have not received any complaint from Internet users confused by arriving to the pages operated under the Domain Name (Snapple Consulting).
10. It is our finding that Snapple Beverages sold in Israel a large amount of its product in the year 2000.
11. Prior to January 2000 Snapple Beverages had made no effort to obtain the allocation of the Domain Name. Snapple begun entering the Israeli market during 1999 mostly with a press campaign. In January 2000, through a subcontractor it approached Vidal and attempted to purchase the Domain Name. The sum of \$70 was offered to Vidal for the costs associated with the allocation of the Domain Name. Vidal did not accept this offer.

12. The panel reviewed additional statements and evidence from both parties. Documents submitted to us by Vidal did not convince us that the business ran under the Domain Name and the under name SNAPPLE CONSULTING is viable. Vidal made two conflicting statements. Vidal provided that he intends to continue use of the Domain Name as he has been doing for the past 7 months. On the other hand he also claimed he has been using the mark SNAPPLE CONSULTING since 1993 in a continuous and active usage in connection with bona fide offering of services.
13. We were not convinced that this was the case. The invoice Vidal submitted this panel does not show a valid address for the business Vidal would have us believe is a viable business. No other document submitted (even a brochure claimed to be from 1993) presented a valid address and phone number. We are prepared to believe that such indications are not necessary today in lieu of e-mail, but they were certainly the best means of contacting a business in 1993 and 1994 when such documents were allegedly produced. We also note that the order form presented to us did not include a fax number to be sent to, or an address.
14. The order form and an additional brochure sample provided to us do not bear any date and can therefore not be attributed to Vidal early use of the SNAPPLE name.
15. The press release and the banner ad did not bear dates as well. The press release does not provide a number for contact, only a Hotmail address for Snapple Consulting.
16. It is our factual finding that even if Vidal has been making use of the name SNAPPLE previous to its assignment under the .IL domain, such use was minimal at best.
17. Vidal did not provide us with any other information relating to the business he is running under the Domain Name. We were not provided with information about clients, sales or exposure. We were not provided with any explanation why Vidal chose the SNAPPLE name for running his business.
18. We note here that Vidal (both Sara and Victor) hold some 20 domain names, the maximum allowed by the Rules. These include coke.co.il, hershey.co.il and micron.co.il. These names are known to most. The first two are marks heavily used in the food and beverages industry.
19. We also find that as a matter of fact the name SNAPPLE and the Domain Name are identical. As such actual confusion of consumers is likely.

Decision

Since January 1, 1999 domain names have been allocated in Israel under the .IL Top Level Domain in accordance with the Rules. The Internet Society of Israel is a non-profit organization (hereafter: "**ISOC IL**"). It received authority from the Internet Assigning Numbers Authority to allocate domain names under the .IL Top Level Domain (TLD). See the preamble to the Rules). The Rules provides the process of Application is initiated by a request submission subject to the Rules:

"The allocation process will be initiated by submission of the completed application form in English by e-mail. The application incorporates the Rules." (See r. 1)

Allocation of the domain name is made in categories defined in accordance with the Rules. These also include .ORG.IL for non commercial organizations, .AC.IL for academic institutions of higher education, .NET.IL for Internet Service Providers and .CO.IL for commercial organizations.

The manner of examination is directed by the Rules. Section 3 of the Rules provides that ISOC IL will *examine the request for the domain name in accordance with the Rules* in effect at the time the request is made on a first come first served basis. The examination must therefore be in accordance with the Rules. In addition, a technical procedural rule of first come first serve is to be employed.

The first come first served rule

The first come first served basis is merely the procedural and technical mechanism according to which requests are examined. The procedural nature of this rule is explained in the Rules. It directs ISOC IL to maintain a clocking system. It provides that the clocking system is only technical rather than substantive and that it may be changed at any time:

"The technical 'clocking-in' system as utilized by ISOC-IL, and as may be changed from time-to-time is determinative of which application is 'first-to- apply, first served'. It should be noted that "clocking-in" commences only upon receipt of a valid and complete application form by the registrar." (See r. 3 ¶ 2)

Rule 3.3 (c) further shows the technical and non-substantive nature of the first come first served rule. It provides that:

"The examination of the application and the allocation of the Domain Name shall not be a guaranty that the Domain Name is valid and entitled to be used under Israel law...."

Support for this can now be found under Israel case law. In a recent decision by the Tel Aviv district court in connection with the domain name cellcom.net.il (Opening Motion 10909/99 Cellcom Israel Ltd v. T.M. Aquanet Computers Communications Ltd. (8.9.1999 Not Published) (hereafter: "**Cellcom**") the court held that:

"[T]he registration of the domain name "cellcom.net.il" to the name of the respondents by respondent 4 [ISOC IL] does not base their right to the domain name. Rule 3.3c set and published in the Internet site of [ISOC IL] provides that the registration of the name does not guarantee that the name is valid and the the registered holder is entitled to use such name according to Israeli law. This is also the

position of [ISOC IL] in section 3 to its response and so was held in U.S. case law - Cardservice International Inc. v. McGee"

Thus, the first come first served rule is not substantive. It is merely procedural-technical. It is designed to determine which application will be examined first. It is not designed to assist us in determining priorities between two applicants filing applications for the same domain name.

Other Rules

As we have seen we must decide whether the allocation was done in accordance with the Rules. While the Rules provide procedural rules and guidelines as to the operation of this panel, they do not provide substantive guidelines for determining when a particular set of facts amounts to grounds for reallocation of a domain name. Bars for allocation according to rule 3 are not relevant in this case. (See the Disney Decision)

The only other direction we find is that the Advisory Committee Panel will decide, having due regard to the determinations made by other Panels, under these Rules (See r. 21.1). The Rules also provide that each dispute is to be evaluated *de novo* on a case-by-case basis (See r. 19.5(a)). We evaluate this dispute on a *de novo* basis having regard to determinations made by other panels under the Rules.

In Disney a previous panel provided that although the Panel is not subject to any specific substantive rule, it should examine whether the actions of the applicant breached the Rules or infringed the substantive laws of Israel. The fact that such direction was not specifically written to the Rules was said not to be a matter of lacuna or oversight but a positive statement that the laws of Israel are to be used as the substantive laws under which we should decide:

*"The Rules do not state what substantive rules or laws shall govern the ACP's adjudication. **Prima facie, it is clear that an allocation made by ISOC-IL in violation of the Rules, can be invalidated by the ACP.** In addition, it is our opinion that **the ACP has broad authority to apply the substantive Israeli law to domain name disputes under the Rules.***

...

ISOC-IL was well aware of the gTLD-MoU at the time it was drafting the its new Rules. In fact, the gTLD-MoU served as a source of inspiration and guidance for ISOC-IL, especially as regards the concept of establishing ACPs, known as "Advisory Committee Panels" under the new ISOC-IL Rules.

*However, ISOC-IL chose not to follow the gTLD-MoU in drafting its new Rules, and decided that its ACPs would not be bound by a body of written substantive rules. In other words, **ISOC-IL chose to empower its own ACPs with general power to decide disputes according to the***

law of the land without tying them to substantive rules drafted by ISOC-IL.

The absence of substantive rules in the ISOC-IL dispute resolution regime, is therefore not an oversight or a lacuna. It is a positive statement of the broad authority vested in the ACP's to resolve domain name disputes under the ccTLD "il", using the applicable laws of the State of Israel. This is in addition to the ACP authority to determine whether or not a domain name was properly allocated according to the Rules themselves."

(Disney, pp. 7-9)

The Disney panel noted the significant body of law developing around the world in this area based on an assessment of bad faith registration and use by a holder. This body of law includes U.S. legislation² and the Internet Corporation for Assigned Names and Numbers (ICANN) Uniform Dispute Resolution Policy.³

Holder's Representations

Relevant to our determination within the Rules are the Holder's representations. The applicant represents and warrants that the allocation or use of the domain name by the holder does not infringe the rights of a third party:

"Holder represents and warrants that the allocation or use of the Domain Name by the Holder does not infringe the legal rights of a third party." (See r. 26.1).

Holder also warrants that all information provided on the application form to ISOC-IL is true and accurate, and that any misrepresentation is grounds for rejection of the application or removal of the allocation

² The U.S. AntiCybersquatting Consumer Protection Act (ACPA) (S. 1255 incorporated into Pub. L. 106-113) was signed into law by President Clinton on November 29, 1999. It is intended to protect US public from acts of cybersquatting. This term is used to describe the abusive registration of domain names in bad faith. According to the ACPA a person is liable in a civil action by the owner of a mark if, without regard to the goods or services of the parties, that person has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under the Federal Trademark Act; and registers, traffics in, or uses a domain name that— (i) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark; (ii) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or (iii) is a trademark, word, or name protected by statute. For a list of factors the court may consider in order to determine bad faith see section 9 (ACPA).

³ See the Uniform Domain Name Dispute Resolution <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>> adopted August 26, 1999 and approved October 24, 1999; See section 4 "You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and (ii) you have no rights or legitimate interests in respect of the domain name; and (iii) your domain name has been registered and is being used in bad faith. In the administrative proceeding, the complainant must prove that each of these three elements are present."

"Holder warrants that all information provided to the ISOC-IL is true and accurate, and that any misrepresentation is grounds for rejection of the application or removal of the allocation." (See r. 26.2).

The prospective holder also agrees to submit to a decision made by the Advisory Committee or its Panel. (See r. 27.1(b)).

These representations are made as part of the request (application) for assignment of domain name. The examination and allocation of domain names is made subject to the holder representations. The representations are designed to alert the applicant to the possibility of conflicting intellectual property rights. The representation requires that the applicant considers and acknowledges at the time of application that the application and the use of the Domain Name were legal. (See Disney at p. 13)

Exercising good faith by the applicant is not only a requirement of the Rules. It is an inseparable part of Israeli normative and substantive law. The good faith principle is said to be the mirror reflecting the fundamental concepts of Israel's most basic notions; a doctrine cutting across all layers of Israel's legal system. It is entrenched in sections 39 and 61(b) of the Contracts Law (General Section), 1972. (For a discussion concerning the general requirement of good faith see Avraham Meirovitz and Habitat Ltd. v. Amir Hada (ISOC IL decision dated 31.7.2000) The test associated with good faith provides for both the subjective and objective standards. The test reviews the applicant's behavior in light of the aspects and standards, which are deemed acceptable.

Applicant (Vidal) in our case having applied for the Domain Name begun using the Domain Name under the business "Snapple Consulting". At the same time Vidal added both a disclaimer (at each page of the Web Site) and a link to Snapple Beverages. It is our finding that Vidal was aware or had reason to believe at the time of the application and when he begun use of the Domain Name that the Domain Name was conflicting with the rights of Snapple Beverages. The mark SNAPPLE was already registered in Israel and Vidal could have easily examined the trademark registrar. The trademark SNAPPLE was also published in the Trademark Gazette prior to Vidal's application for the Domain Name. Such publication means that Vidal had constructive notice of the registration. Vidal failed to alert ISOC IL to this fact.

Vidal also failed to resolve any such conflicts prior to applying or using the Domain Name. Vidal representations when he applied for the Domain Name cannot be reconciled with his use of the Domain Name. It is our finding that Vidal knew or should have known of Snapple Beverages trademarks and use of the Domain Name at the time of making his application.

Such failure amounts to misrepresentation on the part of Vidal. Vidal's false representations stand as a ground for us to rule that the allocation of the Domain Name must be revoked.

Israeli Law

We shall now consider whether the application for or use of the domain name is contrary to Israeli law. This question is relevant in two respects. First, as regards Rule 26.1, we need to know if the use of the domain name is likely to infringe on Snapple's rights. Second, use of the name in violation of Israeli law would constitute bad faith use by objective, normative standards.

Trademark Law and Misleading Use

The Trademark Ordinance [New Version] (1972) regulates the registration and protection of trademarks in Israel (hereafter: "**the Trademark Ordinance**"). A trademark is a mark used or intended to be used by a person in connection with particular goods that he manufactures or trades in. (See Section 1) Section 1 also provides that trademark infringement is the use by a person not authorized of a registered trademark or a mark similar thereto upon goods of the same definition.

Section 7 of the Trademark Ordinance provides that a person wishing to receive the sole right to use a trademark must file an application for its registration in accordance with the Trademark Ordinance. Section 46(a) provides that the registration of a person as the owner of a trademark shall entitle that person to the sole right to use the trademark on the goods in connection which it was registered and in connection with every other aspect concerning thereof.

We found that Snapple Beverages is the owner of the registered SNAPPLE trademark in Israel for use in connection with the sale of beverages. We also find that Snapple Beverages reputation is substantial. Snapple Beverages however did not claim that Vidal infringed on its trademarks.

Vidal however, argued that his use of the Domain Name is not misleading because the use of the Domain Name for offering or rendering programming services is not in competition with Snapple Beverages. We review below this claim only.

In a technical sense Vidal is correct to state that because the use of the trademark SNAPPLE by Vidal is not made in connection with the sale of beverages there is no infringement of trademark rights.

However, in some instances the reputation in a trademark supercedes the narrow limitation of the class of goods in connection with which it is used. Such is the case with well-known marks. But the process by which a trademark becomes well-known is not immediate. Some marks enjoy more reputation than others. Such reputation depends to a great extent of the perception of such mark by the consumer.

Courts have determined that consumers may be confused even if the goods were not identical. In other countries the courts examine whether the actual confusion occurred. (See Fisons Horticulture, Inc. v. Vigoto Industries, 31 USPQ2d 1592 (1994); See generally Calderon, Commercial Imitations at §4.022) The same court examined the element of bad faith and asked whether it could be seen why a second comer chose the trademark used. (See also Civil Suit 1620/91 Cardi v. Mausner Exclusiv (Not

Published) cited by Calderon holding that the use of a similar trademark without an apparent reason strengthen the basis for a finding of confusion)

Israeli courts, in relation to the reputation a business earned in its name, took this same approach using the laws of unjust enrichment. (See Civil Lawsuit 1769/83 (Tel Aviv) The Boeing Company v. Boeing Travel and Tourism Ltd., Dinim District 32(1) 483 holding that the taking and use of a name in bad faith amounted to unjust enrichment and to disturbing property.⁴⁵)

Cellcom applied for an order of the court to transfer the domain name *cellcom.net.il* from the defendant. Justice Zaft discussing the tort of passing off addressed the defendant's argument that plaintiff had no reputation in the area of Internet cited Justice Zaft saying that:

"The rule was that if defendant has reputation in connection with a particular class of goods, and in connection with such class he used the trademark in question, it is to be assumed that the same trademark as to goods of totally different class is not enjoying from the same reputation and the defendant does not commit a tort. The technological advancement of the past few years have blurred the borders in this matter. Many producers tend to enlarge the range of their products while using the same known trademark (more or less) ... If the trademark of the person entitled to it is known, that is his proprietary right is strong it is acceptable that any use of the trademark even in connection with different goods than those which the owner used to use could lead to a confusion required to establish a cause of action." (At p. 5)

The court further held that the fact that the classes of use in connection with the trademark are different could not be used to claim that there could not be consumer confusion. (See Eastman v. Griffith [1988] Rp.C. 105 (refusing to allow bicycle manufacture the use of the mark KODAK in connection with the sale of bicycles); See also Civil Lawsuit 15189/89) A considerable likelihood that consumers would associate the trademark of the plaintiff by the defendant's infringing use existed despite the different areas of use of the trademarks:

"Reputation and advertising cannot be allowed to be exploited by the taking of a trademark of another and the use thereof in connection with other products. Kodak does not manufacture bicycles and Herodes does not extend

⁴ Section 17 of the Land Property Law (1969) provides that the holder of land property is entitled to demand a person not having such right to avoid any act which constitutes an act of disturbing the use of the land and to remove any thing that constitutes such disturbance. See also section 8 of the Chattels Law (1971) applying sections 15-20 of the Land Property Law to chattels and section 13 of the Chattels Law applying the same to rights.

⁵ See also Civil Lawsuit 649/96 (Tel Aviv) The Gillette Company v. Adi Z.Sh. Import and Marketing Ltd., Dinim District 26(6) 565 (holding that the use of another's mark albeit not misleading may lead an advantage unfairly obtained by the officious user.)

loans. La Cost does no sell canvas. Yet, the taking of the trademark is so clear and the mark does not have any other meaning of itself. Therefore, the purchaser can believe that the same company owning the reputation and advertising has extended its activities into a new area. This constitutes passing off prohibited by law even if the goods are not of the same kind. This is not the case where the mark in question has a general and wider meaning and it is not associated exclusively with its owner, the words La Cost (and the crocodile logo), Herods and Kodak have no meaning of themselves and the copying thereof means a representation as if these companies the owner of the tardeamrks practice in the new range of products."

Civil Lawsuit (Naharia) 79/84 Lego and others v. Shmil Metal factories, District Judgements 1990 Part C, 194 (Justice Kitay)

We find that Snapple Beverages has considerable reputation in the SNAPPLE mark as it sells substantial amount of its product in Israel. SNAPPLE is a unique mark – a coined word. We also find that the purchaser of beverages is likely to believe and associate the Domain Name with Snapple Beverages on the Internet. We find in this regard that Vidal use of the SNAPPLE trademark even if made in connection with the offering of computer programming and consulting services is misleading because Internet users are likely to be misled.

Commercial Torts Law

The Commercial Torts Law (5759-1999)⁶ re-codifies the tort of passing off previously located within the general Tort Ordinance. Section 1 of the Commercial Torts Law (1999) broadens the previous passing off tort. It now protects the reputation of a person's⁷ service and not only goods.⁸ It is also said to make clear that the second requirement for showing that one's goods or services are misleading is the standard of association - that is that the consumer associates the goods or services offered with that of the plaintiff's.⁹

Section 1 provides that a person shall not cause that a property he sells or a service he provides shall be considered by mistake as the property or service of another or that such property or service are connected to another person. Section 3 provides further that a person shall not unfairly encumber customers' workers' or agents' access to a business, property, or service of another. While this law came into force 1 October

⁶ Published 24 April 1999, Law Book 1999 - 146. Initially a law proposal for the Prohibition of Unfair Competition was introduced. It was designed to enact a general prohibition from unfair competition. Unfortunately, the general prohibition was removed from the law proposal. See generally Prof. Miguel Deutch, Commercial Torts Law, 5759-1999 - Fairness in Competition and Commercial Secrecy, Hapraklit, Vol. 45 No. 1, p. 128 et. seq.

⁷ The correct word in the Commercial Tots Law is that of a person doing business. The term is not defined in the Law itself.

⁸ This was established in Civil Lawsuit 1769/83 (Tel Aviv) The Boeing Company v. Boeing Travel and Tourism Ltd., Dinim District 32(1) 483.

⁹ See Duetch supra. This second aspect applying the European standard of likelihood by association is yet to be affirmed by an Israeli court.

1999 Vidal has been using the Domain Name under the "Snapple Consulting" mark continuously since its passage.

Prior to the passage of this law two elements were required to be shown for a plaintiff to prove the tort of passing off: (1) good will in the mark; (2) that the consumer could have been mistaken as to the origin goods or services provided. (See Civil Appeal 18/86 Israel Glass Factories Fenizia Ltd. v. Les Verreies De SA, Judgements 45(3) 224)

The Supreme Court in Bacardi & Company Limited v. Yigal Cardi, Judgements 52(3)276 held that the doctrines of "international goodwill" and dilution should be seen as standing behind the general term of unfair competition. Justice Englard ruled that goodwill also derives from the international nature of some goods and the exposure Israeli consumers are afforded when overseas:

"The court has ruled that the tort of passing off (section 59 of the Torts Ordinance [New Version]) applies also when the plaintiff has no reputation (or goodwill) on the product in Israel and the consumer is not exposed to that particular product in Israel, and this because the extensive exposure of Israeli consumers to products marketed outside the country's borders. (See also Civil Case 490/90 Peter Morton et. al. v. Rimini Pizzeria Israel Ltd et. al. (Not Published), Opening Hamraza 227/91 Motion 1493/91 (T.A.) Naash Import and Marketing v. St. Ives (Not Published))"

As stated in above (Finding of Fact No. 3), Snapple Beverages has reputation and good will in the mark SNAPPLE in Israel not only by virtue of its local use of the mark, but also due to its use overseas and the increased exposure of Israeli consumers to this mark. Snapple Beverages has registered the SNAPPLE mark as a trademark in Israel.

Since the legislation of the Commercial Tort Law (1999) the second requirement has been transformed to meet a more continental standard. The plaintiff must show under the second prong of the test for infringements that the consumer is misled. As noted the standard to be shown is that of confusion or misleading by association rather than actual confusion by a consumer in the market place. The standard to be shown is that of reasonable objective likelihood of confusion. (See Civil Appeal 5689/94 Vargos Ltd. v. Noga Engineering Ltd., Judgements 52(1) 521)

Not reflecting on this case or on the actual use Snapple Beverages is making of the mark SNAPPLE in Israel, the Cellcom court held that even if a trademark owner of a known mark in Israel is not at present engaged in an Internet-related business it does not mean that such trademark owner does not have reputation in the mark for Internet-related services. The court held that:

"Through its enormous investment in publicizing its name Cellcom is enjoying massive reputation. It would be absurd to demand, should it wish to expand its activities to

the area of the Internet, as it declares, to chose another name that has been associated in the minds of consumers and reinvest in its advertising, only because another company is acting in the area and has made use of the mark first while unjustly enjoying the massive reputation it has gained."

The question whether the use is misleading is examined according to the tests of sight and sound, class of goods, nature of customers, and other circumstances. (See Civil Appeal 261/64 Pro Pro Biscuit Ltd. v. Fromin & Sons Ltd., Judgements 18(3) 253). The test of sight and sound is satisfied in this case because the Domain Name is identical to the trademarks owned by Snapple Beverages. The test of class of goods has been discussed above in connection with our examination of whether the use by Vidal is misleading light of the different classes of goods registered and used. Our findings are applicable here as well.

As to the test of the nature of customers we find that because the easiest manner for users to arrive at a home web page of a particular company is by trying to key its commercial name or trademark the nature of the customers of both Vidal and Snapple Beverages is the same. (See Cellecom at p. 11) As to other circumstances we refer to our finding that the Vidal has not produced us with any evidence leading us to believe that the business conducted under the Domain Name is viable. We found that he was aware of the mark SNAPPLE and of Snapple Beverages when he applied for the Domain Name. We did not however, received any explanation why Vidal chose the name Snapple Consulting. This choice of name is clearly not coincidental, considering that the word "Snapple" is a coined term having no meaning in itself.

It is our finding that many consumers are likely to be mislead when searching for Snapple Beverages web site. They are likely to venture into Vidal's web site operating under the Domain Name. Moreover, we find that most consumers would associate Vidal's web site and the Domain Name itself with Snapple Beverages. It is reasonable to expect that the allocation of the Domain Name is likely to cause confusion by associating Vidal and/or the Domain Name with Snapple Beverages. Such an outcome stands contrary both to Israeli law and the Rules.

Vidal argues that the disclaimers and the looks of his web site could not mislead consumers. It is however extremely likely that most consumers will associate the Domain Name with Snapple Beverages and not Vidal. Moreover, by the time consumers would have arrived at Vidal's web site confusion and association of Vidal's web site or the Domain Name with Snapple Beverages already took place. Such was also the opinion of the Cellcom court.

We therefore find that the use of the Domain Name by Vidal stands contrary to section 1 of the Commercial Torts Law as it constitutes the passing off tort. There is no need for us to examine other causes of actions raised by the parties.

We would like to note that it is our opinion that Vidal is unjustly enriched as a result of his use of the Domain Name. (See section 1 of the Unjust Enrichment Law) We say this in passing as such argument did not form part of the parties' arguments and it does not changes the result reached.

Other Arguments by the parties

The parties presented several other arguments. We have considered them all and found them not to be material or pertinent to this case.

We do not consider the *Hasbro v. Clue Computing* to be relevant to our determination. It rests on facts, which differ from this case.

Also, we did not find the Fuji cases of any relevance both because of the nature of the FUJI mark¹⁰ and because of the burden placed on WIPO Dispute Resolution applicants to show the respondents do not have the right to the domain name. Under the Rules the burden is not specifically placed on either party. It is up to the panel to revisit and decide on a de novo basis the allocation of the Domain Name in accordance with the Rules and the laws of Israel.

Vidal argues that Snapple Beverages slept on its rights. We find no evidence of this. Snapple Beverages filed a notice with ISOC IL about a month after learning that Vidal had been assigned with the Domain Name. We do not find that Snapple Beverages failed to act on its rights within a reasonable time.

Time for Issuance this Decision

Our decision is made in a timely manner. Rule 21.4 provides that where the Advisory Committee Panel has not issued a decision within 60 (sixty) days after either the delivery of the Statement of Response or the establishment of the Advisory Committee Panel, then it will be deemed to have made no decision (21.4). The final response by the parties was delivered to us on January 9, 2001. We declared the proceedings closed on January 9, 2001 and issued this decision in a timely manner.

Conclusion

We find that Vidal acted in bad faith when applying and using the Domain Name. We found that the use by Vidal of the Domain Name, while not in connection with the same goods offered by Snapple Beverages, is misleading. We also found that the use by Vidal of the Domain Name constitutes passing off under section 1 of the Commercial Torts Law. Vidal application for and use of the Domain Name were and are contrary to the Rules and the laws of Israel.

We therefore hold that the allocation of the Domain Name (SNAPPLE.CO.IL) to Vidal be cancelled and transferred to Snapple Beverages, Inc

Costs

Rule 24 provides that:

¹⁰It will be just fair to mention that Fuji is the most famous mountain in Japan. Hundreds of companies make use of the name Fuji within their names. It is not a coined term.

"The expenses of the Advisory Committee shall be borne in equal share by the Applicant or Holder and Challenger, unless otherwise determined by the Advisory Committee. A Table of Expenses is available at <http://www.isoc.org.il/domains>."

The Rules provide that unless we determine otherwise, costs are to be equally borne by the parties. The link to the Table of Expenses leads us to the main domain name registration page. Elsewhere, in its web site when discussing ACP resolutions, ISOC-IL provides information on ACP fees as follows:

"The World Intellectual Property Organization (WIPO) has been running mediation and arbitration panels for a number of years. WIPO has also set up a mediation panel for Internet Domain Names. Their fee schedules can be found at:

<http://www.arbiter.wipo.int/arbitration/fees/index.html>

<http://www.arbiter.wipo.int/mediation/fees/index.html>

<http://www.arbiter.wipo.int/arbitration/arbitration-rules/fees.html>

ISOC-IL does not wish to create such a complex and highly-priced fee structure as WIPO has established. As an initial attempt, ISOC-IL has set the fee for requesting a decision of the Advisory Committee (see Section E of the Rules) at \$500. If during the course of processing petitions we feel that this amount is too high or too low, or needs to be set according to the amount of hours the ACP works on each petition we will issue a fee schedule modification."¹¹

ISOC-IL sees the \$500 fee as applying to the act of requesting dispute resolution by an ACP, as is the case with a WIPO mediation dispute resolution¹². However, the rules now adopted by WIPO were not specifically adopted by ISOC-IL. Until such time when the Rules are changed, the reference to the amount of cost (www.isoc.org.il/domains) merely limits the sum to be awarded to \$500.

Therefore, the panel decides that each party is to pay half the costs for the resolution of this dispute in the sum of \$250 payable to ISOC-IL. Transfer of the Domain Names shall be done after Snapple Beverages paid its share of the costs.

Jonathan Agmon, Chairman

¹¹ See http://www.isoc.org.il/fs_isoc_domain.html

¹² The relevant fee structure can be found at <http://www.arbiter.wipo.int/domains/fees/index.html> applying to cases initiated after August 15, 2000 under the UDRP. The fee structure depends on the number of panelists. The fee consists of an amount to be retained by WIPO as an administration fee and an amount paid to the panelists.

Brian NEGIN (Panelist):

I concur with the above decision and wish to add the following comments.

Findings of fact in the decision cast doubt on the existence of a viable business behind the site using the Domain Name and suggest that the Domain Name was registered in order to sell it for a profit, either to Snapple or to a competitor. These findings of fact are stated below:

1. Sarah Vidal has registered in her name, in addition to snapple.co.il, the names “hershey.co.il” and “hersheys.co.il”. “Hershey” and “Hershey’s” are famous trademarks not belonging to Vidal.
2. Victor Vidal has registered in his name “coke.co.il”. Coke is a famous trademark not belonging to Victor Vidal.
3. No evidence has been provided by the Holder indicating the date of setting up the website under the Domain Name “snapple.co.il”. The name was allocated only on August 1, 1999. Questionable evidence has been provided regarding the running of a viable business using the name “Snapple Consulting”. The website itself raises questions of such viability, as the only means of contact with Snapple Consulting, as stated on the home page, is through a Hotmail email address.
4. “Snapple” is a coined term, and the registration and use of the name is not coincidental. The Holder has given no explanation for the choice of the name.

In addition, the fact that the Holder did not make a counter-offer to Snapple Beverages for the sale of the Domain Name does not constitute evidence that the Holder did not register the name in order to sell it. Sufficient decisions under the UDRP have made it clear that any counter offer made by the Holder for a price well above his reasonable registration costs, could be used as evidence of cybersquatting. Holder’s arguments in this case have demonstrated a very good understanding of these UDRP decisions and the developing law of domain name disputes, including recent ISOC-IL ACP decisions. In this context, it is plausible that Holder set up the website under the Domain Name after Snapple’s request in February, 2000, to purchase the name, and that the website is a sham meant to cover up the true intent behind the registration. Establishing such a website would be a means of attempting to avoid the consequences of the ACP decision in “waltdisney.co.il”, where the absence of a website using the disputed domain name added weight to the evidence of intent to sell the name.

Without derogating from the conclusions stated in the decision, I would add that there is sufficient evidence to implicate the Holder in bad faith registration of the Domain Name for the purpose of selling it for a profit, either to Snapple or a competitor. Therefore, the allocation could be revoked based on the reasoning of the ACP decision in “waltdisney.co.il”, in addition to the reasoning set forth in the decision above.

Brian Negin

Dr. Yuval KARNIEL (Panelist):

I concur with the decision of the Chairman of the Panel.

Dr. Yuval Karniel

Given: 25 February 2001